

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
WESTMINSTER HOME CONNECTION**

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 Westminster Home Connection, hereinafter referred to as the "Recipient," is for the provision of the rehabilitation of affordable housing units as further defined in the "SCOPE OF PROGRAM." Westminster Home Connection will rehabilitate 24 affordable single family home units in Davidson County. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Rehabilitation for single family home where the Barnes investment is above \$5,000 per unit will require a five-year forgivable lien.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$103,200.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed One Hundred Three Thousand and Two Hundred Dollars (\$103,200). 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)**

- 25% Pre-construction draw at execution of home assessment and work scope. Applicable reimbursable expenses include lead-based paint inspection (if applicable), home assessment, and work-scope development costs.
- Final 75% reimbursement requested on a monthly basis as work progresses

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete). All draw requests except for the first 25% draw must be inspected before funding. The above is the preferred draw method. We will occasionally fund based on a

true percentage of completion as noted in a Construction Inspection report, understanding that the initial 25% draw may overfund the grant, requiring later draws to be reduced.

All draw requests except for the first 25% 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
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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 July 1, 2024 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.
- 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
Rasheedah.Pardue@Nashville.Gov

Recipient:

Westminster Home Connection
c/o Keith Branson
3900 West End Avenue
Nashville, TN 37205
615-693-2153
keith@westminsterhomeconnection.org

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Jim Schimtz, Chair
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

DocuSigned by:


Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:


Macy Amos
Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:


Thomas Cross
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Westminster Home Connection

By: 

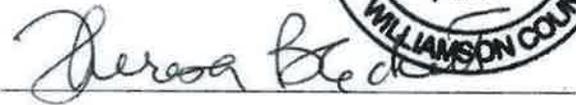
Title: Executive Director

Keith Branson

Sworn to and subscribed to before me a
Notary Public, this 26 day
of April, 2023.

Notary Public





My Commission
expires 3.17.2024



EXHIBIT A

Barnes Housing Trust Fund Round 11 Work Scope

Organization: Westminster Home Connection

Development Type: Rehabilitation

Development Address: Various homes in Davidson County

Amount Awarded: \$103,200

Number of Barnes-funded Units: 24

Target Populations Served: Older adult (age 60+) income-eligible homeowners & income-eligible homeowners with disabilities

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
		24

The number of homes in each income category will depend on the distribution of income among the qualified applicants. All homeowners will be below 80% of AMI.

Homeowner and Rehab Proceeds Policy

How will any proceeds from sales or repayment of liens be reported and repurposed?

When lien repayments are received for a home that was repaired with Barnes Funds, the portion attributable to Barnes Funds will be used on future Barnes Fund homes. As an example, repairs on a property as reported in a Barnes Fund draw may total \$8,000, of which \$3,000 was paid by Barnes and \$5,000 by other funding. After the first anniversary of the lien but before the second anniversary of the lien, 20% of the lien attributable to Barnes would have been forgiven and 80% would remain. If the lien were repaid at that point, then \$2,400 of the lien payment would be attributable to Barnes funds and would be used on a future Barnes fund home. If there were no future Barnes fund homes, then the funds would be used for repairs on a home that would have qualified under the terms of this Barnes grant.

Westminster maintains a general ledger account for all unused lien repayments. Westminster will track repayments of Barnes funds in a subsidiary record for the general ledger account, which is available to Barnes staff upon request.

BARNES HOUSING TRUST FUND REHAB BUDGET

Unit Address	Scattered site			
Development Type	Homeowner occupied			
Number of Bedrooms	Varies			
Number of Bathrooms	Varies			
Square Feet	Varies			
Number of Stories	Varies-typically 1 to 2			
Predevelopment Costs				
Appraisal				
LBP Assessment				
Relocation (if applicable)				
Insurance				
Architect				
Engineering				
Planning/Zoning				
Legal				
Management with family				
Total (1)				
Construction Costs				
Structure				
Footer/Foundation				
Framing	40000			
Electrical				
Plumbing				
Roofing	95000			
HVAC	57000			
Drywall/Insulation				
Paint/Stain				
Windows/Doors				
Floor Coverings				
Energy Updates				
Brick/Siding				
Sub-Total	192000			
Other				
Site Work				
Appliances				
Decks/Porches				
Side Walks/Driveways				
Landscaping				
Utility Hookups				
Building Permits/Fees				
Demolition				
Fees				
Materials and Labor Market Contingency Cost Overrun				
Sub-Total				
Construction Contingency				
Profit (if organization has own construction crew)				
Sub-Total				
Total Construction Cost (1)				
Cost per Unit	8000			
Developer's Fee (capped at 20%) (1)	19200			
Total Cost/Unit	8800			

(1) Line-item requiring written approval by Metro for variations greater than 20% .

(2) Our commitment is to do repairs and modifications in at least 24 homes. Many of the repairs will include replacement roofs and HVACs. Other homes will need repairs or replacements to gutters, soffits or fascia. Some homes will need bathroom or kitchen structural work such as replacing or repairing joists or subfloors. The work scope will be based on the what is needed to make the home safer and more functional for the residents and to be preserved in the affordable housing stock.

(3) Westminster is a licensed Home Improvement Contractor. Except for roofs and HVACs, we do not typically use subcontractors for the trades in the detailed construction lines above. Instead, our internal construction team makes most of the repairs while on site. For illustrative purposes, we have estimated detailed categories above based on the estimated primary trades (bathrooms, kitchens, and ramps in structural), roofs (including gutter, soffit and fascia repairs) in roofs, HVAC in HVAC. However, in the draw requests the cost will be reported as one construction total and will be also be reported as total cost by home as in our existing Barnes grants. The final invoice will also report all construction costs as one line item, unless Barnes staff instructs us to report costs differently.

CINCINNATI OH 45999-0038

In reply refer to: 0248222119
July 21, 2017 LTR 4168C 0
46-1795939 000000 00
00023921
BODC: TE

WESTMINSTER HOME CONNECTION
% TERRY RAPPUHN
3900 W END AVE
NASHVILLE TN 37205



013053

Employer ID Number: 46-1795939
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated July 12, 2017, regarding your tax-exempt status.

We issued you a determination letter in June, 2017, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

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

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

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

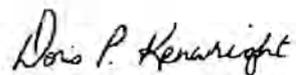
For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

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

0248222119
July 21, 2017 LTR 4168C 0
46-1795939 000000 00
00023922

WESTMINSTER HOME CONNECTION
% TERRY RAPPUHN
3900 W END AVE
NASHVILLE TN 37205

Sincerely yours,



Doris Kenwright, Operation Mgr.
Accounts Management Operations I

CHARTER
NONPROFIT CORPORATION (ss-4418)



Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee

312 Rosa L. Parks AVE, 6th FL
 Nashville, TN 37243-1102
 (615) 741-2286

Filing Fee: \$100

For Office Use Only

Control # 000706192
 SUBMISSION PENDING

FILED

Amount Due: \$100.00
 Please file before 02/14/2013

The undersigned, acting as incorporator(s) of a nonprofit corporation under the provisions of the Tennessee Nonprofit Corporation Act, adopt the following Articles of Incorporation.

1. The name of the corporation is: Westminster Home Connection

2. Name Consent: (Written Consent for Use of Indistinguishable Name)

This entity name already exists in Tennessee and has received name consent from the existing entity.

3. This company has the additional designation of:

4. The name and complete address of its initial registered agent and office located in the State of Tennessee is:

TERRY RAPPUHN

DAVIDSON COUNTY

3900 W END AVE

NASHVILLE, TN 37205-1801

5. Fiscal Year Close Month: December

Period of Duration: Perpetual

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:

(none)

(Not to exceed 90 days)

7. The corporation is not for profit.

8. Please complete all of the following sentences by checking one of the two boxes in each sentence:

This corporation is a public benefit corporation / mutual benefit corporation.

This corporation is a religious corporation / not a religious corporation.

This corporation will have members / not have members.

9. The complete address of its principal executive office is:

3900 W END AVE

DAVIDSON COUNTY

NASHVILLE, TN 37205-1801

(Note: Pursuant to T.C.A. §10-7-503 all information on this form is public record.)

FILED 02/14/2013 10:15:08 AM RECEIVED BY TERRY HARGETT, SECRETARY OF STATE, THE HARGETT



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

Westminster Home Connection
 3900 W END AVE
 NASHVILLE, TN 37205-1801

February 1, 2013

Filing Acknowledgment

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

SOS Control # :	706192	Formation Locale:	TENNESSEE
Filing Type:	Corporation Non-Profit - Domestic	Date Formed:	02/01/2013
Filing Date:	02/01/2013 10:18 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2014
Duration Term:	Perpetual	Religious Corp:	Yes
Public/Mutual Benefit:	Public	Image # :	7139-2767
Business County:	DAVIDSON COUNTY		

Document Receipt

Receipt # : 896607	Filing Fee:	\$100.00
Payment-Check/MO - WESTMINSTER PRESYTERIAN CHURCH, NASHVILLE, TN		\$100.00

Registered Agent Address:
 TERRY RAPPUHN
 3900 W END AVE
 NASHVILLE, TN 37205-1801

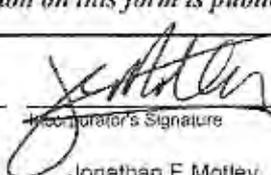
Principal Address:
 3900 W END AVE
 NASHVILLE, TN 37205-1801

Congratulations on the successful filing of your **Charter for Westminster Home Connection** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
 Secretary of State

Processed By: Cheryl Donnell

CHARTER NONPROFIT CORPORATION (SS-4418)		Page 2 of 2	
	Division of Business Services Tre Hargett, Secretary of State State of Tennessee 313 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102 (615) 741-2286 Filing Fee: \$100	<p style="text-align: center;"><i>For Office Use Only</i></p> Control # 000706192 SUBMISSION PENDING Amount Due: \$100.00 Please file before 02/14/2013	
The name of the corporation is: Westminster Home Connection			
10. The complete mailing address of the entity (if different from the principal office) is: 3900 W END AVE NASHVILLE, TN 37205-1801			
11. List the name and complete address of each incorporator:			
<u>Title</u>	<u>Name</u>	<u>Business Address</u>	<u>City, State, Zip</u>
Incorporator	Jonathan E Motley	1204 17TH AVENUE SOUTH	NASHVILLE, TN 37212
12. School Organization: (required if the additional designation of "School Organization - Exempt" is entered in section 3.)			
<input type="checkbox"/> I certify that pursuant to T.C.A. §49-2-611, this nonprofit corporation is exempt from the \$100 filing fee required by T.C.A. §48-51-303(a)(1).			
<input type="checkbox"/> This nonprofit corporation is a "school support organization" as defined in T.C.A. §49-2-603(4)(A).			
<input type="checkbox"/> This nonprofit corporation is an educational institution as defined in T.C.A. §48-101-502(b).			
13. Insert here the provisions regarding the distribution of assets upon dissolution:			
In the event of dissolution of the Corporation, all assets will be distributed to another nonprofit organization with a similar purpose.			
14. Other Provisions: Statement of additional provisions are attached hereto and specifically incorporated herein.			
<i>(Note: Pursuant to T.C.A. §10-7-503 all information on this form is public record.)</i>			
Jan 15, 2013 4:22PM Signature Date	 Incorporator's Signature Jonathan E Motley Incorporator's Name (printed or typed)		

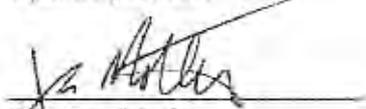
1339.2752.02/01.2013.10112106. Received by Tennessee Secretary of State

**Supplemental Provisions To Westminster Home Connection Charter
Control No. 000706192**

14(a) Westminster Home Connection is organized exclusively for charitable, religious, educational, and/or scientific purposes under section 501(c)(3) of the Internal Revenue Code.

14(b) No part of the net earnings of Westminster Home Connection shall inure to the benefit of or be distributable to its members, trustees, directors, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes (charitable, educational, religious and/or scientific). No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, Westminster Home Connection shall not carry on any other activities not permitted to be carried on (a) by an organization exempt under section 501(c)3 of the Internal Revenue Code, or the corresponding section of any future tax code, or (b) by an organization, contributions to which are deductible under section 170(c)2 of the Internal Revenue Code or the corresponding section of any future tax code.

14(c) Upon the dissolution of Westminster Home Connection, the organization's assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code or shall be distributed to the federal government or to a state or local government for a public purpose.


Jonathan Motley
Incorporator

**ACTION TAKEN ON WRITTEN CONSENT
OF THE INCORPORATOR OF
WESTMINSTER HOME CONNECTION**

In lieu of the organizational meeting of the Incorporator of Westminster Home Connection (the "Company"), a Tennessee not for profit corporation, the Incorporator, in accordance with the provisions of Section 48-52-105 of the Tennessee Business Corporation Act, hereby unanimously consents to taking action without a meeting, by written consent, and hereby takes the following actions:

1. Approval of Charter of the Company.

RESOLVED: That the Charter of the Company filed with the Secretary of State of Tennessee on February 1, 2013, be, and it is hereby, accepted by the Incorporator as the Charter of the Company.

2. Election of Trustee Directors.

RESOLVED: That the following individuals be, and are hereby, elected to serve as the initial Trustee Directors of the Company until the first annual meeting or until their successor(s) are duly elected and qualified:

Reed Campbell
3900 West End Avenue
Nashville, TN 37205

John Van Mol
3900 West End Avenue
Nashville, TN 37205

Steve Sullivan
3900 West End Avenue
Nashville, TN 37205

Donovan Drake
3900 West End Avenue
Nashville, TN 37205

Derek Bryant
3900 West End Avenue
Nashville, TN 37205

Stephanie Hardcastle
3900 West End Avenue
Nashville, TN 37205

Claire Harris
3900 West End Avenue
Nashville, TN 37205

Joe Gaines
3900 West End Avenue
Nashville, TN 37205

Jim Hartman
3900 West End Avenue
Nashville, TN 37205

Terry Rappuhn
3900 West End Avenue
Nashville, TN 37205

Scott Portis
3900 West End Avenue
Nashville, TN 37205

[Remainder of Page Intentionally Left Blank. Execution Page Follows.]

The undersigned, being the sole Incorporator of the Company, by signing this consent, waives all notice of the date, time, and place of the organizational meeting of the Incorporator and consents to the transaction of the business of said meeting by written consent of the said sole Incorporator in lieu of such meeting. This written consent of the Incorporator of the Company shall be included in the minute book of the Company.

Date: February 1, 2013

APPROVED AND CONSENTED TO:



Jonathan E. Motley
Sole Incorporator of the Company

Exhibit A

BYLAWS OF WESTMINSTER HOME CONNECTION

Original: February 1, 2013
Revised: September 8, 2016
Revised: January 8, 2020
Revised: December 1, 2022

Article I. Name

The name of this organization shall be Westminster Home Connection.

Article II. Purposes

The mission of Westminster Home Connection, which is organized exclusively for charitable purposes within the meaning of Section 501 of the Internal Revenue Code, shall be to engage in the following ministry:

To be an instrument of God's grace to those residents of middle Tennessee who have home repair, home modification or home maintenance needs and who are substantially limited in their ability to address those needs due to their age, economic situation, health, mobility or other issues.

No part of the net earnings of Westminster Home Connection shall inure to the benefit of or be distributable to its members, trustees, directors, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes (charitable, educational, religious and/or scientific). No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, Westminster Home Connection shall not carry on any other activities not permitted to be carried on (a) by an organization exempt under section 501(c)3 of the Internal Revenue Code, or the corresponding section of any future tax code, or (b) by an organization, contributions to which are deductible under section 170(c)2 of the Internal Revenue Code or the corresponding section of any future tax code.

Article III. Relationship to Westminster Presbyterian Church in Nashville, Tennessee of the Presbyterian Church (USA), referred to herein as "WPC"

The Session acknowledges that Westminster Home Connection is a validated mission of Westminster Presbyterian Church, Nashville, Tennessee. Westminster Home Connection relates and reports to Westminster Presbyterian Church, Nashville Tennessee, through its Session, which will provide oversight for Westminster Home Connection, its programs and its financial integrity. The day-to-day management of Westminster Home Connection shall be the responsibility of the Board.

Article IV. Trustees

Section 1. *Administration.* The ministry and business of this organization shall be governed by a voluntary Board of Trustees, referred to herein as the "Board." As Trustees, their role is to further the organization's purposes described in Article II.

Section 2. *Membership.* There shall be at least seven (7) Trustees. All of the Trustees shall be approved by WPC through WPC's Session. At least two thirds (2/3) of the members of the Board shall be made up of persons who are WPC members, or ordained or non-ordained staff of WPC. Any paid employee (as opposed to unpaid volunteer) of Westminster Home Connection shall be ineligible to serve on the Board. However, nothing shall prohibit the Board from inviting employees of Westminster Home Connection from participating in Board or committee meetings in a non-voting advisory function. Employees of WPC, including ordained and non-ordained staff, are eligible to serve on the Board.

Section 3. *Nominations.* Each new Trustee or class of Trustees will be nominated by the Westminster Home Connection Board, in consultation and coordination with the WPC Nominating Committee. The Trustees shall be approved by the WPC Session.

Section 4. *Terms of Service.* The term of service for Trustees will be three years. Terms of service shall begin and end on the dates determined by the Board, in consultation with the WPC Session, coincident with the WPC Session's annual approval cycle for ministries of WPC. Trustees may serve more than one term. Trustees may serve no more than six consecutive years. After serving six consecutive years, trustees may not serve again for at least one year. Trustees shall serve without compensation, but shall be entitled to reimbursement of expenses incurred by them in performance of their duties.

Section 5. *Responsibilities.*

Board of Trustees (Collectively):

1. Planning and Policy Decisions:
 - Mission: Strategic plan, personnel, program goals, volunteer training, and management
2. Supervise and manage the position of Director
3. Financial Development
 - Manage the organization, setting the annual and capital budget
 - Fundraising: Churches, foundations, individuals and other
4. Accountability
 - Annual review of program

- Training and orientation of new Board members

Board Member (Individually):

1. Understand mission, goals and program of the ministry
 - Regular attendance of Board meetings
 - Communicate ministry to congregations, governing bodies and local interested entities
2. Be a contributing member of the ministry

Article V. Officers

Section 1. *Designated Positions.* The officers of the organization shall be a Chairperson, a Secretary, a Treasurer, a Director, and a Vice-Chairperson.

The Chairperson office also carries the title, duties and responsibilities of President for purposes of Tennessee nonprofit corporation laws and regulations. The Chairperson and Treasurer offices may be held by a single Trustee, and the Secretary and Treasurer offices may be held by a single Trustee. The offices of Chairperson and Secretary may not be held by the same person.

Section 2. *Eligibility.* An individual must be a Trustee and have been active in the ministry to be eligible to be elected as Chairperson.

Section 3. *Election of Officers.* The Board elects the officers of Westminster Home Connection and reports the election to the Session of WPC.

Section 4. *Director.* The Director reports to the Board. The Board is responsible for hiring or retaining, supervising, and terminating the employment of or relationship with the Director. The Director may be a paid or a volunteer position, and even if a volunteer, shall be considered as an employee of Westminster Home Connection for purposes of these bylaws.

Duties of Director:

- a. To guide and direct the activities of Westminster Home Connection on a day-to-day basis subject to the oversight of the Board.
- b. To carry out the policies of the Board.
- c. To perform such other duties that normally pertain to the office.

Section 5. *The Chairperson.*

Duties of the Chairperson:

- a. To meet regularly with the Director to provide direction, insight and feedback on Westminster Home Connection activities.

- b. To ensure that the Session is regularly informed of the activities of Westminster Home Connection.
- c. To perform other duties as may be delegated by the Board.

Section 6. *The Secretary.*

Duties of the Secretary:

- a. To keep the minutes of proceedings of the Board,
- b. To give notice of meetings as required by the bylaws or as required by law,
- c. To maintain a record of the name and address of each member of the Board, and
- d. To keep any other official records of the Westminster Home Connection as may be required from time to time.

Section 7. *The Treasurer.*

Duties of the Treasurer:

- a. To keep or oversee the financial records of Westminster Home Connection. This includes the following:
 - o Preparation of the annual budget under the direction of the Board,
 - o Providing regular financial reports to the Board,
 - o To ensure that Westminster Home Connection has designed a system of internal controls over financial matters.

Section 8. *The Vice-Chairperson.*

Duties of the Vice-Chairperson:

- a. To meet regularly with the Director and Chairperson to provide direction, insight and feedback on Westminster Home Connection activities.
- b. To assist the Chairperson in his or her duties.
- c. To perform other duties as may be delegated by the Board.

Section 9. *Removal.*

Upon the affirmative vote of the majority of the members of the Board, at a regular or special meeting of the Board, any officer or agent elected, appointed, or employed may be removed at any time and within the period, if any, for which such person was elected, appointed, or employed whenever in the Board's judgment it is in the best interests of Westminster Home Connection. If the office of any officers becomes vacant for any reason, the vacancy shall be filled by the Board.

Article VI. Committees

Section 1. *Establishment.* The Board will establish Committees of the Board as deemed necessary.

Section 2. *Membership.* The Board will appoint members to any Board Committees. Committee members may be Trustees but are not required to be Trustees.

Section 3. *Duties.* The Board will specify the duties of any Board Committee at the time the Committee is established. The Board will revise the duties of Committees as necessary.

Article VII. Meetings

Section 1. *Time of Regular Meetings.* There shall be at least four (4) regularly held meetings of the Board during each calendar year, on dates determined from time to time by the Board.

Section 2. *Special Meetings Convened.* Special meetings of the Board must be preceded by no less than two days notice to each Trustee, either by phone, e-mail or mail. Special meetings may be called only if requested by three or more Trustees.

Section 3. *Notice.* Notice of all meetings of the Board shall be in writing or other form of acceptable communication and shall state the place, date and hour of the meetings. The notice shall indicate that it is being issued by or at the direction of the persons calling the meeting, unless the meeting was set at a previous Board meeting. Notice of all special meetings of members shall state the purpose or purposes for which the meeting is called.

Section 4. *Majority Vote.* Except as specifically set forth herein, proposals shall be put forth at meetings and will be decided upon by a majority vote of those present. If the number of Trustees present or otherwise voting shall be even, half of such number shall be deemed to be a majority.

Section 5. *Quorum.* A majority of the Board shall constitute a quorum.

Section 6. *Minutes.* The minutes of meetings of the Board shall be presented in writing to the Board at the next regular meeting.

Section 7. *Informal Action in Lieu of Meeting.* Any action that may be taken at a meeting of the Board may be taken without a meeting, if a majority of the Trustees shall provide their written consent (which may be by email or other electronic means) referencing or setting forth the

action so taken. All sitting Trustees shall be provided a copy of the proposed action as well as notification as to whether or not the proposed action was approved.

Section 8. *Virtual Meeting Policy.* The Chairperson may convene a “virtual” meeting of the Board for any regular or special meeting. A “virtual” meeting may be undertaken by any method that allows all participants in the meeting to speak and to be heard, and may include telephone conference call, video or online calling, or other method acceptable to the Board and deemed by the Chairperson to be reasonably available to all participants.

Article VIII. Resignations

Section 1. *Written Resignation.* Resignations of Trustees, officers and committee members shall be in writing to the Session of WPC with a copy to the Board and shall take effect upon receipt by the Session. In addition, upon the affirmative vote of two-thirds (2/3) of the Board, at a regular or special meeting, any Trustee may be removed for just cause as determined by the Board in its exercise of discretion.

Article IX. Conflict of Interest Policy

These bylaws incorporate by reference the Westminster Home Connection Conflict of Interest Policy attached hereto as Exhibit A.

Article X. Dissolution

Upon the dissolution of Westminster Home Connection, the organization’s assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code or shall be distributed to the federal government or to a state or local government for a public purpose.

Article XI. Indemnification

Each person who is or was a trustee/director, officer, or employee of Westminster Home Connection (including the heirs, executors, administrators, or estates of such person) shall be indemnified by Westminster Home Connection to the full extent permitted by the Tennessee Nonprofit Corporation Law (as set forth at Tenn. Code Ann. Secs. 48-58-501 *et seq.*) against any liability, cost, or related expense incurred in the capacity as trustee/director, officer, or employee, or arising out of the status as a trustee/director, officer, or employee. The determination of whether indemnification is permitted pursuant to the Law shall be made in accordance with Tenn. Code Ann. Sec. 48-58-506 by either: i) a majority vote of a quorum consisting of the disinterested trustees; ii) by a majority vote of a committee duly designated by the Board of Trustees; or iii) by independent special counsel.

Article XII. Amendments

These bylaws may be altered or amended as follows: The Westminster Home Connection Board proposes bylaw amendments. Westminster Home Connection bylaw amendment proposals require the affirmative vote of two-thirds of the Trustees present at any meeting of the Board where there is quorum, provided that notice of the proposed amendments be contained in the notice for the

meeting. Any proposed amendment(s) will be presented in writing to the Session of WPC for final approval. The proposed amendment(s) will take effect upon action by the Session of WPC.

THESE BYLAWS HAVE BEEN ADOPTED BY WRITTEN CONSENT OF THE BOARD OF TRUSTEES, effective as of the 1st day of February, 2013.

A handwritten signature in black ink, appearing to read 'Derek Bryant', is written over a horizontal line.

Derek Bryant, Chair
December 1, 2022 Revision

Westminster Home Connection's mission is to repair and modify homes and to empower older adults and people with disabilities to age in place safely and with dignity. Westminster makes repairs, preserves homes and improves lives.

***WESTMINSTER HOME
CONNECTION***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021 and 2020

WESTMINSTER HOME CONNECTION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Westminster Home Connection:

Opinion

We have audited the accompanying financial statements of Westminster Home Connection (a nonprofit corporation) ("Home Connection"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westminster Home Connection as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westminster Home Connection and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westminster Home Connection's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Westminster Home Connection's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westminster Home Connection's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in Home Connection's Annual Report

Management is responsible for the other information included in the Organization's annual report. The other information comprises the Financial Highlights included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Mullins Clemmons + Mayes, PLLC

Brentwood, Tennessee
March 7, 2022

WESTMINSTER HOME CONNECTION**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 707,937	\$ 749,441
Certificates of deposit, including accrued interest	-	102,481
Promises to give, net	103,478	108,617
Grants receivable	172,694	27,830
Prepaid expenses and other assets	805	6,500
Property and equipment, net	<u>37,178</u>	<u>54,231</u>
TOTAL ASSETS	<u>\$ 1,022,092</u>	<u>\$ 1,049,100</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 47,483	\$ 41,640
Accrued payroll	35,628	34,649
Accrued compensated absences	5,167	4,853
Other accrued expenses	14,920	13,400
Deferred grant revenue	172,054	89,262
Paycheck Protection Program payable	-	51,555
Total liabilities	<u>275,252</u>	<u>235,359</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	94,851	109,758
Designated by the Board for operating reserve	<u>460,000</u>	<u>430,000</u>
Total net assets without donor restrictions	554,851	539,758
With donor restrictions	<u>191,989</u>	<u>273,983</u>
Total net assets	<u>746,840</u>	<u>813,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,022,092</u>	<u>\$ 1,049,100</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 604,622	\$ 129,401	\$ 734,023
State and local contracts and grants	240,914	-	240,914
Forgiveness of Paycheck Protection Program loan	51,555	-	51,555
Investment income	240	-	240
Other income	1,955	-	1,955
Total	<u>899,286</u>	<u>129,401</u>	<u>1,028,687</u>
Net assets released due to satisfaction of restrictions	<u>211,395</u>	<u>(211,395)</u>	<u>-</u>
Total revenue, support and gains	<u>1,110,681</u>	<u>(81,994)</u>	<u>1,028,687</u>
EXPENSES:			
Program services	947,905	-	947,905
Fundraising	11,356	-	11,356
Management and general	136,327	-	136,327
Total expenses	<u>1,095,588</u>	<u>-</u>	<u>1,095,588</u>
CHANGE IN NET ASSETS	15,093	(81,994)	(66,901)
NET ASSETS:			
Beginning	<u>539,758</u>	<u>273,983</u>	<u>813,741</u>
Ending	<u>\$ 554,851</u>	<u>\$ 191,989</u>	<u>\$ 746,840</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 572,859	\$ 260,935	\$ 833,794
State and local contracts and grants	250,451	-	250,451
Investment income	1,422	-	1,422
Other income	11,826	-	11,826
Total	836,558	260,935	1,097,493
Net assets released due to satisfaction of restrictions	148,200	(148,200)	-
Total revenue, support and gains	984,758	112,735	1,097,493
EXPENSES:			
Program services	721,224	-	721,224
Fundraising	13,765	-	13,765
Management and general	102,344	-	102,344
Total expenses	837,333	-	837,333
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	147,425	112,735	260,160
OTHER CHANGES IN NET ASSETS:			
Bad debt losses	-	(3,090)	(3,090)
Net other changes	-	(3,090)	(3,090)
CHANGE IN NET ASSETS	147,425	109,645	257,070
NET ASSETS:			
Beginning	392,333	164,338	556,671
Ending	<u>\$ 539,758</u>	<u>\$ 273,983</u>	<u>\$ 813,741</u>

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

WESTMINSTER HOME CONNECTION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (66,901)	\$ 257,070
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	19,513	14,962
Forgiveness of Paycheck Protection Program loan	(51,555)	-
Noncash donation of vehicle	-	(30,000)
Accrued interest on certificates of deposit	(207)	(739)
Net changes in other operating assets and liabilities:		
Promises to give	5,139	18,725
Grants receivable	(144,864)	(23,463)
Prepaid expenses and other assets	5,695	10,000
Accounts payable and other accrued expenses	7,363	20,700
Accrued payroll and compensated absences	1,293	6,481
Deferred grant revenue	82,792	69,919
Net cash (used in) provided by operating activities	<u>(141,732)</u>	<u>343,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposit	102,688	-
Proceeds from Paycheck Protection Program	-	51,555
Purchases of property and equipment	(2,460)	(8,393)
Net cash (used in) provided by investing activities	<u>100,228</u>	<u>43,162</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(41,504)	386,817
CASH AND CASH EQUIVALENTS, BEGINNING	<u>749,441</u>	<u>362,624</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 707,937</u>	<u>\$ 749,441</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Fundraising	Management and General	Total Expenses
	Repairs, Mobility Modifications, Declutter	Tornado Disaster Recovery	Total Program			
Client home expenses	\$ 524,611	\$ 151,497	\$ 676,108	\$ -	\$ -	\$ 676,108
Salaries and employee benefits	106,462	48,701	155,163	4,031	43,931	203,125
Occupancy	6,062	1,000	7,062	54	884	8,000
Case manager	13,113	-	13,113	-	-	13,113
Office and accounting services	890	439	1,329	-	43,502	44,831
Other professional services	5,000	6,000	11,000	-	16,000	27,000
Development and fundraising	-	-	-	7,271	-	7,271
Information technology	1,584	1,126	2,710	-	8,571	11,281
Minor tools and construction supplies	5,644	61	5,705	-	-	5,705
Food	-	-	-	-	1,021	1,021
Transportation	27,668	1,447	29,115	-	730	29,845
Insurance	11,486	2,911	14,397	-	3,895	18,292
Miscellaneous	12,690	-	12,690	-	17,793	30,483
Total expenses before depreciation expense	715,210	213,182	928,392	11,356	136,327	1,076,075
Depreciation expense	11,113	8,400	19,513	-	-	19,513
Total expenses	<u>\$ 726,323</u>	<u>\$ 221,582</u>	<u>\$ 947,905</u>	<u>\$ 11,356</u>	<u>\$ 136,327</u>	<u>\$ 1,095,588</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services			Fundraising	Management and General	Total Expenses
	Repairs, Mobility Modifications, Declutter	Tornado Disaster Recovery	Total Program			
Client home expenses	\$ 418,978	\$ 36,185	\$ 455,163	\$ -	\$ -	\$ 455,163
Salaries and employee benefits	117,482	52,083	169,565	3,932	34,467	207,964
Occupancy	6,196	996	7,192	79	728	7,999
Case manager	9,183	-	9,183	-	-	9,183
Office and accounting	3,978	500	4,478	1,462	56,514	62,454
Other professional services	5,000	11,000	16,000	-	-	16,000
Development and fundraising	-	-	-	8,292	-	8,292
Information technology	1,145	2,015	3,160	-	6,736	9,896
Minor tools and construction supplies	6,607	1,269	7,876	-	-	7,876
Food	453	-	453	-	-	453
Transportation	20,859	1,491	22,350	-	587	22,937
Insurance	5,290	-	5,290	-	3,312	8,602
Miscellaneous	5,223	329	5,552	-	-	5,552
Total expenses before depreciation expense	600,394	105,868	706,262	13,765	102,344	822,371
Depreciation expense	11,501	3,461	14,962	-	-	14,962
Total expenses	<u>\$ 611,895</u>	<u>\$ 109,329</u>	<u>\$ 721,224</u>	<u>\$ 13,765</u>	<u>\$ 102,344</u>	<u>\$ 837,333</u>

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 1 – THE ENTITY

Westminster Home Connection (“Home Connection”) was established for the purpose of making critical home repairs and mobility modifications for older adults and persons with disabilities. In response to the March 3, 2020 tornados in Davidson and Wilson counties, Home Connection established a tornado recovery program that runs alongside the on-going program.

Home Connection is chartered as a Tennessee nonprofit corporation and is a validated mission of Westminster Presbyterian Church (“WPC”). Home Connection’s Board of Trustees (“Board”) is approved by WPC through WPC’s Session. At least two thirds of the members of the Board are required to be members of WPC. Home Connection has exemption under section 501(c)(3) of the Internal Revenue Code as a stand-alone tax-exempt entity for federal income tax purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2021 and 2020 in these financial statements refer to the year ended December 31, 2021 and 2020, respectively, unless otherwise noted.

Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America, Home Connection uses the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Home Connection is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – This class includes net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Home Connection. These net assets may be used at the discretion of Home Connection’s management and Board.

Net assets with donor restrictions – This class includes net assets whose use by Home Connection is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of Home Connection pursuant to those restrictions or by the passage of time. Home Connection has no donor restrictions that are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank accounts, money market funds and bank certificates of deposit with original maturities of ninety days or less, which are neither held for nor restricted by donors for long-term purposes. Home Connection may, at times, maintain bank account balances more than federally insured limits. However, Home Connection has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions and Promises to Give

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the calendar year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises to give are recorded at fair value. The fair value of promises to give, which are payable within one year, is generally considered to be the same as the net realizable value of the promises. The fair value of promises to give, which are payable over a period greater than one year, is estimated by discounting the future cash flows using the current rate of the line of credit. At December 31, 2021 and 2020, this discount rate was 3.25%. The discount is amortized on the straight-line basis over the promise period, with the discount amortization being recorded as a component of contributions.

Home Connection uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific promises made. Promises to give are written off when deemed uncollectible. At December 31, 2021 and 2020, management deemed all promises to give to be fully collectible, and, therefore, no allowance has been recorded.

See Note 4 for further details.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue and Receivables

Grant revenue is recognized when eligible expenses are incurred under the terms of the grant. Grant funds received prior to the incurrence of eligible expenses are recorded as deferred grant revenue in the statement of financial position until such expenses are incurred.

Home Connection uses the allowance method to determine uncollectible grants receivable. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific grants receivable. Grants receivable are written off when deemed uncollectible. At December 31, 2021 and 2020, management deemed all grants receivable to be fully collectible, and, therefore, no allowance has been recorded.

Property and Equipment

Expenditures for additions, major renewals and betterment of property and equipment with a cost more than \$750 are capitalized. The fair value of donated property and equipment is similarly capitalized. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the individual assets. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

See Note 6 for further details.

Donated Facilities and Services

Donated facilities are recognized at fair value on the date contributed. Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by Home Connection if not contributed. Donated services are recognized as contributions and expenses at their estimated fair values at date of receipt.

Home Connection received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition under generally accepted accounting principles.

See Notes 5 and 8 for further details.

Income Taxes

As mentioned in Note 1, Home Connection is a Tennessee nonprofit corporation, and a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. Home Connection is not classified as a private foundation.

Home Connection is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

In addition, certain nonprofit corporations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that Home Connection is not subject to unrelated business income tax. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 11 for further details.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Events Occurring after Reporting Date

Home Connection has evaluated events and transactions that occurred between December 31, 2021 and March 7, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

WESTMINSTER HOME CONNECTION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020****NOTE 3 – LIQUIDITY**

Financial assets available for general expenditures within one year of December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 707,937	749,441
Certificates of deposit, maturing within 12 months	-	102,481
Promises to give	103,478	108,617
Grants receivable	<u>172,694</u>	<u>27,830</u>
Financial assets available to meet general expenditures	<u>\$ 984,109</u>	<u>\$ 988,369</u>
Less amounts not available to be used within one year:		
Promises to give to be received in one to five years	<u>(55,000)</u>	<u>(85,600)</u>
Financial assets not available to be used within one year	<u>(55,000)</u>	<u>(85,600)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 929,109</u>	<u>\$ 902,769</u>

As part of Home Connection's liquidity plan, excess cash is held in bank accounts. Home Connection has a \$50,000 line of credit available to meet cash flow needs. See Note 7 for further details related to this line of credit.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 48,478	\$ 23,017
In one to five years	<u>58,000</u>	<u>88,600</u>
Gross promises to give	106,478	111,617
Less unamortized discount on promises to give	<u>(3,000)</u>	<u>(3,000)</u>
Promises to give, net	<u>\$ 103,478</u>	<u>\$ 108,617</u>

Home Connection received conditional grants and promises to give which are not recognized as support until the conditions have substantially been met. When the expenses are incurred or matching funds are received, then these conditional grants will be recognized.

WESTMINSTER HOME CONNECTION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020****NOTE 4 – PROMISES TO GIVE (CONTINUED)**

Conditional grants and promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Qualifying expenses related to home repairs, mobility modifications and declutter services	\$ 287,575	\$ 553,489
Sustainability initiatives	20,000	-
Tornado damaged home repairs	10,271	88,122
Total conditional grants and promises to give	<u>\$ 317,846</u>	<u>\$ 641,611</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

Home Connection has an arrangement with WPC for dedicated office, storage and parking spaces located on the grounds of WPC. Home Connection uses copiers and similar office tools. WPC makes available sleeping space, showers, a kitchen, gym and similar space for Home Connection volunteers on an overnight basis, if needed. The estimated fair value of facilities in the amount of \$8,000 has been reported in the accompanying Statements of Activities for both 2021 and 2020.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Vehicles, tools and equipment	\$ 100,339	\$ 98,874
Less accumulated depreciation	<u>(63,161)</u>	<u>(44,643)</u>
Property and equipment, net	<u>\$ 37,178</u>	<u>\$ 54,231</u>

NOTE 7 – LINE OF CREDIT

Home Connection has a revolving line of credit agreement with a financial institution with a maximum availability of \$50,000. Interest is payable monthly at the bank's index rate. The line of credit agreement expires on September 21, 2023, at which time all outstanding principal and accrued interest is payable. There were no outstanding advances under this line of credit at December 31, 2021 or 2020.

NOTE 8 – DONATED SERVICES

The estimated fair value of donated services, consisting of management, accounting and grant services, totaling \$47,000 and \$53,000 for 2021 and 2020, respectively, has been reported in the accompanying Statements of Activities.

WESTMINSTER HOME CONNECTION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020****NOTE 9 – PAYCHECK PROTECTION PROGRAM PAYABLE**

On April 30, 2020, Home Connection received loan proceeds in the amount of \$51,555 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Home Connection used the proceeds for purposes consistent with the PPP and the loan was forgiven on June 16, 2021. Home Connection recorded these funds in accordance with FASB ASC 470, Debt. Accordingly, Home Connection has recognized income upon forgiveness in 2021.

NOTE 10 – NET ASSETS

Net assets with donor restrictions have been restricted for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose:		
Critical home repairs, mobility modifications and declutter services	\$ 42,098	\$ 8,945
Tornado disaster recovery	16,324	93,598
Other	5,467	11,240
For the operations of subsequent years	<u>128,100</u>	<u>160,200</u>
Total net assets with donor restrictions	<u>\$ 191,989</u>	<u>\$ 273,983</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restrictions during 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Critical home repairs, mobility modifications and declutter services	\$ 42,054	\$ 36,238
Tornado disaster recovery	111,968	70,152
Operations	51,600	41,810
Other	5,773	-
Total net assets released from restrictions	<u>\$ 211,395</u>	<u>\$ 148,200</u>

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 11 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such expenses are allocated using three overall methods. Salaries and employee benefits are allocated on the basis of estimates of time and effort; office and legal, development and fundraising, information technology, food, transportation and insurance are allocated based on review of individual cost items, with any costs that were not specifically identifiable allocated based on estimates of time and effort; occupancy is allocated on the basis of percentage of accumulated other costs.

NOTE 12 – EMPLOYEE BENEFIT PLAN

Home Connection has a Simple IRA plan (the "Plan") for its employees. Home Connection matches 3% of eligible employees' compensation. Home Connection matched \$4,237 and \$4,333 during 2021 and 2020, respectively.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Home Connection to concentrations of credit risk principally consist of promises to give. Promises to give represent concentrations of credit risk to the extent they are receivable from concentrated sources. At December 31, 2021, there was one promise to give, totaling \$75,000, representing 72% of the total promises to give. At December, 31, 2020, there were two promises to give, totaling \$90,000, representing 83% of the total promises to give.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grant expenditures are subject to review and audit by the grantors in the normal course of operations. Any reviews and audits could result in disallowance of expenditures, and therefore, a return of grant funds to the grantor. Management believes that no unallowable expenditures have been incurred under any of its grants. Accordingly, no provision has been made for any potential return of funds to any of its grantors.

NOTE 15 – TORNADO DISASTER RECOVERY PROGRAM

Home Connection established a tornado recovery program in response to the March 3, 2020 tornados in Davidson and Wilson counties. Home Connection convened the nonprofit construction agencies working within both the Davidson and Wilson counties Long Term Recovery Groups.

The Community Foundation of Middle Tennessee's Middle Tennessee Emergency Response Fund has set aside a grant totaling \$1.125 million for the construction agencies in the Long-Term Recovery Groups. The construction agencies can access the grant for an average of \$7,500 per home.

WESTMINSTER HOME CONNECTION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020****NOTE 16– REVENUE DETAILS**

Revenue, support and gains without donor restrictions is further detailed as follows:

	<u>2021</u>	<u>2020</u>
Revenues, support and gains without donor restrictions:		
Contributions:		
Foundations and corporations	\$ 374,452	\$ 294,950
Individuals	388,520	359,935
Government-Federal	51,555	7,000
Government-State	151,486	219,278
Government-Local	89,428	41,173
Investment Income	240	1,422
Revenue in-Kind	55,000	61,000
Total revenues, support and gains without donor restrictions	<u>\$1,110,681</u>	<u>\$ 984,758</u>

NOTE 17 – RISKS AND UNCERTAINTIES

The World Health Organization declared COVID-19 a pandemic in March 2020. To mitigate the spread of COVID-19, the mayor of Nashville announced a “Safer at Home Order” during 2020 and Home Connection discontinued home repairs for 6 weeks. Home Connection then resumed services with safety protocols in place. Home Connection continues to monitor the impact of the COVID-19 pandemic. Management cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Home Connection’s business, results of operations, financial position and cash flows.

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

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 The Housing Fund, hereinafter referred to as the "Recipient," is for the provision of the rehabilitation of affordable housing units as further defined in the "SCOPE OF PROGRAM." The Housing Fund will rehabilitate 20 affordable single family home units in Davidson County. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Rehabilitation for single family home where the Barnes investment is above \$5,000 per unit will require a five-year forgivable lien.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$100,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed One Hundred Thousand Dollars (\$100,00). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

a. **Grant Draws**

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

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

- 25% Pre-construction draw at execution of home assessment and work scope. Applicable reimbursable expenses include lead-based paint inspection (if applicable), home assessment, and work-scope development costs.
- Final 75% reimbursement requested on a monthly basis as work progresses

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete). All draw requests except for the first 25% draw must be inspected before funding. The above is the preferred draw method. We will occasionally fund based on a

- C. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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 July 1, 2024 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.
- 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
Rasheedah.Pardue@Nashville.Gov

Recipient:

The Housing Fund
c/o Marshall Crawford
PO Box 281345
Nashville, TN 37208
615-780-7000
mcrawford@thehousingfund.org

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

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

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Jim Schimtz, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

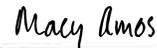
DocuSigned by:



Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:



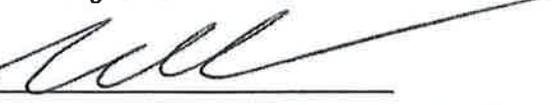
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

The Housing Fund

By: 

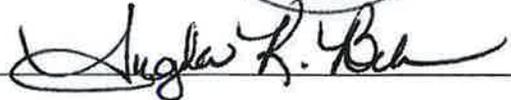
Title: ~~Executive Director~~

PRESIDENT & CEO

Sworn to and subscribed to before me a
Notary Public, this ___ day
of _____, 2023.

Notary Public





My Commission
expires 5/23/23

Exhibit B



Barnes Housing Trust Fund Round 11 Work Scope

Organization: The Housing Fund

Development Type: Rehabilitation

Development Address: Various homes in Davidson County

Amount Awarded: \$100,000

Number of Barnes-funded Units: 20

Target Populations Served: All income-eligible homeowners in Davidson County

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
		20

Homeowner and Rehab Proceeds Policy

How will any proceeds from sales or repayment of liens be reported and repurposed?

The Housing Fund plans to utilize proceeds from sales and/or repayment of liens by reusing them for other Barnes-funded activities. This includes using the proceeds to reach additional homes for the renovation program or utilizing the proceeds for renovating properties in the Community Land Trust. When reinvesting in affordable housing repairs, we will ensure that Barnes Funding proceeds from any liens will be allocated only to homes in Davidson County.

THE HOUSING FUND, INC
SECOND AMENDED AND RESTATED BYLAWS

WHEREAS, on November 16, 1999, the board of directors of the Corporation approved The First Amended and Restated Bylaws of the Corporation; and

WHEREAS, on April 19, 2005, the board of directors of the Corporation approved this Second Amended and Restated Bylaws of the Corporation.

NOW, THEREFORE, the Corporation adopts the following Second Amended and Restated Bylaws (the “bylaws”) which shall supersede the original bylaws and all prior amendments thereto, the text of which is amended and restated as follows:

ARTICLE I.

OFFICES

The Housing Fund, Inc. (the “Corporation”) shall maintain a principal office or offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II.

PURPOSE AND USE OF THE CORPORATION AND ITS FUNDS

Section 2.1. Purpose. The purposes of the Corporation are as follows:

- (a) To acquire funds from governmental entities and agencies, and from non-governmental entities and individuals, through gifts, grants, loans, or otherwise;
- (b) To acquire, lease, or obtain easements over real property, improved or unimproved, and personal property, from governmental entities and agencies, and from non-governmental entities and individuals, through gifts, grants, purchases, exchanges, or otherwise;
- (c) To make loans, investments, grants, gifts, or payments of any kind to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i)

providing decent, safe, and sanitary housing to low and moderate income individuals and families; or (ii) developing or redeveloping neighborhoods and commercial areas in order to prevent or eliminate blighting influences;

(d) To sell, lease, give or grant easements over real or personal property to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income individuals and families; or, (ii) developing or redeveloping neighborhoods and commercial areas in order to prevent or eliminate blighting influences;

(e) To own, operate or manage real property, improved or unimproved, and personal property, in order to: (i) provide decent, safe, and sanitary housing to low and moderate income individuals and families; or (ii) develop or redevelop neighborhoods and commercial areas in order to prevent or eliminate blighting influences; and

(f) To effectuate such charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, as the Board of Directors may from time to time deem appropriate.

Section 2.2. Use of Funds. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, or profits of the Corporation are distributable to, or inures to the benefit of its directors or officers or any other private person, except as provided in Section 4.11 and Section 5.8 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 and Section 2.1 above.

Section 2.3. Termination of Corporation. The Board of Directors shall have the authority to terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate or advisable. In such event, after paying, or making provision for the payment of, all liabilities of the Corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the Corporation exclusively for its charitable purposes to one or more regularly organized and qualified charitable organization(s) to be selected by the Board of Directors. 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, within the meaning of Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as such court shall determine.

ARTICLE III.

MEMBERS

Section 3.1. Members. The Corporation shall not have members.

ARTICLE IV.

BOARD OF DIRECTORS

Section 4.1. General Powers. Subject to the provisions of Section 4.3 below, 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 Bylaws. The Board of Directors, as the governing body of the Corporation, shall have the authority to receive, administer and invest property on behalf of the Corporation in accordance with the provisions set forth in these Bylaws, establish, operate and manage such facilities, programs and services as the Board of Directors deem appropriate, consistent with the purposes of the Corporation.

Section 4.2. Nominating Committee. There shall be a Nominating Committee comprised of all officers of NHF, all committee chairs of NHF, and three (3) current members of the Board of Directors.

Section 4.3. Number and Election of Directors. The number of members of the Board of Directors shall be fixed by the Board of Directors, but in no event shall the number of members of the Board of Directors be less than three (3) or greater than twenty-three (23). The members of the Board of Directors shall be elected as follows: Each year, prior to the annual meeting of the Board of Directors, the Nominating Committee (as defined in Section 4.2) shall submit to the Board of Directors a slate of candidates (the "Slate"). The Slate shall consist of that number of candidates equal to the number of directors whose terms are due to expire during the course of the year. The Board of Directors shall then vote on the Slate at its annual meeting (or, if no annual meeting is held, at the next duly called special meeting of the Board of Directors). A vote of the majority of the members of the Board of Directors shall be necessary to adopt the Slate. The Slate shall be adopted in its entirety. In the event the Slate is not adopted in its entirety, the Nominating Committee shall resubmit a Slate(s) until one such Slate is adopted and confirmed in its entirety. In selecting a Slate, the Nominating Committee must ensure that the Board of Directors will always contain two (2) members who live in an Investment Area served by the Corporation or who are members of a Targeted Population served by the Corporation. "Investment Area" and "Targeted Population" shall have the meanings given to those terms in Part 1805 of Title 12 of the Code of Federal Regulations.

Section 4.4. Limitation on 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) for the authorization of unlawful distributions pursuant to Section 48-58-304

of the Act. No repeal or modification of the provisions of this Section 4.4, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 4.5. Annual Meeting. The annual meeting of the Board of Directors shall be held within or without the State of Tennessee at time and date following the close of the Corporation's fiscal year as shall be determined by the President of the Corporation. The purpose of the annual meeting shall be to elect directors and officers of the Corporation, and transact such other business as may properly be brought before the meeting.

Section 4.6. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Corporation, or at the request of any director with the agreement of at least one-half (2) of the Board of Directors. The President shall fix the place, either within or without the State of Tennessee, as the place for holding any special meeting.

Section 4.7. 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 4.8. Quorum and Participation in Meeting. One third of the total number of directors in office, but no less than two (2) directors, 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 of Directors, may participate in a meeting of the Board of Directors, 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 4.9. 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.

Section 4.10. 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 of Directors 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 shall 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 Board of Directors. The action must be evidenced by one (1) or more written consents describing

the action taken, signed in one (1) 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 of Directors or committee. A consent signed under this Section 4.10 shall have the same force and effect as a meeting vote of the Board of Directors, or any committee thereof, and may be described as such in any document.

Section 4.11. Vacancies. Any vacancy occurring in the Board of Directors, including vacancies created by the removal of directors without cause or for cause, shall be filled by the Nominating Committee (as defined in Section 4.2). A director designated to fill a vacancy shall serve for the unexpired term of his predecessor in office, or, if there is no predecessor, until the next appointment of directors.

Section 4.12. Compensation and Reimbursement of Expenses. No director shall be entitled to receive monetary compensation for services rendered to the Corporation. However, each director may be paid reasonable expenses, if any, of attendance at each meeting of the Board of Directors, after submitting substantiation of such expenses to the Corporation. This section shall not preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 4.13. Removal. Any or all of the directors may be removed for cause or without cause by vote of at least 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 of Directors.

Section 4.14. Resignation. A director may resign at any time by tendering his resignation in writing to the President or, in the case of the resignation of a director who is also President, to the Secretary. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE V.

OFFICERS

Section 5.1. Number. The Corporation shall have a President and a Secretary/Treasurer each of whom shall be elected in accordance with the provisions of this Article. The Board of Directors may also elect such other officers and assistant officers as the Board of Directors may from time to time deem necessary or appropriate. Any two or more offices may be held by the same person, except for the offices of President and Secretary, which must be held by different people.

Section 5.2. Election and Term of Office. The officers shall be elected annually by the Board of Directors at its annual meeting. Each officer shall hold office for a term of one (1) year or until his earlier death, resignation, or removal from office in the manner hereinafter provided.

Section 5.3. President. The President shall be the principal executive officer of the Corporation. The President shall, when present, preside at all meetings of the Board of Directors and shall in general perform all of the duties, and have all of the authority, incident to the office of the chief executive officer of a corporation, and such other duties as may from time to time be prescribed by the Board of Directors. The President may sign, with the Secretary/Treasurer or any other proper officer thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

Section 5.4. Secretary/Treasurer. The Secretary/Treasurer:

(a) shall keep the minutes of the proceedings of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal, if any, of the Corporation and see that the seal is affixed to all documents, the execution of which is duly authorized on behalf of the Corporation under its seal; keep a register of the post office address of each member of the Board of Directors, which address shall be furnished to the Secretary/Treasurer by each director and in general perform all duties incident for the office and such other duties as may from time to time be assigned to him by the President or by the Board of Directors; and

(b) shall have charge and custody of, and be responsible for, all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VIII of these Bylaws; disburse the funds of the Corporation in accordance with the directives of the Board of Directors, taking proper vouchers for such disbursements, and render to the Board of Directors, at its annual meeting and at such other times as may be requested by the Board of Directors, an accounting of all the transactions and of the financial condition of the Corporation; and in general perform all duties incident to the office and such other duties as may from time to time be assigned to him by the President or by the Board of Directors.

Section 5.5. Removal. Any member of the Board of Directors removed from office pursuant to Section 4.13 shall be automatically removed as an officer. The Board of Directors may, by a majority vote of all directors, remove any officer when, in its judgment, the best interests of the Corporation will be served thereby.

Section 5.6. Vacancies. A vacancy in any office may be filled by the Board of Directors

Section 5.7. Resignation. An officer may resign his office 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 designated officer.

Section 5.8. Salaries and Expenses. The officers shall be entitled to 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 shall be reimbursed by the Corporation upon proper substantiation.

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 whom 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.

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 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. Prohibition on Loans. No loans or guarantees shall be made by the Corporation to its directors or officers. Any director who assents to or participates in the making of any such loan shall be liable to the Corporation for the amount of such loan until the repayment thereof. Notwithstanding the preceding two sentences, nothing in this Section 6.5 shall be interpreted to prohibit any loans or guarantees made pursuant to any public benefit program administered by the Corporation and approved in accordance with T.C.A. ' 48-58-302.

ARTICLE VII.

CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 7.1. 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, subject to the provisions of Section 4.3 hereto, 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 of Directors 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 7.2. 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 7.3. 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 7.4. 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 depositaries as the Board of Directors may from time to time select.

Section 7.5. Investment Authority. 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 of Directors 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.

ARTICLE VIII.

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 8.1. 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 such person's heirs, executors, administrators and legal representatives, for the defense of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines, judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

(a) The Proceeding was instituted by reason of the fact that such person is or was a director 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 or had no reasonable cause to believe his 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.

Section 8.2. 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 such person's heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 8.1 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 Subsection 8.1(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 Bylaws, by contract, or by general or specific action of the Board of Directors.

Section 8.3. Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in Sections. 8.1 and 8.2 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 Bylaws, 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 8.4. Non-Limiting Application. The provisions of this Article VIII 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 such person's appearing as a witness in a Proceeding at a time when he has not been made a named defendant or respondent to the Proceeding.

Section 8.5. Prohibited Indemnification. Notwithstanding any other provision of this Article VIII, 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 official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

Section 8.6. Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article VIII, 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 IX.

NOTICES AND WAIVER OF NOTICE

The notices provided for in these Bylaws shall be communicated in person, by telephone, telegraph, teletype, or by mail or private carrier. Written notice is effective at the earliest of (i) receipt, (ii) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first-class postage affixed thereon, (iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee, or (iv) twenty (20) days after its deposit in the United States mail, if mailed correctly addressed, and with other than first-class, registered, or certified postage affixed. Whenever any notice is required to be given to any director, officer or committee member of the Corporation under the provisions of these Bylaws, 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 X.

AMENDMENTS

These Bylaws and the Charter may be altered, amended, or repealed, and a new Charter or Bylaws adopted, provided that no such alteration, amendment or repeal shall be inconsistent with Article XI hereof.

ARTICLE XI.

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 Treasury Regulation Section 1.508-1(a)(2). Any provision of these Bylaws 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.



CINCINNATI OH 45999-0038

In reply refer to: 0248144558
Sep. 19, 2018 LTR 4168C 0
62-1632388 000000 0000016238
BODC: TETHE HOUSING FUND INC
% LORETTA OWENS
305 11TH AVE S
NASHVILLE TN 37203

3951

Employer ID number: 62-1632388
Form 990 required: Yes

Dear Taxpayer:

We're responding to your request dated Sep. 11, 2018, about your tax-exempt status.

We issued you a determination letter in June 1996, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

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

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

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

0248144558
Sep. 19, 2018 LTR 4168C 0
62-1632388 000000 00
00016239

THE HOUSING FUND INC
% LORETTA OWENS
305 11TH AVE S
NASHVILLE TN 37203

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kim A. Billups". The signature is written in a cursive style with a large initial "K".

Kim A. Billups, Operations Manager
Accounts Management Operations 1



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

THE HOUSING FUND
305 11TH AVE S
NASHVILLE, TN 37203-4003

Request Type: Certified Copies

Request #: 343610

Issuance Date: 12/20/2019

Copies Requested: 1

Document Receipt:

Receipt #: 005159466

Filing Fee: \$20.00

Payment-Check/MO - MARSHALL E CRAWFORD, ALPHARETTA, GA

\$20.00

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that **THE HOUSING FUND, INC.**, Control # 308485 was formed or qualified to do business in the State of Tennessee on 03/05/1996. THE HOUSING FUND, INC. has a home jurisdiction of TENNESSEE and is currently in an Active status. The attached documents are true and correct copies and were filed in this office on the date(s) indicated below.

Tre Hargett
Secretary of State

Processed By: Michelle Holloway

The attached document(s) was/were filed in this office on the date(s) indicated below:

<u>Reference #</u>	<u>Date Filed</u>	<u>Filing Description</u>
3129-1107	03/05/1996	Initial Filing
3765-1638	11/16/1999	Amended and Restated Formation Documents
5311-0511	12/30/2004	2004 Annual Report (Due 01/01/2005)
5498-0329	07/06/2005	Amended and Restated Formation Documents
A0146-0716	11/26/2012	2012 Annual Report (Due 01/01/2013)
A0205-1833	12/17/2013	2013 Annual Report (Due 01/01/2014)
B0328-4787	12/30/2016	2016 Annual Report (Due 01/01/2017)
B0735-7363	07/17/2019	Assumed Name
B0787-7829	12/10/2019	2019 Annual Report (Due 01/01/2020)

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STATE OF TENNESSEE

RECEIVED
STATE OF TENNESSEE

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RILEY BASHELL
SECRETARY OF STATE

CHARTER
OF
NASHVILLE HOUSING FUND, INC.

The undersigned person, having capacity to contract and acting as the incorporator of a corporation under the Tennessee Nonprofit Corporation Act, as amended, adopts the following charter for such corporation:

1. The name of the corporation is Nashville Housing Fund, Inc.
2. The corporation is a public benefit corporation.
3. The street address, zip code and county of the initial registered office of the corporation in the State of Tennessee and the registered agent of the corporation, located at the registered office is as follows:

Davis H. Carr, Esq.
414 Union Street, Suite 1600
Nashville, Davidson County, Tennessee 37219

4. The street address and zip code of the principal office of the corporation shall be 701 South Sixth Street, Nashville, TN 37206.
5. The name, street address and zip code of the incorporator is Davis H. Carr, Esq., 414 Union Street, Suite 1600, Nashville, Davidson County, Tennessee 37219.
6. The corporation is not for profit.
7. The corporation will not have members.
8. The business affairs of this corporation shall be governed by a board of directors, the number, terms, and the members of which shall be determined by Metropolitan Development and Housing Agency ("MDHA"), a public housing authority organized pursuant to the terms of T.C.A. 13-20-101 *et seq*
9. The purposes for which the corporation is organized are as follows:
 - (a) To acquire funds from governmental entities and agencies, including but not limited to The Metropolitan Government of Nashville and Davidson County,

3-1-96 11:13

RECEIVED Tennessee ("Metro") and MDHA, and from non-governmental entities and
STATE OF TENN individuals, through gifts, grants, loans, or otherwise;

96 MAR -5 PM 12: 14

RILEY DONNELL
SECRETARY OF STATE

(b) To acquire, lease, or obtain easements over real property, improved or unimproved, and personal property, from governmental entities and agencies, including but not limited to Metro and MDHA, and from non-governmental entities and individuals, through gifts, grants, purchases, exchanges, or otherwise;

(c) To make loans, grants, gifts, or payments of any kind to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or (ii) developing or redeveloping neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences;

(d) To sell, lease, give or grant easements over real or personal property to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or, (ii) developing or redeveloping neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences;

(e) To own, operate or manage real property, improved or unimproved, and personal property, in order to: (i) provide decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or (ii) develop or redevelop neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences; and

(f) To effectuate such purposes as the Board of Directors may, from time to time deem appropriate.

Notwithstanding any other provision of this charter, the purposes for which this corporation is organized are exclusively religious, charitable, scientific, literary or educational within the meaning of section 501 (c)(3) of the Internal Revenue Code of 1986 (the "Code"), or the corresponding provision of any future United States Internal Revenue law and this corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under section 501 (c)(3) of the Code or the corresponding provision of any future United States Internal Revenue law.

10. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code

3-1-1996 11:10:13

of 1986, or corresponding section of any future Federal tax code, or shall be distributed to the Federal, state or local government for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction, in the county in which the principal office of the corporation is then located, exclusively for such purposes.

SECRET
RILEY 11:53 AM No amendment to this charter or the bylaws of the corporation shall be effective unless such amendment is made by or approved in writing by MDHA.



Davis H. Carr, Incorporator
March 4, 1996

**FIRST AMENDED AND RESTATED CHARTER
OF
NASHVILLE HOUSING FUND, INC.**

Pursuant to the provisions of Section 48-60-101 and Section 48-60-106 of the Tennessee Nonprofit Corporation Act, as amended from time to time (hereinafter referred to as the "Act"), the corporation adopts and files the following Amended and Restated Charter (the "Charter") which shall supersede the original charter and all prior amendments thereto, the text of which is amended and restated as follows:

1. The name of the corporation is Nashville Housing Fund, Inc.
2. The corporation is a public benefit corporation.
3. The street address, zip code and county of the initial registered office of the corporation in the State of Tennessee and the registered agent of the corporation, located at the registered office is as follows:

Davis H. Carr, Esq.
414 Union Street, Suite 1600
Nashville, Davidson County, Tennessee 37219
4. The street address and zip code of the principal office of the corporation shall be 806 South Sixth Street, Nashville, TN 37206.
5. The name, street address and zip code of the incorporator is Davis H. Carr, Esq., 414 Union Street, Suite 1600, Nashville, Davidson County, Tennessee 37219.
6. The corporation is not for profit.
7. The corporation will not have members.
8. The business affairs of this corporation shall be governed by a board of directors. The number of directors shall be at least three (3) but no greater than twenty-three (23). Each director shall hold office for two years and until his successor is elected and qualified, or until his earlier resignation, removal from office, or death. Election of directors shall be according to such procedures as are provided in the Bylaws of the corporation, provided that at

least one (1) director must be an individual who lives in an Investment Area served by NHF or who is a member of a Targeted Population served by NHF. "Investment Area" and "Targeted Population" shall have the meanings given to those terms in Part 1805 of Title 12 of the Code of Federal Regulations.

9. The purposes for which the corporation is organized are as follows:

(a) To acquire funds from governmental entities and agencies, including but not limited to The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metro") and MDHA, and from non-governmental entities and individuals, through gifts, grants, loans, or otherwise;

(b) To acquire, lease, or obtain easements over real property, improved or unimproved, and personal property, from governmental entities and agencies, including but not limited to Metro and MDHA, and from non-governmental entities and individuals, through gifts, grants, purchases, exchanges, or otherwise;

(c) To make loans, investments, grants, gifts, or payments of any kind to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or (ii) developing or redeveloping neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences;

(d) To sell, lease, give or grant easements over real or personal property to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or, (ii) developing or redeveloping neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences;

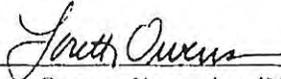
(e) To own, operate or manage real property, improved or unimproved, and personal property, in order to: (i) provide decent, safe, and sanitary housing to low and moderate income citizens of Nashville-Davidson County; or (ii) develop or redevelop neighborhoods and commercial areas of the city in order to prevent or eliminate blighting influences; and

(f) To effectuate such purposes as the Board of Directors may, from time to time deem appropriate.

Notwithstanding any other provision of this charter, the purposes for which this corporation is organized are exclusively religious, charitable, scientific, literary or educational within the

meaning of section 501 (c)(3) of the Internal Revenue Code of 1986 (the "Code"), or the corresponding provision of any future United States Internal Revenue law and this corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under section 501 (c)(3) of the Code or the corresponding provision of any future United States Internal Revenue law.

10. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future Federal tax code, or shall be distributed to the Federal, state or local government for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction, in the county in which the principal office of the corporation is then located, exclusively for such purposes.



Loretta Owens, Executive Director
November 16, 1999

**CERTIFICATE OF NASHVILLE HOUSING FUND, INC.
CONCERNING ITS AMENDED AND RESTATED CHARTER**

Pursuant to the provisions of Section 48-60-106(h) of the Tennessee Nonprofit Corporation Act, Nashville Housing Fund, Inc. (the "Corporation") certifies as follows:

1. The Amended and Restated Charter of the Corporation to which this Certificate is attached contains amendments that require the written approval of Metropolitan Development and Housing Agency, an instrumentality of the Metropolitan Government of Nashville and Davidson County, Tennessee ("MDHA"), in addition to the board of directors of the Corporation.
2. The amendments contained in the Amended and Restated Charter have been approved in writing by MDHA by means of a certified resolution dated November 15, 1999.
3. The Amended and Restated Charter was duly adopted at a meeting of the board of directors of the Corporation held on November 16, 1999.
4. The Amended and Restated Charter shall be effective when filed by the Secretary of State.

Dated this 16th day of November, 1999.

NASHVILLE HOUSING FUND, INC.

By: *Loretta Owens*
Loretta Owens, Executive Director

CORPORATION ANNUAL REPORT

Please return completed form to:
TENNESSEE SECRETARY OF STATE
 Attn: Annual Report
 312 Eighth Ave N, 6th Floor
 William R. Snodgrass Tower
 Nashville, TN 37243

Annual Report Filing Fee Due:

\$20, if no changes are made in block #6 to the registered agent/office, or
 \$40, if any changes are made in block #6 to the registered agent/office

CURRENT FISCAL YEAR CLOSING MONTH: 09 IF DIFFERENT,
 CORRECT MONTH IS _____

THIS REPORT IS DUE ON OR BEFORE 01/01/05

(1) SECRETARY OF STATE CONTROL NUMBER: 0308485

(2A) NAME AND MAILING ADDRESS OF CORPORATION:
NASHVILLE HOUSING FUND, INC.
~~806 SOUTH SIXTH ST~~
NASHVILLE, TN 37206

(2B) STATE OR COUNTRY OF INCORPORATION:
TENNESSEE

(2C) ADD OR CHANGE MAILING ADDRESS:
 → **305 11th Avenue South**
37203

D 03/05/1996 NON PROFIT

(3) A. PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE:
806 SOUTH SIXTH ST, NASHVILLE, TN 37206

B. CHANGE OF PRINCIPAL ADDRESS:

STREET	CITY	STATE	ZIP CODE + 4
305 11th Avenue South	Nashville	TN	37203-4003

(4) NAME AND BUSINESS ADDRESS, INCLUDING ZIP CODE, OF THE PRESIDENT, SECRETARY AND OTHER PRINCIPAL OFFICERS.
 (ATTACH ADDITIONAL SHEET IF NECESSARY.)

TITLE	NAME	BUSINESS ADDRESS	CITY, STATE, ZIP CODE + 4
PRESIDENT	David Thibodeau	718 Greeley Drive Nashville, TN	37205
SECRETARY	Margaret Behm	306 Gay Street, Suite 400, Nashville, TN	37201

(5) BOARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCLUDING ZIP CODE). (ATTACH ADDITIONAL SHEET IF NECESSARY.) SAME AS ABOVE NONE
 OR LISTED BELOW: NAME BUSINESS ADDRESS CITY, STATE, ZIP CODE + 4

See Attached list

(6) A. NAME OF REGISTERED AGENT AS APPEARS ON SECRETARY OF STATE RECORDS:

DAVIS H. CARR, ESQ.

B. REGISTERED ADDRESS AS APPEAR ON SECRETARY OF STATE RECORDS:

414 UNION ST. 81600, SUITE 1600, NASHVILLE, TN 37219

C. INDICATE BELOW ANY CHANGES TO THE REGISTERED AGENT NAME AND/OR REGISTERED OFFICE.

(D) CHANGE OF REGISTERED AGENT:

(E) CHANGE OF REGISTERED OFFICE:

STREET	CITY	STATE	ZIP CODE + 4	COUNTY
		TN		

(7) A. THIS BOX APPLIES ONLY TO NONPROFIT CORPORATIONS. OUR RECORDS REFLECT THAT YOUR NONPROFIT CORPORATION IS A PUBLIC BENEFIT OR A MUTUAL BENEFIT CORPORATION AS INDICATED: IF BLANK OR INCORRECT, PLEASE CHECK APPROPRIATE BOX:

PUBLIC

B. IF A TENNESSEE RELIGIOUS CORPORATION, PLEASE CHECK BOX IF BLANK

RELIGIOUS

(8) SIGNATURE **Loretta C. Owens**

(9) DATE **12/29/2004**

(10) TYPE PRINT NAME OF SIGNER:
Loretta C. Owens

(11) TITLE OF SIGNER
Executive Director

**** THIS REPORT MUST BE DATED AND SIGNED ****



RECEIVED
 STATE OF TENNESSEE
 2004 DEC 30 AM 9:55
 SECRETARY OF STATE

Nashville Housing Fund Board of Directors as of 12/29/04

Name and Address	Board Position, Committee	Occupation or Affiliation	Other Affiliations	Target Group Representation
David Thibodeau P.O. Box 303110 Nashville, Tennessee 37230	Chair	Retired, Executive Vice President, SunTrust Bank	Chair, Tennessee Minority Supplier Development Council	
Melvin Black 747 Work Drive Nashville, Tennessee 37207	Vice Chair, Program & Marketing Comm.	Retired, Metro teacher and coach	Past member, Metro Council	
Margaret Behm 306 Gay Street, Suite 400 Nashville, Tennessee 37201	Secretary-Treasurer, Finance & Audit Comm.	Attorney, Dodson, Parker, Dinkins and Behm	Board member, Federal Home Loan Bank of Cincinnati	
David Briley 511 Union Street, Suite 1610 Nashville, Tennessee 37219	Director, Finance & Audit Committee	Attorney, At-large Member of Metro Council		
Gerald F. Nicely 505 Doaderrick Street, Suite 700 Nashville, Tennessee 37243	Director, Finance & Audit Committee	Commissioner, Tennessee Dept. of Transportation	Board member, Frist Center for the Visual Arts	
Rick Chase 212 Woodlake Drive Gallatin, Tennessee 37211	Director, Program and Marketing Comm.	Retired Vice President Dell Computer	Board member, United Way of Middle Tennessee	
Sam Coleman 4037 Pepperwood Drive Antioch, Tennessee 37013	Director, Program and Marketing Comm.	Attorney, TN Dept of Family and Children Services, Metro Council Member		Represents growth area for affordable housing
Beth S. Courtney 114 30 th Avenue South Nashville, Tennessee 37212	Director, Program and Marketing Committee	President, Seigenhaler Public Relations	Nashville Area Chamber of Commerce	
Patricia Davis 203 Sheffield Place Nashville, Tennessee 37215	Director, Program and Marketing Committee	Development Director, YWCA	Board of Directors of the Women's Fund	
Chris Ferrell 905 Tower Place Nashville, Tennessee 37204	Director, Finance & Audit Committee	Owner of Internet marketing firm	Past member, Metro Council	
Rev. Mary K. "Kaki" Friskies-Warren 1719 Holly Street Nashville, Tennessee 37206	Director, Program and Marketing Committee	Program Officer, Middle Tennessee Community Foundation	Former Executive Director, Renewal House	
Tony Heard 150 4 th Avenue South Nashville, Tennessee 37219	Director, Finance & Audit Committee	Regional President, US Bank	Chair, Housing Committee, Nashville Area Chamber of Commerce	
Rita James 428 Star Blvd. Madison, Tennessee 37115	Director, Program & Marketing Comm.	NHIF Homeowner		Representative of target population
Jessica LeVeon 2739 Linmar Avenue Nashville, Tennessee 37215	Director, Program and Marketing Committee	Community Affairs Officer, Federal Reserve Bank	Woodbine Community Organization, Board of Directors	Representative of org. that serves target population
Linda Pflaum 9427 Centlewind Drive Brentwood, Tennessee 37207	Director, Program and Marketing Committee	Community Volunteer	President, Nashville Junior League	
Phil Ryan 701 South Sixth Street Nashville, Tennessee 37206	Director, Finance & Audit Committee	Executive Director, Metropolitan Development and Housing Agency	North Nashville Community Development Corporation, Board Member	Representative of org. that serves target population
Eugene ToSelle 2007 Linden Avenue Nashville, Tennessee 37212	Director, Program and Marketing Committee	Retired Professor, Divinity School of Vanderbilt University	Board member, Affordable Housing Resources	Representative of org. that serves target population
Steve Turner 138 2 nd Avenue North #500 Nashville, Tennessee 37201	Director, Finance & Audit Committee	Developer/owner of Butler's Run LLC	Cumberland Region Tomorrow, Board Member	
Bishop Joseph W. Walker 7594 Old Hickory Blvd. Whites Creek, TN 37189	Director, Program and Marketing Committee	Pastor, Mt. Zion Baptist Church		

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STATE

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SECRETARY OF STATE

**SECOND AMENDED AND RESTATED CHARTER
OF
NASHVILLE HOUSING FUND, INC.**

Pursuant to the provisions of Section 48-60-101 and Section 48-60-106 of the Tennessee Nonprofit Corporation Act, as amended from time to time (hereinafter referred to as the "Act"), Nashville Housing Fund, Inc. (the "corporation") adopts and files the following Amended and Restated Charter (the "Charter") which shall supersede the original charter and all prior amendments thereto, the text of which is amended and restated as follows:

1. The name of the corporation is The Housing Fund, Inc.
2. The corporation is a public benefit corporation.
3. The street address, zip code and county of the initial registered office of the corporation in the State of Tennessee and the registered agent of the corporation, located at the registered office is as follows:

Loretta Owens
305 11th Avenue South
Nashville, Davidson County, Tennessee 37203
4. The street address and zip code of the principal office of the corporation shall be 305 11th Avenue South, Nashville, Davidson County, Tennessee 37203.
5. The name, street address and zip code of the incorporator is Davis H. Carr, Esq., 1600 Division Street, Ste. 700, Nashville, Davidson County, Tennessee 37203.
6. The corporation is not for profit.
7. The corporation will not have members.
8. The business affairs of this corporation shall be governed by a board of directors. The number of directors shall be at least three (3) but no greater than twenty-three (23). Each director shall hold office for two years and until his successor is elected and qualified, or until his earlier resignation, removal from office, or death. Election of directors shall be according to such procedures as are provided in the Bylaws of the corporation, provided .

12-13-11
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that at least one (1) director must be an individual who lives in an Investment Area served by the corporation or who is a member of a Targeted Population served by the corporation. "Investment Area" and "Targeted Population" shall have the meanings given to those terms in Part 1805 of Title 12 of the Code of Federal Regulations.

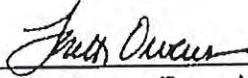
9. The purposes for which the corporation is organized are as follows:

- (a) To acquire funds from governmental entities and agencies and from non-governmental entities and individuals, through gifts, grants, loans, or otherwise;
- (b) To acquire, lease, or obtain easements over real property, improved or unimproved, and personal property and from non-governmental entities and individuals, through gifts, grants, purchases, exchanges, or otherwise;
- (c) To make loans, investments, grants, gifts, or payments of any kind to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income individuals and families; or (ii) developing or redeveloping neighborhoods and commercial areas in order to prevent or eliminate blighting influences;
- (d) To sell, lease, give or grant easements over real or personal property to owners, developers, lessors, lessees, occupants, lenders, or others to induce them to or assist them in: (i) providing decent, safe, and sanitary housing to low and moderate income individuals and families; or (ii) developing or redeveloping neighborhoods and commercial areas in order to prevent or eliminate blighting influences;
- (e) To own, operate or manage real property, improved or unimproved, and personal property, in order to: (i) provide decent, safe, and sanitary housing to low and moderate income individuals and families; or (ii) develop or redevelop neighborhoods and commercial areas in order to prevent or eliminate blighting influences; and
- (f) To effectuate such purposes as the Board of Directors may, from time to time deem appropriate.

Notwithstanding any other provision of this charter, the purposes for which this corporation is organized are exclusively religious, charitable, scientific, literary or educational within the meaning of section 501 (c)(3) of the Internal Revenue Code of 1986 (the "Code"), or the corresponding provision of any future United States Internal Revenue law and this corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under section 501 (c)(3) of the Code or the corresponding provision of any future United States Internal Revenue law.

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15 7 20 13 10 28 11

10. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future Federal tax code, or shall be distributed to the Federal, state or local government for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction, in the county in which the principal office of the corporation is then located, exclusively for such purposes.



Loretta Owens, Executive Director

July 1, 2005



Tennessee Corporation Annual Report Form

File online at: <http://TNBear.TN.gov/AR>

Due on/Before: 01/01/2013

Reporting Year: 2012

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
\$40 if any changes are made in block 3 to the registered agent/office

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

CC Payment Ref #: 147856764

SOS Control Number: 308485

Corporation Non-Profit - Domestic

Date Formed: 03/05/1996

Formation Locale: TENNESSEE

(1) Name and Mailing Address:

THE HOUSING FUND, INC.
305 11TH AVE S
NASHVILLE, TN 37203-4003

(2) Principal Office Address:

305 11TH AVE S
NASHVILLE, TN 37203-4003

(3) Registered Agent (RA) and Registered Office (RO) Address:

LORETTA OWENS
305 11TH AVE S
NASHVILLE, TN 37203-4003

Agent Changed: No
Agent County: DAVIDSON COUNTY

Image #: A0146-0716

(4) Name and business address (with zip code) of the President, Secretary and other principal officers.

Title	Name	Business Address	City, State, Zip
Secretary	Jo Anne Corbitt	300 BROADWAY	NASHVILLE, TN 37201
Executive Director	Loretta Owens	305 11TH AVENUE SOUTH	NASHVILLE, TN 37203
President	Keith Miles	611 COMMERCE STREET, SUITE 2800	NASHVILLE, TN 37203

(5) Board of Directors names and business address (with zip code). (___ None)

Name	Business Address	City, State, Zip
Debbie Frank	412 SUMMIT OAKS DRIVE	NASHVILLE, TN 37221
Kelly Harter	3011 ARMORY DRIVE, STE 120	NASHVILLE, TN 37204
Latrisha Jemison	315 DEADERICK STREET	NASHVILLE, TN 37238
Ian Reynolds	213 TRUETLAND STREET	NASHVILLE, TN 37207
Jim Sauerwein	102 WOODMONT BLVD, SUITE 500	NASHVILLE, TN 37205
Jo Anne Corbitt	300 Broadway	Nashville, TN 37201
Paul Demastus	5250 Virginia Way	Brentwood, TN 37024
Ernie Felts	1214 Murfreesboro Rd, Suite 110	Franklin, TN 37604
Chris Ferrell	210 12th Avenue South #100	Nashville, TN 37203
Chris Phillips	511 Union Street, Suite 2700	Nashville, TN 37219
Jessica LeVeen Farr	301 Rosa Parks Blvd	Nashville, TN 37203
Fabian Bedne	6649 SUGAR VALLEY DRIVE	NASHVILLE, TN 37211
David Briley	511 Union Street, Suite 1600	Nashville, TN 37219
William Buchanan	1203 9th Avenue North	Nashville, TN 37208
Erik Cole	50 Vantage Way, Suite 250	Nashville, TN 37728
Ron Crutcher	1324 Adams Street	Franklin, TN 37064
Mary K Friskics-Warren	95 White Bridge Road	Nashville, TN 37205

Kelvin Jones	800 BROADWAY, SUITE 200	NASHVILLE, TN 37203
Doug Lesky	4535 Harding Road, Suite 110	Nashville, TN 37205
Keith Miles	611 Commerce Street, Suite 2800	Nashville, TN 37203
Phil Ryan	701 South 6th Street	Nashville, TN 37206

(6) This section applies to non-profit corporations ONLY.

A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated.

If blank or incorrect, please check appropriately: Public Mutual

B. If a Tennessee religious corporation, please check here if blank: Religious

(7) Signature: Electronic

(8) Date: 11/26/2012 4:53 PM

(9) Type/Print Name: Loretta Owens

(10) Title: Executive Director



Tennessee Corporation Annual Report Form

File online at: <http://TNBear.TN.gov/AR>

Due on/Before: 01/01/2014

Reporting Year: 2013

AR Filing #: 03845859
FILED: Dec 17, 2013 10:30AM
DLN #: A0205-1833.001

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

CC Payment Ref #: 153486625

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
\$40 if any changes are made in block 3 to the registered agent/office

SOS Control Number: 308485

Corporation Non-Profit - Domestic

Date Formed: 03/05/1996

Formation Locale: TENNESSEE

(1) Name and Mailing Address:

THE HOUSING FUND, INC.
305 11TH AVE S
NASHVILLE, TN 37203-4003

(2) Principal Office Address:

305 11TH AVE S
NASHVILLE, TN 37203-4003

(3) Registered Agent (RA) and Registered Office (RO) Address:

PAUL JOHNSON
305 11TH AVE S
NASHVILLE, TN 37203-4003

Agent Changed: Yes

Agent County: DAVIDSON COUNTY

(4) Name and business address (with zip code) of the President, Secretary and other principal officers.

Title	Name	Business Address	City, State, Zip
Secretary	Jo Anne Corbitt	300 BROADWAY	NASHVILLE, TN 37201
President/CEO	Paul Johnson	305 11TH AVENUE SOUTH	NASHVILLE, TN 37203
President	Keith Miles	611 COMMERCE STREET, SUITE 2800	NASHVILLE, TN 37203

(5) Board of Directors names and business address (with zip code). ___ None, or listed below.

Name	Business Address	City, State, Zip
Melvin Black	747 WORK DRIVE	NASHVILLE, TN 37027
Dan Eaton	705 DREXEL ST	NASHVILLE, TN 37203
Cary Rosenblum	4521 TROUSDALE DR	NASHVILLE, TN 37204
Phillip McCutchan	315 DEADERICK ST	NASHVILLE, TN 37238
Ken McKnight	801 12TH AVENUE SOUTH	NASHVILLE, TN 37203
Debbie Frank	412 SUMMIT OAKS DRIVE	NASHVILLE, TN 37221
Kelly Harter	3011 ARMORY DRIVE, STE 120	NASHVILLE, TN 37204
Ian Reynolds	213 TRUETLAND STREET	NASHVILLE, TN 37207
Jo Anne Corbitt	300 Broadway	Nashville, TN 37201
Paul Demastus	5250 Virginia Way	Brentwood, TN 37024
Ernie Felts	1214 Murfreesboro Rd, Suite 110	Franklin, TN 37604
Chris Phillips	511 Union Street, Suite 2700	Nashville, TN 37219
Jessica LeVeen Farr	301 Rosa Parks Blvd	Nashville, TN 37203
Fabian Bedne	6649 SUGAR VALLEY DRIVE	NASHVILLE, TN 37211
David Briley	511 Union Street, Suite 1600	Nashville, TN 37219
William Buchanan	1203 9th Avenue North	Nashville, TN 37208
Ron Crutcher	1324 Adams Street	Franklin, TN 37064
Kelvin Jones	800 BROADWAY, SUITE 200	NASHVILLE, TN 37203
Doug Lesky	4535 Harding Road, Suite 110	Nashville, TN 37205
Keith Miles	611 Commerce Street, Suite 2800	Nashville, TN 37203

(6) This section applies to non-profit corporations ONLY.

A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated.



Tennessee Corporation Annual Report Form

File online at: <http://TNBear.TN.gov/AR>

Due on/Before: 01/01/2014

Reporting Year: 2013

AR Filing #: 03845859
FILED: Dec 17, 2013 10:30AM
DLN #: A0205-1833.002

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

CC Payment Ref #: 153486625

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
\$40 if any changes are made in block 3 to the registered agent/office

If blank or incorrect, please check appropriately: ___ Public Mutual

B. If a Tennessee religious corporation, please check here if blank: ___ Religious

(7) Signature: Electronic

(8) Date: 12/17/2013 10:30 AM

(9) Type/Print Name: Paul Johnson

(10) Title: President/CEO



05501098

**Tennessee Corporation Annual Report Form**File online at: <http://TNBear.TN.gov/AR>

Due on/Before: 01/01/2017

Reporting Year: 2016

AR Filing #: 05501098

FILED: Dec 30, 2016 3:03PM

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
 \$40 if any changes are made in block 3 to the registered agent/office

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

Payment-Credit Card - State Payment Center - CC #: 3691574137

SOS Control Number: 308485
 Nonprofit Corporation - Domestic

Date Formed: 03/05/1996

Formation Locale: TENNESSEE

(1) Name and Mailing Address:
 THE HOUSING FUND, INC.
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

(2) Principal Office Address:
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

(3) Registered Agent (RA) and Registered Office (RO) Address:
 KATE HINSON
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

Agent Changed: Yes
 Agent County: DAVIDSON COUNTY

(4) Name and business address (with zip code) of the President, Secretary and other principal officers.

Title	Name	Business Address	City, State, Zip
Secretary	Hunter Nelson	305 11TH AVE S	NASHVILLE, TN 37203-4003
President	Doug Lesky	305 11TH AVE S	NASHVILLE, TN 37203-4003

(5) Board of Directors names and business address (with zip code). ___ None, or listed below.

Name	Business Address	City, State, Zip
Amy Broadwater	305 11TH AVE S	NASHVILLE, TN 37203-4003
Laini Brown	305 11TH AVE S	NASHVILLE, TN 37203-4003
Meg Underwood	305 11TH AVE S	NASHVILLE, TN 37203-4003
Regina Harvey	660 FITZHUGH BLVD, SUITE 100	SMYRNA, TN 37167
David Morales	P.O. BOX 100532	NASHVILLE, TN 37224
Hunter Nelson	118 16TH AVE SOUTH, SUITE 200	NASHVILLE, TN 37203
Tyane Powell	150 3RD AVE SOUTH	NASHVILLE, TN 37201
Melvin Black	747 WORK DRIVE	NASHVILLE, TN 37027
Philip McCutchan	315 DEADERICK ST	NASHVILLE, TN 37238
Michael Frazee	1214 MURFREESBORO RD, SUITE 110	FRANKLIN, TN 37604
Jessica LeVeen Farr	301 Rosa Parks Blvd	Nashville, TN 37203
Fabian Bedne	6649 SUGAR VALLEY DRIVE	NASHVILLE, TN 37211
Ron Crutcher	1324 Adams Street	Franklin, TN 37064
Doug Lesky	4535 Harding Road, Suite 110	Nashville, TN 37205
Keith Miles	611 Commerce Street, Suite 2800	Nashville, TN 37203

(6) This section applies to non-profit corporations ONLY.

- A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated.
 If blank or incorrect, please check appropriately: ___ Public X Mutual



Tennessee Corporation Annual Report Form

File online at: <http://TNEar.TN.gov/AR>

Due on/Before: 01/01/2017

Reporting Year: 2016

AR Filing #: 05501098
FILED: Dec 30, 2016 3:03PM

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or

\$40 if any changes are made in block 3 to the registered agent/office

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

Payment-Credit Card - State Payment Center - CC #: 3691574137

B. If a Tennessee religious corporation, please check here if blank: Religious

B0328-4788 12/30/2016 3:03 PM Received by Tennessee Secretary of State Tre Hargett

(7) Signature: Electronic

(8) Date: 12/30/2016

(9) Type/Print Name: Kate N Hinson

(10) Title: CFO



005137628

**APPLICATION FOR REGISTRATION
OF ASSUMED NAME**

SS-4230



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$20.00

For Office Use Only

-FILED-

Amendment # 005137628

Pursuant to the Tennessee Business Corporation Act, Tennessee Nonprofit Corporation Act, Tennessee Limited Liability Company Act, Tennessee Revised Limited Liability Company Act, or the Tennessee Revised Uniform Partnership Act, this application for registration of an assumed name is submitted to the Tennessee Secretary of State.

1. The Secretary of State Control Number is: 000308485
and the true name of the business entity is:
THE HOUSING FUND, INC.

2. The state or country of organization is:
TENNESSEE

3. The business entity intends to transact business under an assumed name.

4. The assumed name the business entity proposes to use is:
Community Loan Center of Middle Tennessee
The assumed name must satisfy the statutory requirements for that type of entity.

07/17/2019
Signature Date

Senior Vice President
Signer's Capacity

Electronic
Signature

Angela R Belcher
Name (typed or printed)

Note: Pursuant to T.C.A. § 10-7-503 all information on this form is public record.

B0735-7363 07/17/2019 2:15 PM Received by Tennessee Secretary of State Tre Hargett



06895942

**Tennessee Corporation Annual Report Form**

AR Filing #: 06895942

FILED: Dec 10, 2019 2:06PM

File online at: <https://TNBear.TN.gov/>

Due on/Before: 01/01/2020

Reporting Year: 2019

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
 \$40 if any changes are made in block 3 to the registered agent/office

This Annual Report has been successfully
 paid for and filed. Please keep this report for
 your records.

**Payment-ECheck - State Payment Center
 - eCheck**

SOS Control Number: 308485
 Nonprofit Corporation - Domestic

Date Formed: 03/05/1996

Formation Locale: TENNESSEE

(1) Name and Mailing Address:
 THE HOUSING FUND, INC.
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

(2) Principal Office Address:
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

(3) Registered Agent (RA) and Registered Office (RO) Address:
 DAN EVENSON
 305 11TH AVE S
 NASHVILLE, TN 37203-4003

Agent Changed: Yes
 Agent County: DAVIDSON COUNTY

(4) Name and business address (with zip code) of the President, Secretary and other principal officers.

Title	Name	Business Address	City, State, Zip
President	Philip McCutchan	305 11TH AVE S	NASHVILLE, TN 37203-4003
Secretary	Amy Broadwater	305 11TH AVE S	NASHVILLE, TN 37203-4003

(5) Board of Directors names and business address (with zip code). ___ None, or listed below.

Name	Business Address	City, State, Zip
Ashley E Propst	305 11TH AVE SOUTH	NASHVILLE, TN 37203
Donald Majors	305 11TH AVE S	NASHVILLE, TN 37203
Miguel Vega	305 11TH AVE S	NASHVILLE, TN 37203
Richard Warren	305 11TH AVE S	NASHVILLE, TN 37203
Latrisha Jemison	305 11TH AVE S	NASHVILLE, TN 37203
Amy Broadwater	305 11TH AVE S	NASHVILLE, TN 37203
Meg Underwood	305 11TH AVE S	NASHVILLE, TN 37203
Tyane Powell	305 11TH AVE S	NASHVILLE, TN 37203
Melvin Black	305 11TH AVE S	NASHVILLE, TN 37203
Philip McCutchan	305 11TH AVE S	NASHVILLE, TN 37203
Michael Frazee	305 11TH AVE S	NASHVILLE, TN 37203
Jessica LeVeen Farr	305 11TH AVE S	NASHVILLE, TN 37203
Ron Crutcher	305 11TH AVE S	NASHVILLE, TN 37203
Doug Lesky	305 11TH AVE S	NASHVILLE, TN 37203
Keith Miles	305 11TH AVE S	NASHVILLE, TN 37203

(6) This section applies to non-profit corporations ONLY.

A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated.
 If blank or incorrect, please check appropriately: ___ Public X Mutual



Tennessee Corporation Annual Report Form

File online at: <https://TNBear.TN.gov/>

Due on/Before: 01/01/2020

Reporting Year: 2019

AR Filing #: 06895942
FILED: Dec 10, 2019 2:06PM

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or
\$40 if any changes are made in block 3 to the registered agent/office

This Annual Report has been successfully paid for and filed. Please keep this report for your records.

Payment-ECheck - State Payment Center - eCheck

B. If a Tennessee religious corporation, please check here if blank: Religious

B0787-7830 12/10/2019 2:06 PM Received by Tennessee Secretary of State Tre Hargett

(7) Signature: Electronic

(8) Date: 12/10/2019

(9) Type/Print Name: Dan L Evenson

(10) Title: Accountant

Vision

Our vision is that all citizens have access to decent and affordable housing in safe neighborhoods and that every family with the potential to own its own home is encouraged and assisted in accomplishing this dream.

Mission

The Housing Fund provides resources and creative leadership to help individuals and communities create and maintain affordable and healthy places in which low and moderate income people live.



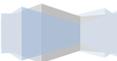
4. Procurement Policy Procedures

Acquisition of products and services

Amount	Requirements	Signature Approval
Up to \$125	Receipt for Petty Cash	President/CEO
Up to \$8,000	Travel related expenditures, on-line expenditures	President/CEO, in accordance with Bankcard policy
Up to \$10,000	3 quotes solicited orally, electronically or in writing	President/CEO
Over \$10,000	Bids, RFP/RFQ responses, or noncompetitive proposals as allowed	Board Approval required

General Procurement Policies

1. Code of Conduct and Conflict of Interest: THF's Conflict of Interest Policy, adopted by Resolution 47-05 applies to procurement activities.
2. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Awards shall be made to the offeror whose offer is most advantageous to THF considering price, quality and other factors. Whenever applicable, THF shall consider offeror's compliance with Section 3 of the Housing and Urban Development Act of 1968, which provides to the greatest extent feasible, economic opportunities shall be directed to low and very low income persons.
3. THF shall avoid purchasing unnecessary items.
4. When appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical.
5. Solicitations for goods and services shall provide for the following: a clear and accurate description of the technical requirements of the item or service to be procured, which are not unduly restrictive to competition; a list of requirements which the bidder must fulfill and factors to be used in evaluating proposals; a description when practical of technical requirements of functions or performance required, with a range of acceptable minimum standards; special features of brand name or equal descriptions that are required; acceptance of products or services in metric measurements where feasible; preference to the extent possible of products and services that conserve natural resources, protect the environment and are energy efficient.
6. Positive efforts shall be made to utilize small businesses, minority-owned firms and women's business enterprises whenever possible.
7. As appropriate, cost and price analysis shall be made and documented in connection with procurement activities.
8. Procurement records shall include: basis for selection; justification for noncompetitive offers accepted; basis for award cost or price.



BARNES HOUSING TRUST FUND REHAB BUDGET

The Housing Fund Rehab Budget

Unit Address	N/A				
Development Type	Rehab				
Number of Bedrooms	N/A				
Number of Bathrooms	N/A				
Square Feet	Various				
Number of Stories	Various				
Construction Costs					
Structure					
Structural Repair	\$3,000				
Framing	\$5,500				
Electrical	\$8,000				
Plumbing	\$2,660				
Roofing	\$4,900				
HVAC	\$8,500				
Drywall/Insulation	\$4,900				
Paint/Stain- exterior	\$6,000				
Paint/Stain- interior	\$3,200				
Accessibility	\$3,000				
Windows	\$4,100				
Energy Updates	\$1,000				
Brick/Siding	\$4,000				
Sub-Total					
Other					
Appliances	\$3,000				
Decks/Porches	\$6,000				
Driveway/sidewalks	\$850				
Cabinets	\$3,000				
Countertops	\$3,550				
Landscaping	\$3,000				
Cost per Unit	\$0-\$13,000				

BARNES HOUSING TRUST FUND REHAB BUDGET

Developer's Fee (capped at 20%)	10%				
Total Cost/Unit	\$0-\$13,000				

Unit Address		
Plan Type		
Number of Bedrooms		
Number of Bathrooms		
Square Feet		
Number of Stories		
Total Cost/Unit		
As Built Appraisal Value		
Selling Price		
Anticipated Subsidy		

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
HABITAT FOR HUMANITY OF GREATER NASHVILLE**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and New Level CDC, hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Habitat for Humanity of Greater Nashville will be adding 12 affordable housing units located at Map/Parcel No. 060000007000. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$1,369,500.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed one million three hundred sixty-nine thousand five hundred dollars (\$1,369,500). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

a. **Grant Draws**

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

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

- **Site Work**
 - To be drawn upon invoice documentation of costs incurred \$480,000 (35%)
- **Construction Costs**
 - To be drawn upon building permits and invoice documentation of costs incurred \$627,000 (45.8%)
- **Homebuyer Down Payment Assistance**
 - To be drawn upon sale of properties, documented by homebuyer closing disclosures and Certificate of Eligibility \$138,000 (10.1%)

- Developer Fee
 - To be drawn upon receipt of a Final Use & Occupancy letter (100% Complete) from Metro Codes for each of the 12 properties \$124,500 (9.1%)

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
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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.
- 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
Rasheedah.Pardue@Nashville.Gov

Recipient:

Habitat for Humanity of Greater Nashville
Danny Herron, President and Chief Executive Officer
414 Harding Place
Nashville, TN 37211
(615) 254-4663
dherron@habitatnashville.org

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

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

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

RECIPIENT:

Habitat for Humanity of Greater Nashville

APPROVED AS TO PROGRAM SCOPE:

By: *Janet Hannon*

Title: President and Chief Executive
Officer

Jim Schirmer
Jim Schirmer, Chair,
Metropolitan Housing Trust Fund
Commission

Sworn to and subscribed to before me a
Notary Public, this 21st day
of April, 2023.

APPROVED AS TO AVAILABILITY OF
FUNDS:

Notary Public

DocuSigned by:

Kelly Flannery
CF513D74D895F4EB
Kelly Flannery, Director
Department of Finance

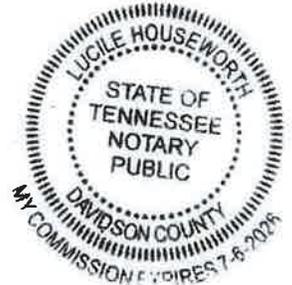
Lucile Houseworth

My Commission
expires 07/06/2026

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:

Macy Amos
122C2A9A0E947DA
Assistant Metropolitan Attorney



APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:

Thomas Cross
18B88082C71477
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Habitat for Humanity of Greater Nashville

Development Type: Homeowner

Development Address: Sherwood Homes at Park Preserve, Nashville, TN 37207

Amount Awarded: \$1,369,500

Number of Barnes-funded Units: 12

Target Populations Served: All income-eligible homebuyers including Larger Families and New Americans

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
	6	6

Homeowner and Rehab Proceeds Policy

How will any proceeds from sales or repayment of liens be reported and repurposed?

In the event of a home sale or repayment of liens on properties previously funded by this Barnes HTF contract, Habitat for Humanity of Greater Nashville (HFHGN) would use the proceeds to cover operational costs of the organization to continue work in the affordable housing space. HFHGN was founded in 1985 and welcomed it's 1000th homeowner in December 2022, having served 3,482 family members including 2,183 children. HFHGN serves approximately 32 new homeowners each year. HFHGN's current default rate of 2.24% shows the sustainability of our model, which includes homeowner education and a rigorous selection processes. HFHGN is dedicated to the creation of affordable homes to build strength, stability and self-reliance through shelter.

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	North Nashville 37203 Sherwood Homes at Park Preserve (Addresses to be determined)				
Development Type	New Construction	New Construction	New Construction		
Accessible Bus Line Routes	Yes, at Gwynnwood Dr & Ewing Drive	Yes, at Gwynnwood Dr & Ewing Drive	Yes, at Gwynnwood Dr & Ewing Drive		
Number of Bedrooms	3	4	5		
Number of Bathrooms	2	2	2		
Square Feet	1104	1257	1567		
Number of Stories	1	1	1		
	Cost of 7 3-bedroom homes	Cost of 5 4-bedroom homes	Cost of 0 5-bedroom homes	Totals	
Acquisition Costs					
Vacant Land	157,396	112,426	-	269,822	
Land with Structure					
Title & Recording					
Legal					
Total	157,396	112,426	-	269,822	
Predevelopment Costs					
Appraisal	1,120	800	-	1,920	
Survey				-	
Relocation (if applicable)				-	
Insurance				-	
Architect				-	
Engineering	28,000	20,000	-	48,000	
Planning/Zoning	3,500	2,500	-	6,000	
Other: Homebuyer Education	70,000	50,000	-	120,000	
Total	102,620	73,300	-	175,920	
Construction Costs					
Structure					
Footer/Foundation	134,155	96,000	-	230,155	
Framing	196,000	160,000	-	356,000	
Electrical	77,000	59,500	-	136,500	
Plumbing	94,500	70,000	-	164,500	
Roofing	63,000	47,500	-	110,500	
HVAC	84,000	60,000	-	144,000	
Drywall/Insulation	66,500	52,500	-	119,000	
Paint/Stain	35,000	26,000	-	61,000	
Windows/Doors	31,500	23,500	-	55,000	
Floor Coverings	35,000	27,500	-	62,500	
Cabinets	35,000	25,000	-	60,000	
Brick/Siding	77,000	57,500	-	134,500	
Sub-Total	928,655	705,000	-	1,633,655	
Other					
Site Work	514,500	367,500	-	882,000	
Appliances	21,000	15,000	-	36,000	
Decks/Porches	11,200	8,000	-	19,200	
Side Walks/Driveways	59,500	42,500	-	102,000	
Landscaping	21,000	15,000	-	36,000	
Utility Hookups	4,200	3,000	-	7,200	
Building Permits/Fees	8,400	6,000	-	14,400	
Demolition	-	-	-	-	
Fees	14,000	10,000	-	24,000	
Materials and Labor Market Contingency Cost Overrun	<i>Habitat monitors status of project expenses monthly, and in the event of substantial cost overruns, would re-evaluate organizational spending and fundraising strategy, adjust project plans (in consultation with funders), or draw on reserves. We typically do not budget cost overruns as a project line item, but have taken into account the volatility of the materials/labor market throughout other line items.</i>				
Sub-Total	653,800	467,000	-	1,120,800	
Construction Contingency Profit (if organization has own construction crew)	210,000	150,000	-	360,000	
Sub-Total	210,000	150,000	-	360,000	
Total Construction Cost	1,792,455	1,322,000	-	3,114,455	
Cost per Unit	293,210	301,545	-		
Developer's Fee (capped at 20%)	11,300	11,300	-	124,500	Less than 10% of Barnes request
Total Cost/Unit	303,585	311,920	-		
Total Debt Service	Note: Debt Service Figures for Total Agency			138,000	Downpayment Assistance
Debt Coverage Ratio	7.81				
Operating Reserve	14.81			3,822,697	TOTAL PROJECT COST



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077350282
Nov. 06, 2017 LTR 4168C 0
58-1636286 000000 00

00020535
BODC: TE

HABITAT FOR HUMANITY OF GREATER
NASHVILLE
% DANNY HERRON EXE
414 HARDING PL STE 100
NASHVILLE TN 37211-4581



041416

Employer ID Number: 58-1636286
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Oct. 09, 2017, regarding your tax-exempt status.

We issued you a determination letter in April 1995, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

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

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

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

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

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

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HABITAT FOR HUMANITY OF GREATER
NASHVILLE
% DANNY HERRON EXE
414 HARDING PL STE 100
NASHVILLE TN 37211-4581

Sincerely yours,

Stephen A. Martin

Stephen A. Martin
Director, EO Rulings & Agreements

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

Pursuant to the provisions of Section 48-60-106 of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this Amended and Restated Charter and states as follows:

ARTICLE I

The name of the corporation is Nashville Area Habitat for Humanity, Inc.

ARTICLE II

The text of its Amended and Restated Charter is as follows:

1. The name of the corporation is **Habitat for Humanity of Greater Nashville**.
2. This corporation is a public benefit corporation.
3. The street address of the registered office of the corporation is 2950 Kraft Drive, Suite 100, Nashville, Davidson County, Tennessee 37204, and the registered agent for the corporation at that office is Danny J. Herron.
4. The street address of the principal office of the corporation is 2950 Kraft Drive, Suite 100, Nashville, Davidson County, Tennessee 37204.
5. The corporation is not for profit.
6. The corporation will not have members.
7. The purposes for which the corporation is organized are to operate exclusively for charitable, educational and religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, by assisting families in the life-changing opportunity for purchasing and owning quality, affordable homes using a team of enthusiastic volunteers and staff guided by Christian values; and generally to engage in any other lawful endeavor or activity in furtherance of any of the foregoing purposes.
8. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private individuals or persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make

payments in furtherance of the purposes set forth in the paragraph just above. Notwithstanding any other provision of this Charter, the corporation shall not carry on any endeavors or activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or by a corporation, contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code.

9. Upon dissolution, after all creditors of the corporation have been paid, its assets shall be distributed to one or more organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for exclusively public purposes.

ARTICLE III

The Amended and Restated Charter itself was duly adopted by the Board of Directors of the corporation on November 29, 2011.

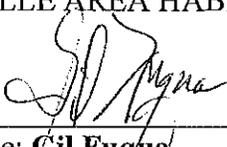
ARTICLE IV

This Amended and Restated Charter supersedes the corporation's original Charter, any Amended and Restated Charters of the corporation, and all prior amendments thereto.

DATED this **5th day of March, 2013**

NASHVILLE AREA HABITAT FOR HUMANITY, INC.

By: _____


Name: **Gil Fuqua**
Title: Chairman

AMENDED AND RESTATED

Bylaws
of
Habitat for Humanity of Greater Nashville, Inc.

ARTICLE I

NAME

Section 1. Name of Corporation. The affairs of the Corporation shall be conducted using the name *Habitat for Humanity of Greater Nashville, Inc.*, ("*Habitat*" or "*HFHGN*") or such other name or names as the Board of Directors may from time to time authorize.

ARTICLE II

PURPOSE

Section 1. Business Purpose. The purpose of Habitat for Humanity of Greater Nashville, Inc. is to assist families in need with the life-changing opportunity of buying decent, affordable housing using a team of enthusiastic volunteers and staff, guided by Christian values.

ARTICLE III

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located at 414 Harding Place, Nashville, TN 37211. The Corporation may also maintain offices at such other places as the Board of Directors may from time to time designate or as the affairs of the Corporation may from time to time require.

ARTICLE IV

MEMBERS

Section 1. Members. The Corporation is to have no members.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Management. All corporate powers shall be exercised by or under the authority of, and the affairs of the Corporation managed under the direction of the Board of Directors.

Section 2. Number. The number of Directors of the Corporation initially shall be twenty-one (21) and thereafter shall be as fixed from time to time by the Board of Directors. The number of Directors shall in no event be less than twelve (12).

Section 3. Selection and Term of Office. Successors to members of the Board of Directors shall be elected by the Board currently in office. The term of each director shall be three (3) years. The Directors shall be divided into three classes as equal in number as possible. Initially, one class of Directors shall serve for a period of one year, one class of Directors shall serve for a period of two years and one class of Directors shall serve for a period of three years. At each annual meeting of Directors, each Director elected to succeed a Director whose term expires shall be elected for a period of three years. Each Director shall hold office for the term for which the person was elected and until his or her successor has been elected. Members shall be eligible for re-election for one additional term of three (3) years. At the end of a second term as a member of the Board of Directors, a person shall not be eligible for re-election for a period of at least one (1) year. Any member elected to fill an unscheduled vacancy shall be elected for the remaining portion of the scheduled term of that vacancy. Should that period of time be less than 1.5 years, such partial term will not constitute a term of office for purposes of reelection to the Board. A Director's term of office shall not determine his or her term as Chairman of the Board or any other office to which the Board may elect him or her.

Section 4. Election. Persons nominated for the Board of Directors shall be elected by a majority vote of the then current members of the Board of Directors.

Section 5. Ex-Officio Members. The President and C.E.O. of HFHGN shall be an Ex-Officio member of the Board. The President and C.E.O. shall attend Board meetings at the discretion of the Board and the President and C.E.O. shall have a vote in the event the members of the Board present at any meeting of the Board shall reach a tie vote. The President and C.E.O. shall not constitute a member of the Board for determining the presence of a quorum and the President and C.E.O. shall not be present during the Board's discussion of matters related to the employment of the President and C.E.O.

Section 6. Removal of Directors. Any Director may be removed without cause by a vote of two-thirds of the Directors then in office.

Section 7. Resignation of a Director. A Director may resign by tendering notice in writing to the Board of Directors, Chairman or the President and C.E.O. A resignation shall be effective when notice thereof is so delivered, unless the notice specifies a later effective date.

Section 8. Vacancies and Newly Created Directorships. Any vacancy on the Board of Directors, whether occurring by reason of an increase in the number of Directors, a vacancy resulting from a removal with or without cause, or by any other reason, may be filled by a vote of the Directors then in office. If the Directors remaining in office constitute fewer than a quorum, they may fill the vacancy by the affirmative vote of all the Directors remaining in office. A Director shall be elected to hold office for the unexpired term of his or her predecessor, or if there is no predecessor, until the next regular or special meeting of the Board of Directors designated for the purpose of electing Directors.

Section 9. Reliance Upon Information, Opinions, Reports, or Statements. To the full extent allowed by law, a member of the Board of Directors, or a member of any committee of the Board of Directors, shall, in the performance of his or her duties, be protected in relying in good faith upon information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by

- (a) one or more Officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;
- (b) legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence; or
- (c) a committee of the Board of Directors of which he is not a member if the Director reasonably believes the committee merits confidence.

Section 10. Compensation. Directors, and members of any committee of the Board of Directors, shall not be entitled to any compensation for their services as Directors or members of any such committee. Directors and committee members may be reimbursed under special circumstances for expenses incurred in connection with their services as Directors or members of a committee. Such reimbursement shall be approved by a vote of the Board of Directors.

Section 11. Fidelity Bond. The Board of Directors may require any Officer, employee, or agent of the Corporation to give security for or to execute to the Corporation a bond in such sum, and with surety or sureties as the Board of Directors may direct conditioned upon the faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds, or securities of the Corporation which may come into his or her hands.

ARTICLE VI

MEETINGS

Section 1. Regular and Special Meetings. The Board of Directors may provide by resolution for the holding of regular meetings of the Board of Directors, and may fix the time and place thereof. Special meetings of the Board of Directors shall be held whenever called by the Chairman, Vice Chairman, or any three (3) Directors, at such place, date, and time as may be specified in the notice thereof. All meetings, whether regular or otherwise, of the Board of Directors shall be documented by minutes reflecting all business transactions of the Board. The last regular meeting scheduled in each calendar year shall be designated the annual meeting of the Board of Directors. Notice of the time and place for such meetings shall be given in accordance with Section 2, below.

Section 2. Notice. Except as provided below, regular meetings of the Board of Directors may be held without notice, and special meetings of the Board may be held upon at least two (2) days notice provided to each Director specifying the date, time, and place of the meeting. If the Board of Directors changes the place, date or time of a regular meeting, notice of such action shall be given to each Director who was not present at the meeting at which such action was taken. Any Board action to: remove a Director; amend the Bylaws; amend the Charter (other than a charter amendment to: (a) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the Secretary of State (b) change the address of the principal office of the Corporation; or (c) change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.," "inc.," or "ltd.," or a similar word or abbreviation in the name or by adding a geographical attribution to the name); approve a transaction in which a Director or Officer of the Corporation has a conflict of interest; authorize the indemnification of a Director, employee or agent of the Corporation; approve a plan of merger; approve a sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets other than in the regular course of activities; or approve a dissolution of the Corporation requires that each Director be given at least seven (7) days written notice that the matter will be voted upon at a Directors' meeting. The notice of any meeting at which: a Bylaw amendment; charter amendment; plan of merger; plan for the sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets; or plan of dissolution is to be voted upon, must state that the purpose, or one of the purposes, of the meeting is to consider such proposed amendment or plan and contain or be accompanied by a copy or summary of each amendment or plan.

Where reasonable under the circumstances, notice may be either written or oral, and may be communicated in person, by telephone, telegraph, teletype, or other form of wire or wireless communication, or by mail or private carrier. Written notice in a comprehensible form is effective at the earliest of the following:

- (a) when received;
- (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first-class postage affixed thereon;

- (c) one the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and if the receipt is signed by or on behalf of the addressee; or
- (d) twenty (20) days after its deposit in the United States mail, if mailed correctly addressed, and with other than first class, registered or certified postage affixed.

Notice of an adjourned meeting need not be given if the time and place to which such meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed one (1) month in any one (1) adjournment. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting.

Section 3. Waiver of Notice. A Director may waive in writing any notice required by this Article VI, provided that the waiver must be signed by the Director entitled to the notice, and must be filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4. Quorum and Vote. Except as otherwise provided in this Article VI, a majority of the number of Directors then in office shall constitute a quorum for the transaction of business of the Corporation, provided that at no time shall a quorum consist of fewer than fifty per cent (50%) of the Directors duly elected and then serving in office. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors, except where the vote of a greater number is required by these Bylaws or by the Tennessee Nonprofit Corporation Act in connection with transactions involving director and Officer conflicts of interest; Bylaw amendments; charter amendments; mergers; and the sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets other than in the regular course of activities. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any of those present.

A Director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

- (a) He or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at the meeting;
- (b) His or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c) He or she delivers written notice of his or her dissent or abstention to the presiding Officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 5. Executive Committee. There shall be an Executive Committee of the Board of Directors, consisting of the elective Officers of the Corporation and the Past Chairman. The membership of the Executive Committee must be approved by the Board of Directors at its annual meeting. In addition, four other existing members of the Board of Directors will be selected by the Past Chairman and the elective Officers of the Corporation as At-Large members of the Executive Committee for a one year term. These At-Large members, in addition to any member filling a vacancy on the Executive Committee, shall be approved at the next scheduled meeting of the Board of Directors. Subject to any specific directions or restrictions given by the Board of Directors, the Executive Committee may exercise all the authority of the Board of Directors between meetings of the Board of Directors and majority vote of the members shall control. A majority of the members of the Executive Committee shall constitute a quorum for the purpose of transacting business. Meetings of the Executive Committee may be held by conference telephone call as long as a quorum is participating simultaneously. Any action required or permitted to be taken at a meeting of the Executive Committee may be taken without a meeting by consent in writing, setting forth the action so taken. Written consents and signatures may be effected by electronic transmission. If all committee members consent to taking such action without a meeting, an affirmative vote of a majority of the Executive Committee, evidenced by their signatures on such written consent, shall have the same force and effect as a majority vote at a meeting of the Committee. Any action taken by the Executive Committee shall be reported to the Board of Directors at its next meeting. The Executive Committee shall not approve dissolution, merger or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; elect, appoint, or remove Directors or fill vacancies on the Board of Directors or on any of its committees; or amend or repeal the charter of these bylaws or adopt new bylaws.

Section 6. Other Committees. The Board of Directors may create such other committees as may be determined to be helpful in discharging the Board's responsibilities. Each such committee shall be chaired by a Director, and consist of such persons, whether Directors or others, as may be approved by the Board of Directors, and each committee shall perform such functions as may be lawfully assigned to it by the Board of Directors.

Section 7. Committee Actions. So far as applicable, the provisions of this Article VI relating to meetings, notice and waiver of notice of meetings, and quorum voting requirements of the Board of Directors shall apply to the Executive Committee and other committees as well.

Section 8. Telephone Board and Committee Meetings. Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting may simultaneously hear each other during the meeting, and participation in such a meeting shall constitute presence in Person at such a meeting.

Section 9. Consent of Directors in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or a committee thereof may be taken without a meeting via one of two methods.

In the first method, if all Directors or committee members consent to taking such action without a meeting, the affirmative vote of the number of Directors or committee members that would be necessary to authorize or take such action at a meeting is the act of the Board of Directors or committee thereof, as the case may be. Such action must be evidenced by one (1) or more written consents describing the action taken, signed by each Director or committee member, and indicating each signing person's vote or abstention on the action, and such written consent or consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Written consents and signatures may be effected by electronic transmission. Any action taken under this Section 9 shall be effective when the last Director or committee member signs the consent, unless the consent specifies a different effective date. A consent signed under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

As a second method, action may be taken without a meeting if the corporation delivers a ballot to every member entitled to vote on the matter. The ballot must (1) be in the form of a document, which may be an electronic transmission including email; (2) set forth each proposed action; (3) provide an opportunity to vote for, or withhold a vote for, each candidate for election as a director; and, (4) provide an opportunity to vote for or against or abstain from each proposed action. Approval by ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by ballot must (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and, (3) specify the time by which a ballot must be received in order to be counted. A ballot may not be revoked. A ballot cast under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

This Section 9 shall not be used to approve dissolution, merger or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; or amend or repeal the charter of these Bylaws or adopt new Bylaws.

Section 10. Records. The Board of Directors shall keep permanent records of all their proceedings. The Corporation shall also maintain appropriate accounting records. These records and the principal books of the Corporation shall be kept at the principal office of the Corporation, with the necessary books and records being kept at such place or places as the Board of Directors may from time to time determine. All of these books and records shall be subject to the inspection of any Director at any reasonable time of day.

The Corporation shall keep a copy of the following records at its principal office: (a) the charter or restated charter and all amendments currently in effect; (b) these Bylaws; (c) a list of the names and businesses or home addresses of its current Directors and Officers; and (d) its most recent annual report delivered to the Secretary of State.

ARTICLE VII

OFFICERS

Section 1. Elective Officers. The Elective Officers of the Corporation shall be a Chairman, Vice Chairman, Secretary and Treasurer. The Chairman of the Administration Committee will serve as the Secretary and the Chairman of the Finance Committee will serve as the Treasurer. The elective Officers shall be elected at the annual meeting of the Board. Elective Officers shall be members of the Board of Directors. The elective Officers of the Corporation shall exercise such powers and perform such duties as are specified in these Bylaws or are from time to time conferred by the Board of Directors.

Section 2. Term of Office. Each Officer shall serve at the pleasure of the Board. The term of office shall be for a period of one year, or until a successor shall have been elected, or until his or her death, resignation or removal.

Section 3. Removal. Any Officer may be removed from office by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Such removal shall not affect the contract rights, if any, of the person so removed. Appointment of an Officer shall not of itself create contract rights.

Section 4. Vacancies and Absences. Any vacancy in an office from any cause may be filled for the unexpired portion of the term by the Board of Directors. In the case of an absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, any of the powers and duties of such Officer to any other Officer or to any Director, provided a majority of the then current members of the Board concurs therein.

Section 5. Chairman. The Chairman shall serve as Chairman of the Board of Directors and the Executive Committee and shall preside at meetings of those bodies. The Chairman shall be an Ex-Officio member of all standing committees of the Board. The Chairman shall have general supervision over the active management of the affairs of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The Chairman shall work closely with the President and C.E.O. in matters of policy, program and administration and shall perform such other duties as the Board of Directors may from time to time prescribe. The Chairman will become Past Chairman when the term as Chairman ends.

Section 6. Vice Chairman. The Vice Chairman, or Vice Chairmen in the order designated, in the event there be more than one Vice Chairman, shall assist the Chairman in the duties so assigned, perform the duties and possess and exercise the

powers of the Chairman in the event of the Chairman's absence or disability, and perform such other duties as the Board of Directors or the Chairman may from time to time prescribe. Upon completion of the term as Vice Chairman, the Vice Chairman will become Chairman for a one year term.

Section 7. Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors and Executive Committee and record all votes, attendance at the meetings and the minutes of all proceedings in a book, which shall be the property of the Corporation, to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and shall keep a record of all members of the Board of Directors and the address to be used for each member for purposes of giving notice of meetings. The Secretary shall perform such other duties as may be generally performed by a secretary of a Corporation and such duties as may be prescribed from time to time by the Board of Directors or the Chairman. Any Assistant Secretary may, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties of the Secretary, and when so acting shall have the powers and be subject to all the restrictions upon the Secretary.

Section 8. Treasurer and Assistant Treasurers. The Treasurer shall have custody of the Corporation's funds and securities, shall keep or cause to be kept full and accurate account of financial transactions in books belonging to the Corporation, and shall deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as required in the ordinary course of business or as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman and Directors at the regular meetings of the Board, or whenever they may require it, an account of all financial transactions and the financial condition of the Corporation. The Corporation shall procure a bond or bonds covering the Treasurer and others appropriate in amounts satisfactory to the Board of Directors.

The Treasurer shall also perform such other duties as are generally performed by a treasurer of a corporation and such duties as may be prescribed by the Board of Directors or the Chairman. Any Assistant Treasurer may, in the event of his or her inability or refusal to act, perform the duties of the Treasurer, and when so acting shall have the powers and be subject to all the restrictions upon the Treasurer.

Section 9. Appointive Officers. The Board of Directors shall appoint a President and C.E.O., who shall be the chief operating Officer of the organization, and who will serve at the pleasure of the Board. The President and C.E.O. shall be responsible to the Board and shall supervise the affairs of the organization on a day-to-day basis. The President and C.E.O. shall serve as advisor to the Chairman and Committees of the Board, and shall assemble information and data and cause to be prepared regular and special reports as directed. The President and C.E.O. shall be an Ex-Officio member of the Board of Directors, the Executive Committee and of all committees.

The President and C.E.O. shall be responsible for hiring, directing, discharging and supervision of all employees. The President and C.E.O. may assign titles such as Vice President to one or more employees. The President and C.E.O. shall be responsible for the preparation of regular reports covering all activities of the organization, subject to approval of the Board of Directors. The President and C.E.O. shall also be responsible for all expenditures with approved budget allocation. The President and C.E.O. and other HFHGN employees shall not be eligible to serve as an Officer of the Board.

ARTICLE VIII

INDEMNIFICATION

Section 1. General. The Corporation shall have the power to indemnify any person authorized by the Tennessee Nonprofit Corporation Act, as the same may be amended from time to time, in the manner prescribed therein, to the full extent allowed thereby.

Section 2. Indemnification. A Director of the Corporation shall not be liable to the Corporation for monetary damages for breach of fiduciary duty as a director; provided, however, that this provision does not eliminate or limit the liability of a Director for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.

Section 3. Indemnification Not Exclusive. The Corporation shall indemnify each present and future Director and Officer of the Corporation, and his or her heirs, executors and administrators, to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted.

To the extent permitted by the Tennessee Nonprofit Corporation Act, as amended, the rights of indemnification provided in this Article VIII shall be in addition to any rights to which any such Director, Officer, employee, or other person may otherwise be entitled by contract or as a matter of law.

Section 4. Insurance. The Corporation shall have the power by action of the Board of Directors to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Corporation, or who, while a Director, Officer, employee, or agent of the Corporation, is or was serving at the request of the Corporation as a corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise against any liability asserted against him or incurred by him in any such capacity or arising out of his status as a Director, Officer, employee, or agent, whether or not the Corporation would have the power to indemnify him or her against such liability.

ARTICLE IX

CORPORATE ACTIONS

Section 1. Contracts. Unless otherwise required by these Bylaws or the Board of Directors, the President and C.E.O. shall execute contracts or other instruments on behalf of and in the name of the Corporation. In the event that the President and C.E.O. is unavailable to execute contracts or other instruments, any of the Elective Officers of the Board, or the most recent Past Chairman of the Board, in conjunction with either the Chief Financial Officer or the Chief Administrative Officer of the Corporation, may execute contracts and instruments in the ordinary course of business. The Board of Directors may from time to time authorize any other Officer or Officers or agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Corporation as it may deem appropriate, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Voting Securities Held by the Corporation. Unless otherwise required by the Board of Directors, the President and C.E.O. shall have full power and authority on behalf of the Corporation to attend any meeting of security holders, or to take action on written consent as a security holder, of other corporations in which the Corporation may hold securities. In connection therewith the President and C.E.O. shall possess and may exercise any and all rights and powers incident to the ownership of such securities which the Corporation possesses. The Board of Directors may, from time to time, confer like power upon any other person or persons and may revoke any such powers as granted at its pleasure.

ARTICLE X

FISCAL YEAR

Section 1. Fiscal Year and Leadership Year. The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law. The leadership year of the Corporation shall be determined by the Board of Directors and in the absence of such determination shall be the calendar year.

ARTICLE XI

CORPORATE SEAL

Section 1. Corporate Seal. The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE XII

DEPOSITORIES

Section 1. Depositories. The Board of Directors shall have the power to select depositories for the funds of the Corporation and power to direct the method and manner of signing checks, notes, and other instruments binding on the Corporation.

ARTICLE XIII

AMENDMENTS

Section 1. Amendments to Bylaws. Except as otherwise required by law, these Bylaws may be amended by a majority vote at any meeting of the Board of Directors, if notice of the proposed alteration is contained in the notice of the meeting.

ARTICLE XIV

INVALIDITY

Section 1. Invalidity. In the event any provision of these Bylaws is found invalid under the laws of the State of Tennessee or other competent jurisdiction, the invalid provision or provisions shall be deemed to be altered in such manner as is necessary to conform to the prevailing law. Notwithstanding such alterations, as may be necessary, all other provisions of these Bylaws shall remain in effect as written.

ARTICLE XV

AUTHORITY

Section 1. Authority. Roberts Rules of Order (latest revision) shall govern the meetings of the Board of Directors and committees of the Corporation in all cases in which they are applicable and in which they are not inconsistent with these Bylaws.

Adopted July 26, 2019

**By Habitat for Humanity of Greater Nashville, Inc. Board of Directors
Mendy Mazzo, Chair**

*Mendy Mazzo, Board Chair
7/26/19*



*Lucile Houseworth
7/26/19*

Habitat for Humanity of Greater Nashville builds new, quality, affordable homes for hardworking men and women in a five county area: Davidson, Wilson, Cheatham, Dickson and Robertson counties.

Habitat Homeowners

Future Habitat for Humanity homeowners qualify for Habitat's homeownership program, meet income qualifications, attend education classes and work with their sponsor(s) and volunteers to build their homes. **Habitat homes are not free.** Habitat homeowners pay an affordable mortgage made possible because of our funding partners.

Funding

Habitat relies on government, corporate, faith and individual partnerships to strengthen lives through the opportunity to purchase affordable homes. Homeownership builds thriving communities and makes it possible for people to live in the communities where they work. Since 1985, Habitat of Greater Nashville has built or recycled more than 1,363 homes, nearly 1,000 locally, and served more than 3,429 family members including 2,160 children.

Construction

Habitat of Greater Nashville has received numerous awards for neighborhood revitalization, green building practices, and sustainability, earning the **14th consecutive Environmental Protection Agency's ENERGY STAR® Award for Sustained Excellence in Affordable Housing.**

Social Enterprise | ReStore

Habitat for Humanity helps fund its mission through its social enterprise, the ReStore. The ReStore sells new and gently used office and household items at a fraction of the cost. Habitat of Greater Nashville operates ReStores in Davidson and Dickson counties, with the Wilson ReStore re-opening soon.

- ▼ Departments
- ▼ Board of Directors
- ▼ Advisory Council
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HABITAT FOR HUMANITY OF GREATER NASHVILLE

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

HABITAT FOR HUMANITY OF GREATER NASHVILLE
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Report of Independent Auditor

To the Board of Directors
Habitat for Humanity of Greater Nashville
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Greater Nashville (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Nashville as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Greater Nashville and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Greater Nashville's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Greater Nashville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Greater Nashville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Nashville, Tennessee
October 19, 2022

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents, including escrow accounts of \$883,276 and \$585,080, respectively	\$ 13,852,413	\$ 13,076,842
Grants receivable	911,299	401,506
Sponsor and other receivables, net of allowance of \$56,034 and \$69,977, respectively	107,857	172,011
Inventory - ReStores and other	837,550	705,455
Construction-in-progress - new homes	4,338,222	2,572,831
Property and equipment, net	10,902,529	7,911,698
Land held for development	4,521,073	2,698,089
Mortgage notes receivable, net of discounts of \$25,878,080 and \$26,791,831, respectively	33,216,897	34,381,745
New Markets Tax Credit intangible assets, net	124,654	159,213
New Markets Tax Credit joint venture investment	2,307,652	2,307,652
New Markets Tax Credit joint venture cash	63,640	76,115
Other assets	307,310	370,112
Total Assets	<u>\$ 71,491,096</u>	<u>\$ 64,833,269</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,364,041	\$ 860,107
Deferred revenue	3,594,032	1,152,263
Escrow accounts	624,728	588,280
Deferred grant revenue, Paycheck Protection Program loan	-	746,625
Notes payable, secured by mortgages, net of unamortized discount	17,241,081	18,963,638
Note payable, secured by Harding Place and Lebanon property	5,837,356	3,142,475
Notes payable, unsecured	469,991	503,551
New Markets Tax Credit joint venture note payable, net of issuance costs	3,120,723	3,113,917
Unearned revenue on mortgage loans	3,925,409	3,985,314
Total Liabilities	<u>36,177,361</u>	<u>33,056,170</u>
Net Assets:		
Net assets without donor restrictions	21,095,888	16,615,430
Net assets with donor restrictions	14,217,847	15,161,669
Total Net Assets	<u>35,313,735</u>	<u>31,777,099</u>
Total Liabilities and Net Assets	<u>\$ 71,491,096</u>	<u>\$ 64,833,269</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Transfers to homeowners	\$ 2,484,000	\$ -	\$ 2,484,000
Grant income	4,100,617	-	4,100,617
Contributions	1,789,703	247,284	2,036,987
ReStore sales	3,143,910	-	3,143,910
Mortgage loan discount amortization	1,961,584	-	1,961,584
Interest contributions	-	1,340,048	1,340,048
Other income	1,076,542	-	1,076,542
Contributions of nonfinancial assets	3,483,420	-	3,483,420
Interest income	54,582	-	54,582
New Markets Tax Credit investment income	23,192	-	23,192
	<u>18,117,550</u>	<u>1,587,332</u>	<u>19,704,882</u>
Net assets released from restrictions	2,531,154	(2,531,154)	-
Total Support and Revenue	<u>20,648,704</u>	<u>(943,822)</u>	<u>19,704,882</u>
Expenses:			
Program services	13,906,876	-	13,906,876
Supporting services	2,261,370	-	2,261,370
Total Expenses	<u>16,168,246</u>	<u>-</u>	<u>16,168,246</u>
Change in net assets from operations	4,480,458	(943,822)	3,536,636
Change in net assets	4,480,458	(943,822)	3,536,636
Net assets, beginning of year	16,615,430	15,161,669	31,777,099
Net assets, end of year	<u>\$ 21,095,888</u>	<u>\$ 14,217,847</u>	<u>\$ 35,313,735</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Transfers to homeowners	\$ 5,651,380	\$ -	\$ 5,651,380
Grant income	3,126,595	-	3,126,595
Contributions	2,260,845	80,100	2,340,945
ReStore sales	2,874,435	-	2,874,435
Mortgage loan discount amortization	1,582,774	-	1,582,774
Interest contributions	-	2,137,256	2,137,256
Other income	430,291	-	430,291
Contributions of nonfinancial assets	3,073,267	-	3,073,267
Interest income	43,950	-	43,950
New Markets Tax Credit investment income	17,541	-	17,541
	<u>19,061,078</u>	<u>2,217,356</u>	<u>21,278,434</u>
Net assets released from restrictions	1,968,618	(1,968,618)	-
Total Support and Revenue	<u>21,029,696</u>	<u>248,738</u>	<u>21,278,434</u>
Expenses:			
Program services	16,681,210	-	16,681,210
Supporting services	2,120,704	-	2,120,704
Total Expenses	<u>18,801,914</u>	<u>-</u>	<u>18,801,914</u>
Change in net assets from operations	2,227,782	248,738	2,476,520
Contribution of net assets from Robertson County Habitat for Humanity, Inc.	201,245	-	201,245
Change in net assets	2,429,027	248,738	2,677,765
Net assets, beginning of year	14,186,403	14,912,931	29,099,334
Net assets, end of year	<u>\$ 16,615,430</u>	<u>\$ 15,161,669</u>	<u>\$ 31,777,099</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			
	Homeowner Support and Educational Construction	Discounts on Mortgage Originations	ReStore Operations	Total Program Services		Fundraising	Management and General	Total Supporting Services	Total
Construction costs - new homes	\$ 2,436,612	\$ -	\$ -	\$ -	\$ 2,436,612	\$ -	\$ -	\$ -	\$ 2,436,612
Costs of ReStore sales	-	-	-	3,026,036	3,026,036	-	-	-	3,026,036
Salaries and related expenses	879,703	714,620	-	1,433,692	3,028,015	1,001,022	467,653	1,468,675	4,496,690
Mortgage discounts	-	-	1,237,863	-	1,237,863	-	-	-	1,237,863
Interest and discount amortization	2,378,480	-	-	-	2,378,480	-	40,900	40,900	2,419,380
Depreciation	93,185	42,549	-	146,571	282,305	55,893	21,530	77,423	359,728
Office expenses	58,843	56,968	-	180,110	295,921	68,867	33,593	102,460	398,381
Travel, meals, and entertainment	7,202	3,119	-	14,701	25,022	46,211	16,946	63,157	88,179
Repairs and maintenance	68,960	12,489	-	39,443	120,892	13,353	6,704	20,057	140,949
Other	22,095	22,455	-	13,323	57,873	3,617	25,745	29,362	87,235
Small tools and equipment	38,321	182	-	52,940	91,443	2,225	105	2,330	93,773
Legal and professional	184,369	24,481	-	6,069	214,919	16	86,801	86,817	301,736
Redevelopment costs	119,173	-	-	-	119,173	-	-	-	119,173
Lease expense	3,239	7,880	-	118,920	130,039	10,403	1,784	12,187	142,226
Printing and public relations	301	3,658	-	13,978	17,937	98,674	312	98,986	116,923
Taxes and insurance	54,065	20,522	-	70,009	144,596	24,626	9,577	34,203	178,799
Recruiting and training	4,341	1,718	-	6,743	12,802	52,883	20,157	73,040	85,842
Tithe to Habitat International	105,025	-	-	-	105,025	-	-	-	105,025
Bank and credit card fees	13,695	5	-	55,725	69,425	9,266	10,065	19,331	88,756
Vehicle expenses	44,140	291	-	39,339	83,770	5,303	-	5,303	89,073
Sponsor and volunteer appreciation	5,291	29	-	990	6,310	14,884	3,231	18,115	24,425
Advertising	6,003	749	-	15,666	22,418	26,176	350	26,526	48,944
New Markets Tax Credit amortization	-	-	-	-	-	-	34,559	34,559	34,559
Special events	-	-	-	-	-	47,939	-	47,939	47,939
	<u>\$ 6,523,043</u>	<u>\$ 911,715</u>	<u>\$ 1,237,863</u>	<u>\$ 5,234,255</u>	<u>\$ 13,906,876</u>	<u>\$ 1,481,358</u>	<u>\$ 780,012</u>	<u>\$ 2,261,370</u>	<u>\$ 16,168,246</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services				
	Homeowner Support and Educational Construction	Discounts on Mortgage Originations	ReStore Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
Construction costs - new homes	\$ 5,468,928	\$ -	\$ -	\$ -	\$ 5,468,928	\$ -	\$ -	\$ -	\$ 5,468,928
Costs of ReStore sales	-	-	-	2,736,899	2,736,899	-	-	-	2,736,899
Salaries and related expenses	858,341	767,118	-	1,300,820	2,926,279	952,526	448,666	1,401,192	4,327,471
Mortgage discounts	-	-	2,449,242	-	2,449,242	-	-	-	2,449,242
Interest and discount amortization	1,103,855	-	-	-	1,103,855	-	40,878	40,878	1,144,733
Depreciation	81,728	33,138	-	170,823	285,689	46,747	16,794	63,541	349,230
Down payment and mortgage assistance	-	248,147	-	-	248,147	-	-	-	248,147
Office expenses	46,716	56,592	-	142,950	246,258	63,123	27,072	90,195	336,453
Travel, meals, and entertainment	3,055	3,659	-	16,909	23,623	23,156	3,529	26,685	50,308
Repairs and maintenance	202,324	3,044	-	14,740	220,108	3,951	2,714	6,665	226,773
Other	21,913	22,109	-	11,399	55,421	2,429	27,190	29,619	85,040
Small tools and equipment	33,346	-	-	69,276	102,622	1,229	-	1,229	103,851
Legal and professional	135,830	25,102	-	680	161,612	-	107,182	107,182	268,794
Redevelopment costs	213,078	-	-	-	213,078	-	-	-	213,078
Lease expense	10,227	8,920	-	51,794	70,941	11,484	2,296	13,780	84,721
Printing and public relations	59	4,287	-	934	5,280	114,610	222	114,832	120,112
Taxes and insurance	42,907	16,743	-	50,192	109,842	18,713	6,894	25,607	135,449
Recruiting and training	5,877	1,559	-	4,575	12,011	53,865	15,378	69,243	81,254
Tithe to Habitat International	106,340	-	-	-	106,340	-	-	-	106,340
Bank and credit card fees	15,305	61	-	48,864	64,230	9,345	12,763	22,108	86,338
Vehicle expenses	28,101	50	-	23,366	51,517	1,684	-	1,684	53,201
Sponsor and volunteer appreciation	7,623	375	-	916	8,914	9,834	246	10,080	18,994
Advertising	1,328	1,238	-	7,808	10,374	16,359	350	16,709	27,083
New Markets Tax Credit amortization	-	-	-	-	-	-	34,560	34,560	34,560
Special events	-	-	-	-	-	44,915	-	44,915	44,915
	<u>\$ 8,386,881</u>	<u>\$ 1,192,142</u>	<u>\$ 2,449,242</u>	<u>\$ 4,652,945</u>	<u>\$ 16,681,210</u>	<u>\$ 1,373,970</u>	<u>\$ 746,734</u>	<u>\$ 2,120,704</u>	<u>\$ 18,801,914</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,536,636	\$ 2,677,765
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contribution of net assets from Robertson County	-	(166,018)
Interest contributions	(1,340,048)	(2,137,256)
Transfers to homeowners	(1,246,137)	(2,972,138)
Depreciation and amortization	394,287	383,790
Bad debt expense	(1,916)	717
Mortgage loan discount amortization	(1,961,584)	(1,582,774)
Amortization of discount on notes payable and issuance costs	2,396,163	1,121,538
New Markets Tax Credit investment income allocation	(23,192)	(17,541)
Changes in operating assets and liabilities:		
Grants receivable	(509,793)	651,497
Sponsor and other receivables	66,070	18,171
Construction-in-progress - new homes	(1,765,391)	(1,234,524)
Land held for development	(1,822,984)	589,723
Inventory - ReStores and other	(132,095)	(89,900)
Other assets	62,802	12,461
Accounts payable and accrued expenses	503,934	91,212
Deferred revenue	1,695,144	426,740
Escrow accounts	36,448	(62,567)
Net cash flows from operating activities	<u>(111,656)</u>	<u>(2,289,104)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,350,559)	(121,395)
Mortgages financed	(256,000)	-
Mortgage payments received	4,568,664	3,945,021
New Markets Tax Credit joint venture investment net distribution	23,192	23,100
Net cash flows from investing activities	<u>985,297</u>	<u>3,846,726</u>
Cash flows from financing activities:		
Proceeds from issuance of notes payable	\$ 6,191,217	\$ 4,862,037
Repayments on notes payable	(6,301,762)	(3,077,753)
Net cash flows from financing activities	<u>(110,545)</u>	<u>1,784,284</u>
Net change in cash, restricted cash, and cash equivalents	763,096	3,341,906
Cash, cash equivalents and NMTC joint venture cash, beginning of year	13,152,957	9,811,051
Cash, cash equivalents and NMTC joint venture cash, end of year	<u>\$ 13,916,053</u>	<u>\$ 13,152,957</u>

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Organization and purpose

Habitat for Humanity of Greater Nashville (“Habitat”), a nonprofit corporation, was chartered by the state of Tennessee on March 25, 1985. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations.

Note 2—Summary of significant accounting policies

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of Habitat. These net assets may be used at the discretion of Habitat’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Habitat or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent unamortized discount on notes payable, contributions receivable and amounts available for programs.

Contributions – Contributions are recognized when the donor makes a promise to give to Habitat that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributed land and equipment are recorded at estimated fair value at the date of the donation. In-kind contributions (primarily Restore inventory, construction materials and land for development) are recorded based on their estimated value on the date of receipt.

No amounts have been reflected in the financial statements for donated labor by unskilled volunteers as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to Habitat’s program services.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Habitat determines an allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Grants received from governmental agencies are generally recognized as related costs are incurred.

Income Taxes – Habitat is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is not a private foundation. Therefore, no provision for income taxes has been made.

HABITAT FOR HUMANITY OF GREATER NASHVILLE NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Habitat follows guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents – For purposes of the statements of cash flows, Habitat considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

Home Sales and Mortgage Notes Receivable – Transfers to homeowners are recorded at the gross amount of payments to be received over the lives of the mortgage notes receivable. These mortgage payments do not include interest and, accordingly, the mortgages have been discounted at various interest rates based upon prevailing market rates at the inception of the mortgages. Discounts are amortized over the lives of the mortgages. The discounted value of mortgages at the time of sale is generally less than the home's fair market value. Therefore, management believes that losses resulting from non-payment of mortgages are not reasonably probable and, accordingly, no allowance for mortgage notes receivable has been recorded. Past due status is based on contractual terms of the mortgage notes receivable. At 120 days past due, the mortgage notes receivable become subject to foreclosure.

Unearned revenue on mortgage notes receivable represents the discounted value of non-interest bearing second and third mortgage loans issued on Habitat homes. The homeowner is required to sign one or more additional mortgages for the difference between the estimated fair market value of the home and the payable mortgage balances as of the transfer date. Certain of these mortgages are fully forgiven if the homeowner lives in the home for a certain period of time and complies with all other covenants and restrictions per the deed of trust. In the event the homeowner does not comply with these restrictions, the mortgage balance will be recognized as income at the time it is collected. Habitat generally does not foresee collection of the non-payable second and third mortgage loans except in the event of sale, refinance, or foreclosure of the home.

Real Estate Held for Sale – Real estate assets acquired through or in lieu of loan foreclosure are recorded at fair value less estimated selling cost. Costs of property improvements are capitalized. Estimated gains at acquisition and net gains or losses realized on the sale are recorded in the statements of activities as gain on real estate held for sale.

Property and Equipment – Property and equipment is reported at cost at the date of purchase or at fair market value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 39 years.

HABITAT FOR HUMANITY OF GREATER NASHVILLE NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Land Held for Development – Land held for development consists of land and improvements to be utilized as lots for future Habitat homeowners. Costs incurred to improve land are capitalized when incurred. Interest incurred on related debt during the construction period is capitalized as incurred. The total allocated cost of each lot is charged to construction-in-progress upon commencement of building activities.

Inventory – Inventory consists primarily of donated home furnishings and building and home improvement materials which are sold in the ReStores. In-kind inventory is recorded at its estimated market value when received.

Deferred Revenue – Deferred revenue consists of deposits received on conditional promises to give from sponsors of future home building and totaled \$3,594,032 and \$1,152,263 at June 30, 2022 and 2021, respectively.

Grant Income – Grant funds are earned and reported as revenue when Habitat has incurred expenses in compliance with the specific restrictions of the grant agreement. Grant funds that are restricted for use in home construction are reflected as unrestricted revenue since these funds are generally received and spent during the same year.

Program Services – Program services include construction, ReStore operations, homeowner support, and educational ministries, and the discounts on mortgage originations. The cost of home building is charged to program services upon transfer to the homeowner. Program services include the cost of new homes transferred, which have an average cost of \$203,051 and \$182,298 for the years ended June 30, 2022 and 2021, respectively.

Advertising – Advertising costs are charged to expense as incurred. Advertising expense totaled \$48,944 and \$27,083 for the years ended June 30, 2022 and 2021, respectively.

Debt Issuance Costs – Costs relating to the issuance of notes payable are amortized to interest expense over the term of the debt, using the straight-line method. The unamortized amount is presented as a reduction of long-term debt on the statements of financial position.

Functional Allocation of Expenses – The costs of providing program and supporting services have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of salaries and wages expenses which was allocated based on time and effort.

Recently Adopted Accounting Pronouncement – In September 2020, FASB issued ASU 2020-02, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be presented as a separate line item in the statement of activities, and the disclosure of a disaggregation of the amount of contributed nonfinancial assets and a description of the valuation techniques and inputs used to arrive at a fair value measure.

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. Habitat is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

HABITAT FOR HUMANITY OF GREATER NASHVILLE NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Subsequent Events – Habitat evaluated subsequent events through October 19, 2022, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 3—Revenue recognition

On July 1, 2020, Habitat adopted ASC 606 using the modified retrospective approach. Habitat determined there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2020. Under ASC 606, revenue is recognized when Habitat transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue, when, or as, the performance obligation is satisfied. The contract obligation for transfers to homeowners and ReStore sales is generally satisfied at the time these services are provided or when a good is transferred to the customer.

Home Sales – A portion of the Habitat's revenue is derived from home sales during the year. Due to the nature of contracts, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized as revenue once the requirement has been met. Once construction is complete on a home and closing procedures have been completed, buyers take possession of the home and the performance obligation is considered to have been met. Each house sold has a defined purchase price. Contracts are considered to have commercial substance as they all involve a cash down payment and a signed promissory note, which is paid in accordance with the note terms.

ReStore Revenues – A portion of the Organization's revenue is derived from ReStore sales during the year. Such revenue is conditioned upon meeting one performance obligation, the sale transaction is completed at a ReStore location, and amounts received are recognized as revenue once the sale has been made. Once the sale is made, customers take possession of the goods purchased. These transactions are considered to be contracts with customers as they have commercial substance through the transaction of cash payment in return for the goods purchased. Due to the nature of these transactions, there is no variable consideration and only one performance obligation.

Note 4—Liquidity and availability

Habitat regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Habitat considers all expenditures related to its ongoing activities of bringing people together to build homes, communities, and hope, as well as the conduct of services undertaken to support those activities to be general expenditures.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4—Liquidity and availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents, less escrow accounts	\$ 12,969,137	\$ 12,491,762
Grants receivable due in one year	911,299	401,506
Sponsor and other receivables	<u>106,496</u>	<u>156,496</u>
Total financial assets, at year-end	13,986,932	13,049,764
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(329,375)</u>	<u>(234,766)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,657,557</u>	<u>\$ 12,814,998</u>

Note 5—Grants receivable

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

	<u>2022</u>	<u>2021</u>
Metropolitan Development and Housing Agency	\$ 385,692	\$ 230,536
Habitat for Humanity of Tennessee	296,000	-
Federal Home Loan Bank	-	137,500
Foundations and other	<u>229,607</u>	<u>33,470</u>
	<u>\$ 911,299</u>	<u>\$ 401,506</u>

Note 6—Sponsor and other receivables

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

	<u>2022</u>	<u>2021</u>
Unconditional promises to give	\$ 163,891	\$ 241,988
Less allowance for uncollectible contributions	<u>(56,034)</u>	<u>(69,977)</u>
Net unconditional promises to give	107,857	172,011
Less amounts receivable in less than one year, net	<u>(107,857)</u>	<u>(172,011)</u>
Receivable in one to five years, net	<u>\$ -</u>	<u>\$ -</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7—Construction-in-progress – new homes

A summary of new home construction activity for 2022 is as follows:

	<u>Number</u>	<u>Costs</u>
New homes under construction, June 30, 2021	30	\$ 2,572,831
Additional costs incurred on beginning inventory		3,369,725
New homes started in 2022	6	832,278
New homes closed in 2022	(12)	(2,436,612)
New homes under construction, June 30, 2022	<u>24</u>	<u>\$ 4,338,222</u>

Note 8—Property and equipment

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

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 4,644,203	\$ 2,917,670
Buildings	7,068,207	5,495,928
Office equipment	478,500	441,235
Leasehold improvements	57,502	57,502
Vehicles and trailers	552,667	546,942
Other	335,065	335,065
	13,136,144	9,794,342
Less accumulated depreciation	(2,233,615)	(1,882,644)
	<u>\$ 10,902,529</u>	<u>\$ 7,911,698</u>

Note 9—Land held for development

Land held for development consists of real property and incurred development costs for the purpose of future home construction. Land held for development consists of the following by area at June 30:

	<u>2022</u>	<u>2021</u>
Hamilton Hills	\$ 1,315,433	\$ 1,302,676
Village by the Creek	2,516,582	1,038,563
Aldrich Lane	310,000	-
Hunters Point	301,809	224,322
Dickson County	77,249	89,245
Cheatham County	-	43,283
	<u>\$ 4,521,073</u>	<u>\$ 2,698,089</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 10—Mortgage notes receivable

At June 30, 2022 and 2021, Habitat holds mortgage notes receivable totaling \$59,094,977 and \$61,173,576, respectively, at face value generally with original maturities of 30 years. The notes are non-interest bearing mortgages, payable in equal monthly installments, and are secured by deeds of trust on the properties. The notes have been discounted at various interest rates ranging from 4.5% to 9.0% over the lives of the mortgages. Mortgages are reported net of unamortized discount.

Mortgage notes receivable and the related discount are summarized as follows at June 30:

	<u>2022</u>	<u>2021</u>
First mortgages	\$ 44,266,472	\$ 45,823,089
Second mortgages	12,820,292	13,496,056
Third mortgages	<u>2,008,213</u>	<u>1,854,431</u>
	59,094,977	61,173,576
Less unamortized discount	<u>(25,878,080)</u>	<u>(26,791,831)</u>
	<u>\$ 33,216,897</u>	<u>\$ 34,381,745</u>

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

	<u>2022</u>	<u>2021</u>
31 - 60 days past due	\$ 468,069	\$ 350,588
61 - 90 days past due	179,127	56,811
Greater than 90 days past due	<u>230,699</u>	<u>8,754</u>
Total past due	877,895	416,153
Current	<u>58,217,082</u>	<u>60,757,423</u>
	<u>\$ 59,094,977</u>	<u>\$ 61,173,576</u>

Principal payments due on mortgage notes receivable are as follows:

Years Ending June 30,

2023	\$ 2,186,186
2024	2,393,074
2025	2,426,130
2026	2,441,737
2027	2,438,897
Thereafter (including non-paying second and third mortgages of \$5,016,645)	<u>47,208,953</u>
Notes receivable at face value	59,094,977
Less unamortized discount	<u>(25,878,080)</u>
	<u>\$ 33,216,897</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 11—New Market Tax Credits intangible assets

Habitat incurred \$27,125 in guarantor fees, \$13,333 in audit fees, \$64,400 in asset management fees, and \$26,250 in consulting fees related to its New Markets Tax Credit (“NMTC”) financing in December 2017, to be amortized over seven years, the period to which the assets apply. Habitat incurred \$13,971 in qualified active low income community business (“QALICB”) services, \$20,000 in audit fees, \$53,554 in asset management fees, and \$23,284 in consulting fees related to its NMTC financing in June 2020, to be amortized over seven years, the period to which the assets apply. The intangible assets represent fees paid to the third party administrator in the transaction, who is responsible for ensuring that Habitat performs and complies with all aspects of the transaction requirements.

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

	<u>2022</u>	<u>2021</u>
QALICB guarantor fee	\$ 41,096	\$ 41,096
CDE audit fee	33,333	33,333
Asset management fee	117,954	117,954
Consulting fee	<u>49,534</u>	<u>49,534</u>
Total intangible assets	241,917	241,917
Accumulated NMTC amortization	<u>(117,263)</u>	<u>(82,704)</u>
NMTC intangible assets, net	<u>\$ 124,654</u>	<u>\$ 159,213</u>

In December 2017, Habitat invested, along with five other Habitat affiliates, in a partnership, Harbor Habitat Leverage II, LLC (“HHL”), with 16.6667% ownership to take advantage of NMTC financing. Habitat invested a combination of cash and construction in progress totaling \$1,207,410, enabling it to secure a 20-year loan in the amount of \$1,715,000 payable to Harbor Community Fund XIII, LLC (“HCF”), a community development entity. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

The investment in partnership is accounted for using the equity method and the carrying amount of the investment is increased for Habitat’s proportionate share of the joint venture’s earnings and decreased for Habitat’s proportionate share of the joint venture’s losses.

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

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,201,374	\$ 1,201,374
Capital contributed	-	-
Distributions received	(12,074)	(12,074)
Share of income	<u>12,074</u>	<u>12,074</u>
Ending balance	<u>\$ 1,201,374</u>	<u>\$ 1,201,374</u>

In June 2020, Habitat invested, along with three other Habitat affiliates, in a partnership, HHL, with 25% ownership to take advantage of NMTC financing. Habitat invested a combination of cash and construction in progress totaling \$1,111,837, enabling it to secure a 20-year loan in the amount of \$1,521,250 payable to HCF, a community development entity. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

The investment in partnership is accounted for using the equity method and the carrying amount of the investment is increased for Habitat's proportionate share of the joint venture's earnings and decreased for Habitat's proportionate share of the joint venture's losses.

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

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,106,278	\$ 1,111,837
Capital contributed	-	-
Distributions received	(11,118)	(11,026)
Share of income	11,118	5,467
Ending balance	<u>\$ 1,106,278</u>	<u>\$ 1,106,278</u>

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

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Harbor Habitat Leverage II, LLC</u>	<u>Harbor Habitat Leverage III, LLC</u>	<u>Harbor Habitat Leverage II, LLC</u>	<u>Harbor Habitat Leverage III, LLC</u>
Assets:				
Notes receivable	\$ 7,244,463	\$ 4,447,352	\$ 7,244,463	\$ 4,447,352
Total assets	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>

At June 30, 2022, both Harbor Habitat Leverage II, LLC and Harbor Habitat Leverage III, LLC had no liabilities and minimal activity. At June 30, 2021, both CCML Leverage II, LLC and Harbor Habitat Leverage II, LLC had no liabilities and minimal activity.

Note 12—Notes payable

	<u>2022</u>	<u>2021</u>
Notes payable to Tennessee Housing Development Agency, non-interest bearing, payable in monthly principal installments totaling \$88,342 (at June 30, 2022) with varying maturities through June 2052, secured by non-interest bearing first mortgages held by Habitat, with a discounted value of \$11,936,446. The notes have an undiscounted balance outstanding of \$22,069,975 and \$23,700,026 at June 30, 2022 and 2021, respectively. Discount rates ranging from 4.5% to 5.25% were applied to arrive at net present value of the notes payable at issuance. Contribution revenue of \$279,535 and \$950,420 has been recognized in 2022 and 2021, respectively, to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$10,133,529 and \$10,832,765, respectively.	\$ 11,936,446	\$ 12,867,261

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Notes payable (continued)

	<u>2022</u>	<u>2021</u>
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$-0-, maturing at various times through December 2045. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$-0- and \$3,051,556 at June 30, 2022 and 2021, respectively. Contribution revenue of \$1,959,239 was recognized in 2016 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$-0- and \$1,230,423, respectively.	\$ -	\$ 1,821,133
Notes payable to Habitat International, non-interest bearing, payable in monthly principal installments ranging from \$72 to \$1,861 through June 2028.	379,991	413,551
Notes payable to The Housing Fund, Inc. secured by certain real property, non-interest bearing, payable in 120 to 180 equal monthly principal installments of \$244 to \$617, through June 2030. The notes have been discounted using a rate of 4.5%. Contribution revenue of \$104,819 was recognized in 2018 to present the difference between the present value of the notes payable and their undiscounted balances of \$688,088 and \$915,707, at June 30, 2022 and 2021, respectively. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$149,824 and \$194,474, respectively.	538,265	721,233
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$6,500, maturing at various times through March 2051. The notes payable have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2022 and 2021 of \$1,792,978 and \$1,244,525, respectively. Contribution revenue of \$264,404 and \$117,601 was recognized in 2022 and 2021, respectively, to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$742,411 and \$505,554, respectively.	1,050,567	738,971

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Notes payable (continued)

	<u>2022</u>	<u>2021</u>
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$2,440, maturing at various times through July 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2022 and 2021 of \$696,612 and \$725,897, respectively. Contribution revenue of \$440,844 was recognized in 2018 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$303,835 and \$316,623, respectively.	\$ 392,777	\$ 409,274
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$1,757, maturing at various times through June 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2022 and 2021 of \$459,611 and \$480,689, respectively. Contribution revenue of \$231,484 was recognized in 2018 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$192,019 and \$200,718, respectively.	267,592	279,971
Note payable to bank, unsecured at a variable interest rate of 4% below prime (0.75% at June 30, 2022), maturing in March 2023.	90,000	-
Note payable to bank, unsecured at a variable interest rate of 4% below prime (0.0% at June 30, 2021), matured in June 2022.	-	90,000
Note payable to bank, secured by certain real property with a net book value of \$7,037,750 at June 30, 2022, at a variable interest rate of 4% below prime (0.75% at June 30, 2022), with a 20-year amortization maturing in October 2023.	2,837,356	3,142,475
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$3,052, maturing at various times through November 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2022 and 2021 of \$862,338 and \$898,963, respectively. Contribution revenue of \$417,299 was recognized in 2019 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$362,346 and \$377,682, respectively.	499,992	521,281

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Notes payable (continued)

	<u>2022</u>	<u>2021</u>
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$4,560, maturing at various times through July 2051. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2022 and 2021 of \$1,505,979 and \$1,007,807, respectively. Contribution revenue of \$240,259 and \$229,444 was recognized in 2022 and 2021, respectively, to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$665,236 and \$445,733, respectively.	\$ 840,743	\$ 562,074
Note payable to bank, secured by certain real property with a net book value of \$3,286,012 at June 30, 2022, at a variable interest rate of 4% below prime (0.75% at June 30, 2022), with a 20-year amortization maturing in May 2029.	3,000,000	-
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$1,782, maturing at various times through May 2049. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$559,089 at June 30, 2022. Contribution revenue of \$239,550 was recognized in 2022 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 amounted to \$234,330.	324,759	-
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$7,434, maturing at various times through April 2050. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$2,494,883 and \$1,865,371 at June 30, 2022 and 2021, respectively. Contribution revenue of \$316,300 and \$839,481 was recognized in 2022 and 2021, respectively, to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2022 and 2021 amounted to \$1,104,943 and \$822,931, respectively.	1,389,940	1,042,440
	<u>\$ 23,548,428</u>	<u>\$ 22,609,664</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Notes payable (continued)

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

	<u>2022</u>	<u>2021</u>
Notes payable, secured by mortgages, net of unamortized discount	\$ 17,241,081	\$ 18,963,638
Note payable, secured by Harding Place and Lebanon property	5,837,356	3,142,475
Notes payable, unsecured	469,991	503,551
	<u>\$ 23,548,428</u>	<u>\$ 22,609,664</u>

Future principal maturities of notes payable are as follows:

Years Ending June 30,

2023	\$ 2,094,154
2024	4,299,681
2025	1,682,646
2026	1,653,142
2027	1,613,834
Thereafter	<u>26,107,946</u>
Total principal maturities	37,451,403
Debt issuance costs	(14,503)
Amounts representing imputed interest	<u>(13,888,472)</u>
	<u>\$ 23,548,428</u>

Note 13—Line of credit

Habitat has a \$950,000 line of credit agreement with a bank bearing interest at the bank's index rate plus 1% (5.75% at June 30, 2022). The line of credit is secured by real estate. The line of credit has a maturity date of February 2023. At June 30, 2022 and 2021, no borrowings were outstanding under the line of credit agreement.

Note 14—NMTC joint venture note payable

Habitat has a loan payable to HCF, dated December 20, 2017, as part of a NMTC transaction. It is a 20-year loan bearing interest at 0.70% with semi-annual interest-only payments commencing on June 5, 2018 and continuing until June 5, 2025. Principal and interest payments are to commence on June 5, 2025, due semi-annually to then fully amortize the principal balance over a 12-year period, maturing December 20, 2037.

The loan is secured by substantially all the assets acquired by Habitat from the project loan proceeds. The debt is associated with a put option feature under an option agreement between the partnership's related parties that is expected to be exercised in 2025 that will effectively extinguish the liability from Habitat. The balance of the note payable at June 30, 2022 and 2021 is \$1,715,000, net of issuance costs of \$41,185 and \$43,842, respectively. Debt issuance costs of \$53,253 are being amortized to interest expense over the 20-year term of the loan.

Simultaneous with these transactions, HHL entered into an option agreement (the "Option Agreement") with USBCDC, who is the sole-member of Twain Investment Fund 296, LLC (the "Twain Fund"), and the upstream effective owner of HCF. Under the terms of the Option Agreement, USBCDC is expected to put its ownership interest into the Twain Fund for \$1,000, during the six-month put period beginning December 20, 2024.

Exercise of this option will effectively extinguish Habitat's outstanding debt owed to HCF. Habitat will recognize income on the forgiveness of debt in an amount approximating the difference in the book value of the investment and the debt. The investment and debt will then come off Habitat's books. All entities including Habitat Harbor Leverage II, LLC, will then be dissolved effectively ending the structured financing deal.

HABITAT FOR HUMANITY OF GREATER NASHVILLE NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 14—NMTC joint venture note payable (continued)

Pursuant to the agreement, Habitat is required to comply with the NMTC requirements as generally set forth in the IRC Section 45D, including that Habitat maintain a separate part of business such that the separate business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the separate part of business assets of Habitat was pledged as security under the agreement with HCF.

Habitat has a loan payable to HCF, dated June 4, 2020, as part of a NMTC transaction. It is a 20-year loan bearing interest at 0.730945% with semi-annual interest-only payments commencing on December 5, 2020 and continuing until June 5, 2027. Principal and interest payments are to commence on December 5, 2027, due semi-annually to then fully amortize the principal balance over a 12-year period, maturing June 3, 2040.

The loan is secured by substantially all the assets acquired by Habitat from the project loan proceeds. The debt is associated with a put option feature under an option agreement between the partnership's related parties that is expected to be exercised in 2027 that will effectively extinguish the liability from Habitat. The balance of the note payable at June 30, 2022 and 2021 was \$1,521,250 net of issuance costs of \$74,342 and \$78,491, respectively. Debt issuance costs of \$82,986 are being amortized to interest expense over the 20-year term of the loan.

Simultaneous with these transactions, HHL entered into an option agreement (the "Option Agreement") with USBCDC, who is the owner of USBCDC (the "USBCDC Fund"), and the upstream effective owner of HCF. Under the terms of the Option Agreement, USBCDC Endowment Fund is expected to put its ownership interest in HCF to HHL for \$1,000, during the six-month put period beginning June 4, 2027.

Exercise of this option will effectively extinguish Habitat's outstanding debt owed to HCF. Habitat will recognize income on the forgiveness of debt in an amount approximating the difference in the book value of the investment and the debt. The investment and debt will then come off Habitat's books. All entities including Habitat Harbor Leverage II, LLC, will then be dissolved effectively ending the structured financing deal.

Pursuant to the agreement, Habitat is required to comply with the NMTC requirements as generally set forth in the IRC Section 45D, including that Habitat maintain a separate part of business such that the separate business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the separate part of business assets of Habitat was pledged as security under the agreement with HCF.

Note 15—Paycheck Protection Program

In April 2020, Habitat received a Paycheck Protection Program ("PPP") loan of \$746,625 under the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") through its primary banking institution. PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if Habitat does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. Habitat completed the forgiveness application process upon completion of the applicable 24-week period and reflected the original loan amounts as revenues from government grants on the statement of activities for the year ended June 30, 2021.

In February 2021, Habitat obtained a second PPP loan in the amount of \$746,625 under substantially the same terms as the initial PPP loan. Habitat completed the forgiveness application process upon completion of the applicable 24-week period and reflected the original loan amounts as revenues from government grants on the statement of activities for the year ended June 30, 2022.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 16—Net assets with donor restrictions

Net assets with donor restrictions consist principally of contributions restricted for future programs or improvements to existing programs. Significant components include the following at June 30:

	<u>2022</u>	<u>2021</u>
Unamortized discount on notes payable	\$ 13,888,472	\$ 14,926,903
Donor restricted contributions	229,375	231,526
Unconditional promises to give, net	100,000	3,240
	<u>\$ 14,217,847</u>	<u>\$ 15,161,669</u>

Note 17—Concentrations

Habitat maintains its cash in bank accounts that at times may exceed federally insured limits. Habitat has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Management believes Habitat is not exposed to any significant credit risk on its cash balances. Uninsured balances at June 30, 2022 and 2021 totaled \$95,025 and \$335,688, respectively.

Note 18—Commitments and contingencies

In connection with the development of Park Preserve and Western Avenue subdivisions, Habitat has obtained letters of credit totaling \$1,425,000 and \$1,432,500 at June 30, 2022 and 2021, respectively, securing the completion of certain improvements. Habitat had no outstanding borrowings associated with these letters of credit at June 30, 2022 and 2021. The letters of credit expire through April 2023.

Habitat leases certain office and warehouse space and equipment under leasing arrangements classified as operating leases. Rent expense under such arrangements amounted to \$95,815 and \$85,083 for the years ended June 30, 2022 and 2021, respectively. A summary of future minimum rental payments as of June 30, 2022 is as follows:

Years Ending June 30,

2023	\$ 63,826
2024	22,562
2025	16,632
2026	<u>4,158</u>
	<u>\$ 107,178</u>

From time to time, Habitat is involved in litigation. In the opinion of management, no current or threatened litigation will have a material effect on Habitat's financial position or activities.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 19—Contributed nonfinancial assets

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

	<u>2022</u>	<u>2021</u>
ReStore donations	\$ 3,210,367	\$ 2,834,746
Building supplies and home appliances	109,117	140,680
Mortgage servicing	96,576	95,376
Operating supplies	67,360	2,465
	<u>\$ 3,483,420</u>	<u>\$ 3,073,267</u>

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

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

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

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

Approximately 4,250 and 2,650 individuals contributed significant amounts of time to Habitat's activities during the years ended June 30, 2022 and 2021, respectively. The financial statements do not reflect the value of these services because they do not meet the recognition criteria prescribed by U.S. GAAP.

Note 20—Retirement plan

Habitat has a defined contribution retirement plan for its employees, which was established as a Simple IRA. As described in the plan document, substantially all full-time employees are eligible to participate in the plan. Discretionary contributions may be made at the option of the Board of Directors. Habitat recognized retirement plan expense of \$70,462 and \$72,241 for the years ended June 30, 2022 and 2021, respectively.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 21—Supplemental cash flow information

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

Supplemental Cash Flow Information:

	<u>2022</u>	<u>2021</u>
Interest paid	\$ 23,195	\$ 23,102

Supplemental Schedule of Noncash Investing and Financing Activities:

	<u>2022</u>	<u>2021</u>
Issuance of non-interest bearing mortgage loans	\$ 2,484,000	\$ 5,421,380
Discount on non-interest bearing mortgage loans	(1,237,863)	(2,449,242)
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ 1,246,137	\$ 2,972,138

Note 22—Related parties

At June 30, 2022 and 2021, Habitat owed notes payable, net of discounts, totaling approximately \$9,419,460 and \$9,115,829, respectively, to financial institutions which have executives who serve on Habitat's Board of Directors.

Habitat receives voluntary contributions, house sponsorship funding, in-kind contributions, and volunteer labor from various board members and their companies throughout the year. Some professional services are also purchased from board members and their companies throughout the course of the year. None of these transactions are considered to be individually significant to Habitat's financial statements.

Habitat annually remits a portion of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2022 and 2021, Habitat contributed \$105,025 and \$106,340, respectively, to Habitat International.

Habitat has received Self-Help Homeownership Opportunity Program funds from Habitat International. Of the funds received, 75% were in the form of a grant with the remaining 25% repayable under non-interest bearing four-year notes payable. During the years ended June 30, 2022 and 2021, Habitat was granted \$180,895 and \$286,945, respectively. At June 30, 2022 and 2021, the balances of the loans totaled \$379,991 and \$413,551, respectively.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
STEP UP ON SECOND STREET, 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 Step Up on Second Street, 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." Step Up on Second Street, Inc. will be adding 88 affordable housing units located at 420 Metroplex Drive, Nashville, TN 37211. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$1,420,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

- C.1. **Maximum Liability.** In no event shall the maximum liability of Metro under this Grant Contract exceed One Million Four Hundred Twenty Thousand Dollars (\$1,420,000). 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
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. **Procurement.** Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. **Public Meetings.** At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. **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 July 1, 2024 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.

- 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

Rasheedah.Pardue@Nashville.Gov

Recipient:

Step Up on Second Street, Inc.- Step Up Nashville
c/o Lynne Elwan
250 Van Buren St #118
Nashville, TN 37208
714-713-1126
LElwan@stepup.org

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

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

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

RECIPIENT:

Step Up on Second Street, Inc.

APPROVED AS TO PROGRAM SCOPE:

By: 

Title: Executive Director



Jim Schimtz, Chair,
Metropolitan Housing Trust Fund
Commission

Sworn to and subscribed to before me a
Notary Public, this 28 day
of April, 2023.

APPROVED AS TO AVAILABILITY OF
FUNDS:

Notary Public

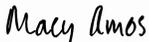
DocuSigned by:


Kelly Flannery, Director
Department of Finance

~~Also see Attachment~~

My Commission
expires _____

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:


Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

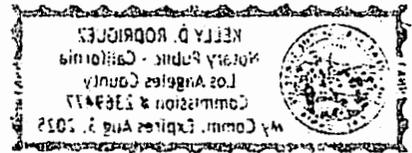
DocuSigned by:


Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

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Exhibit D



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Step Up

Development Type: Rental

Development Address: 420 Metroplex Drive, Nashville, TN 37211

Amount Awarded: \$1,420,000

Number of Barnes-funded Units: 88

Target Populations Served: People Experiencing Homelessness

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
88		

BARNES Unit Address	HOUSING TRUST FUND REH, Nashville, TN 37211	AB BUDGET
Development Type	Single family residential	
Number of Bedrooms	88	
Number of Bathrooms	88	
Square Feet	27075	
Number of Stories	3	
Predevelopment Costs		
	Costs	
Appraisal	\$ 2,500	
LBP Assessment	\$ 7,000	
Relocation (if applicable)	N/A	
Insurance	\$ 199,650	
Architect	\$ 195,605	
Engineering	\$ 15,200	
Planning/Zoning	\$ 100	
Legal	\$ 372,680	
Management with family	N/A	
Total	\$ 792,735	\$ -
Construction Costs		
Structure		Request to Barnes Housing Fund
Footer/Foundation	\$ 67,934	\$ 15,442
Framing	\$ 42,986	\$ 9,771
Electrical	\$ 1,445,125	\$ 328,499
Plumbing	\$ 853,746	\$ 194,069
Roofing	\$ 264,241	\$ 60,066
HVAC	\$ 320,462	\$ 72,846
Drywall/Insulation	\$ 301,019	\$ 68,426
Paint/Stain	\$ 389,333	\$ 88,501
Windows/Doors	\$ 139,382	\$ 31,684
Floor Coverings	\$ 458,321	\$ 104,183
Energy Updates	\$ 123,335	\$ 28,036
Brick/Siding	\$ 14,992	\$ 3,408
Sub-Total	\$ 4,420,876	\$ 1,004,931
Other		
Site Work	\$ 1,119,778	\$ 254,542
Appliances	\$ 120,736	\$ 27,445
Decks/Porches	\$ -	\$ -
Side Walks/Driveways	\$ 115,808	\$ 26,325
Landscaping	\$ 15,048	\$ 3,421
Utility Hookups	\$ 180,143	\$ 40,949
Building Permits/Fees	\$ 100,000	\$ 22,732
Demolition	\$ 164,449	\$ 37,382
Fees	\$ 10,000	\$ 2,273
Materials and Labor Market Contingency Cost Overrun	\$ -	\$ -

Sub-Total	\$	1,825,962	\$	415,069
Construction Contingency	\$	123,024		
Profit (if organization has own construction crew)				
Sub-Total	\$	123,024	\$	-
Total Construction Cost	\$	7,162,597	\$	1,420,000
Cost per Unit	\$	81,393		
Developer's Fee (capped at 20%)	\$	1,432,509		
Total Cost/Unit	\$	97,672		

Funding Sources

Shangri-La Captial, LLC - Genreal Partner Equity	\$	123,024
Shangri-La Captial, LLC - Construction Loan	\$	7,052,082
Barnes Housing Fund (<i>current request</i>)	\$	1,420,000
Total Fundinig	\$	8,595,106
Total Costs	\$	8,595,106

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
PO BOX 2350 ROOM 5127
LOS ANGELES, CA 90053

DEPARTMENT OF THE TREASURY

Date: AUG 18 1982

STEP UP ON SECOND STREET INC
1328 SECOND STREET
SANTA MONICA, CA 90401

Employer Identification Number:
95-4109386
Contact Person:
TYRONE THOMAS
Contact Telephone Number:
(213) 894-6641

Our Letter Dated:
August 1988
Addendum Applies:
No

Dear Applicant:

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

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

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

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).

You are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. For guidance in determining whether your gross receipts are "normally" more than \$25,000, see the instructions for Form 990. 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.

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

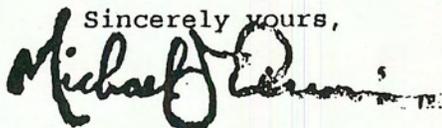
- 2 -

STEP UP ON SECOND STREET INC

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

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael J. Quinn". The signature is written in a cursive style with a large, prominent "M" and "Q".

Michael J. Quinn
District Director

1381458

THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

STEP UP ON SECOND STREET, INC.
(A California Nonprofit Public Benefit Corporation)

FILED
Secretary of State
State of California
1cc MAR 19 2018

BARRETT ESAREY and KEVIN KOZAL certify:

1. That they are, respectively, the duly elected and acting Chairperson and Secretary of STEP UP ON SECOND STREET, INC., a California Nonprofit Public Benefit Corporation.

2. The corporation has no members.

3. These Third Amended and Restated Articles of Incorporation contain a restatement of and amendments to the corporation's original Articles of Incorporation filed with the Secretary of State on July 25, 1986, as amended by the corporation's Certificate of Amendment of Articles of Incorporation filed with the Secretary of State on December 30, 1987, as amended by the corporation's Restated Articles of Incorporation filed with the Secretary of State on April 12, 1988, as amended by the corporation's Second Amended and Restated Articles of Incorporation filed with the Secretary of State on February 1, 1990, and as amended by the corporation's Certificate of Amendment of Articles of Incorporation filed with the Secretary of State on April 19, 2017. As the corporation has no members, pursuant to Corporations Code Section 5812(b)(3), the amendments contained herein were approved and adopted by action of the corporation's Board of Directors, taken at a meeting duly noticed and held on January 20, 2018. The amendments set forth herein have been approved by Mental Health Association In Los Angeles County, a California nonprofit public benefit corporation, as was required by these Articles of Incorporation as they existed prior to this amendment and restatement.

4. The Articles of Incorporation of STEP UP ON SECOND STREET, INC. are amended and restated in full as follows:

ARTICLE I
NAME OF CORPORATION

The name of this corporation is:

STEP UP ON SECOND STREET, INC.

ARTICLE II
PURPOSE OF CORPORATION

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law of the State of California for charitable purposes.

The specific purpose of this corporation shall be to provide compassionate support to people experiencing serious mental health issues, especially individuals who are chronically homeless, to help them recover, stabilize, and integrate into the community, and to carry on other charitable and educational activities associated with the foregoing goals as allowed by law. The corporation will seek to accomplish this purpose through dynamic partnerships that provide positive social and learning environments, vocational training, development and operation of permanent supportive housing projects and other opportunities, and recovery services that empower individuals to cultivate lives of hope and dignity. Through the exercise of innovative leadership and advocacy this corporation will seek to increase public understanding, support and acceptance of all people living with serious mental health issues.

This corporation is organized exclusively for charitable and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code or the corresponding provision of any future United States internal revenue law. Despite any other provision in these articles, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that do not further the purposes of this corporation, and 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 Internal Revenue Code Section 501(c)(3) or the corresponding provision of any future United States internal revenue law, or (b) a corporation, contributions to which are deductible under Internal Revenue Code Section 170(c)(2) or the corresponding provision of any future United States internal revenue law.

ARTICLE III TAX-EXEMPT STATUS OF CORPORATION

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate or intervene in (including publishing or distributing statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

All corporate property is irrevocably dedicated to the purposes set forth in Article II. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers, private shareholders or members, or to individuals.

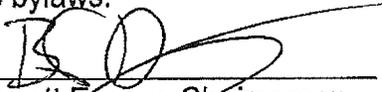
On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to the Mental Health Association In Los Angeles County, a California nonprofit public benefit corporation, or any successor organization, to be used for charitable and educational purposes consistent with Section 214 of the California Revenue and Taxation Code in promoting educational, vocational, social and other services to adults suffering serious mental health issues so long as said corporation has established its tax exempt status under Section 501(c)(3) of the United States Internal Revenue Code or the corresponding provisions of any future United States internal revenue law and which has also established its tax exempt status under Section 27301(d) of the California Revenue and Taxation Code, or the corresponding section of any future California revenue and tax law.

In the event the Mental Health Association in Los Angeles County or any successor organization does not exist or has not established its tax exempt status, then upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a fund, foundation, corporation or organization which is organized and operated exclusively for charitable, scientific or educational purposes meeting the requirements of Section 214 of the California Revenue and Taxation Code and which has established its tax exempt status under Section 501(c)(3) of the United States Internal Revenue Code or the corresponding provisions of any future United States internal revenue law and which has also established its tax exempt status under Section 27301(d) of the California Revenue and Taxation Code, or the corresponding section of any future California revenue and tax law.

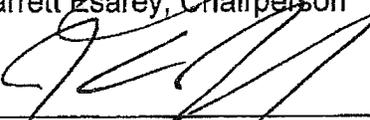
DECLARATION

Barrett Esarey and Kevin Kozal declare under penalty of perjury under the laws of the State of California that they are the Chairperson and Secretary, respectively, of Step Up On Second, Inc., the corporation referred to in the above Third Amended and Restated Articles of Incorporation to which this declaration is made apart, and that the Board of Directors of the corporation has duly authorized and approved the Third Amended and Restated Articles of Incorporation in accordance with the corporation's bylaws.

Date: 3/15/18


Barrett Esarey, Chairperson

Date: 3/15/18


Kevin Kozal, Secretary



I hereby certify that the foregoing transcript of 3 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

MAR 26 2018

Date: _____


ALEX PADILLA, Secretary of State

A0822537

1381458

Certificate of Amendment
of
Third Amended and Restated
Articles of Incorporation
of
Step Up on Second Street, Inc.

FILED
Secretary of State
State of California

DEC 20 2018

W

(WLS)

The undersigned certify that:

1. They are the President and the Secretary, respectively, of STEP UP ON SECOND STREET INC., a California corporation.

2. The second paragraph of Article III of the Third Amended and Restated Articles of Incorporation of this corporation that were filed with the California Secretary of State on March 19, 2018 is deleted and replaced in its entirety with the following paragraph:

"All corporate property is irrevocably dedicated to charitable and educational purposes meeting the requirements of Section 214 of the California Revenue and Taxation Code. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers, private shareholders or members, or to individuals."

3. The third paragraph of Article III of the Third Amended and Restated Articles of Incorporation of this corporation that were filed with the California Secretary of State on March 19, 2018 is deleted and replaced in its entirety with the following paragraph:

"On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to the Mental Health Association In Los Angeles County, a California nonprofit public benefit corporation, or any successor organization, to be used for charitable and educational purposes consistent with Section 214 of the California Revenue and Taxation Code in promoting educational, vocational, social and other services to adults suffering serious mental health issues so long as said corporation is organized and operated exclusively for charitable or educational purposes meeting the requirements of Section 214 of the California Revenue and Taxation Code and which has established its tax exempt status under Section 501(c)(3) of the United States Internal Revenue Code or the corresponding provisions of any future United States internal revenue law and which has also established its tax exempt status under Section 27301(d) of the California Revenue and Taxation Code, or the

A0822537

corresponding section of any future California revenue and tax law."

4. The foregoing amendment of the Third Amended and Restated Articles of Incorporation of this corporation has been duly approved by the corporation's board of directors.

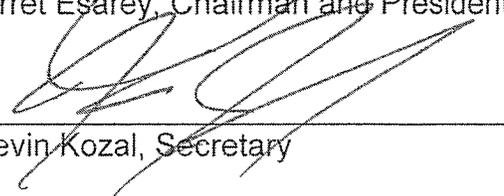
5. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 12/20/2018



Barret Esarey, Chairman and President



Kevin Kozal, Secretary



I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JAN 02 2019

JM

Date: _____

Alex Padilla
ALEX PADILLA, Secretary of State

**AMENDED AND RESTATED
BYLAWS OF**

STEP UP ON SECOND STREET, INC.
a California Nonprofit Public Benefit Corporation

amended as of April 28, 2021

ARTICLE I

NAME

The name of this corporation shall be
STEP UP ON SECOND STREET, INC.

ARTICLE II

OFFICES

SECTION 1. PRINCIPAL OFFICES

The principal office for the transaction of the business of the corporation (“principal office”) is located at 1328 Second Street, City of Santa Monica, County of Los Angeles, State of California. The directors may change the principal office from one location to another in the State of California. Any change of this location shall be noted by the Secretary on these Bylaws opposite this section, or this section may be amended to state the new location.

SECTION 2. OTHER OFFICES

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE III

MEMBERS PROHIBITED

The corporation shall not have any members, as defined by California Corporations Code Section 5056 (“Members”). Any action which would otherwise require approval by a majority of all Members or approval by the Members shall require only approval of the Board of Directors. All rights which would otherwise vest under the California Nonprofit Corporation Law in the Members shall vest in the directors.

ARTICLE IV

DIRECTORS

SECTION 1. POWERS

(a) General Corporate Powers. Subject to the provisions of the California Nonprofit Corporation Law the business and affairs of the corporation shall be managed, and all corporate powers shall be exercised, by or under the directions of the Board of Directors.

(b) Specific Powers. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:

(i) Select and remove all officers of this corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation and these Bylaws; and fix their compensation, if any.

(ii) Change the principal office or the principal business office in the State of California from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any meetings of the Board of Directors, including annual meetings.

(iii) Adopt, make and use a corporate seal and alter the form of the seal.

(iv) Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation’s purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidence of debt and securities.

(c) Duties of Care and Loyalty. It is the obligation of each director of the corporation to perform his or her duties in good faith, in a manner such director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. This obligation extends to all activities a director performs in that capacity including, without limitation, duties as a member of any committee of the Board on which a director may serve. In the administration of the powers to make and retain investments and to delegate investment management of corporate funds, the Board shall consider, among other relevant considerations, the long and short term needs of the corporation in carrying out its purposes, its present and anticipated financial requirements, expected total return on the corporation's investments, price level trends, and general economic conditions.

SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS

Any person 18 years of age or older may be nominated or elected to serve as a director. Directors need not be residents of the State of California. The Board shall have not less than eight (8) nor more than fourteen (14) directors. The number of authorized directors shall be set by an affirmative vote of a majority of the directors then in office. No reduction of the authorized number of directors shall have the effect of shortening the term of any incumbent director. The Board shall include at least one director who represents the consumer mission of the corporation and who currently is a consumer of the corporation's services.

SECTION 3. TERM OF OFFICE

Each director shall hold office for a term of two (2) years or until such director's successor is duly elected and qualified under Section 2 of this Article. No person shall serve as a director for more than four (4) consecutive terms. A director who has served the maximum number of terms may be eligible to serve as a director after two years has elapsed since that person was last a director.

SECTION 4. ELECTION OF DIRECTORS

(a) Nomination. Any person qualified to be a director under Section 2 of this Article may be nominated by any Board member, by a nominating committee established by the Board or by any other method authorized by law.

(b) Election. Directors shall be elected, as needed, at each regular meeting of the Board of Directors. The candidates receiving the highest number

of votes up to the number of directors to be elected shall be elected. Whenever there shall be an election to fill a seat on the Board of Directors, each director shall cast one vote for each director to be elected. Cumulative voting by directors for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Directors shall be eligible for re-election subject only to the restrictions set forth in Section 3 of this Article, provided they continue to meet the qualifications required by Section 2 of this Article.

SECTION 5. VACANCIES, RESIGNATION AND REMOVAL

(a) Vacancies on the Board shall exist (i) upon the death, resignation or removal of any director, or (ii) whenever the number of authorized directors is increased.

(b) Any director may resign effective upon giving written notice to the Chairperson, the Secretary, or the Board. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. No director may resign if such resignation will leave the corporation without at least one duly elected director in charge of its affairs except upon notice to the Attorney General of the State of California.

(c) A reduction of the number of authorized directors shall be effective only upon the expiration of the then-current directors' terms of office or upon the occurrence of any other vacancy on the Board, unless the reduction or the amendment also provides for the removal of one or more specified directors.

(d) Vacancies on the Board may be filled by approval of the Board or, if the number of directors then in office is less than a quorum, by:

- (i) The unanimous written consent of the directors then in office;
- (ii) The affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or a waiver of notice complying with this Article; or
- (iii) A sole remaining director.

(e) A person elected to fill a vacancy as provided by this Section shall hold office until the next election of the Board or until his or her death, resignation or removal from office.

(f) The Board may, by resolution, vote to declare vacant the office of a director who has been adjudged of unsound mind by a final order of court, or convicted of a felony, or having been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the Nonprofit Corporation Law.

(g) A director may be removed without cause by the vote of a majority of the directors then in office.

SECTION 6. RESTRICTION ON INTERESTED DIRECTORS

Notwithstanding any other provision of these bylaws, not more than 49 percent of the persons serving on the Board may be interested persons. An "interested person" is:

(a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months excluding any reasonable compensation paid to a director as director. For purposes of this definition, compensation means payment as a full or part-time employee, an officer, a contractor, a vendor or otherwise.

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 7. REGULAR AND ANNUAL MEETINGS

Regular meetings of the directors shall be held at least every other month at a place and time to be determined by the Board. The last regular meeting of the calendar year shall be the annual meeting.

At the annual meeting, the Board shall undertake the election of officers and directors as needed, and the transaction of other business.

SECTION 8. SPECIAL MEETINGS

Special meetings of the Board may be called by the Chairperson, a Vice Chairperson, the President, the Secretary, or by any two directors, and such meetings shall be held at the place, within or outside the State of California, designated by the person or persons calling the meeting, or in the absence of such designation, at the principal office of the corporation.

SECTION 9. PLACE OF MEETINGS; MEETINGS BY TELEPHONE

(a) Meetings of the Board shall be held at any place within or outside California that has been designated by resolution of the Board or in the notice of the meeting, or if not so designated, at the principal office of the corporation.

(b) Any director may participate in a meeting, and any meeting of the Board may be held by, conference telephone, video screen or other transmission, provided the requirements specified below are met. A director who participates in a meeting by such means shall be considered present in person for that meeting.

(i) In the case of a meeting held by conference telephone or video screen, all directors participating in the meeting are able to hear one another.

(ii) In the case of other electronic transmission:

- (A) Each director participating in the meeting can communicate with all other members concurrently, and
- (B) Each director is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose or to interpose an objection to a specific action to be taken by the corporation.

SECTION 10. NOTICE OF MEETINGS

(a) Subject to subsection (c), below, notices of Board meetings are valid if made by:

- (i) First-class mail, postage prepaid;
- (ii) Personal delivery of a written notice;

(iii) Delivery by overnight courier or private delivery service that can be and is confirmed;

(iv) Telephone, including a voice messaging system or other technology designed to record and communicate messages, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate that notice promptly to the director;

(v) Facsimile;

(vi) Electronic mail (e-mail); or

(vii) Other electronic means.

(b) Notwithstanding the above, notice may only be provided by facsimile, e-mail or other electronic means:

(i) To a director who has given his or her consent to receive notice by such means, and

(ii) That creates a record that is capable of retention, retrieval and review of such notice is recorded and may be rendered into a clearly legible, tangible form.

(b) Notice of regular meetings need not be given if fixed by a resolution of the Board that is noted in minutes distributed to all directors. Otherwise, notice of regular meetings shall be valid if made no less than 14 days prior to the date of the meeting. Notice of special meetings shall be valid if made at least 48 hours prior to the date and time of the meeting except for notice by mail which is not valid unless made four days prior to the date of the meetings.

(c) All notices of Board meetings shall be given or sent to the director's address, telephone number, fax number or e-mail address as shown on the corporation's records.

(d) The notice shall state the time and place for the meeting. However, it need not specify the purpose of the meeting, nor the place of the meeting if it is to be held at the principal office of the corporation.

(e) Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than 24 hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original

meeting if the adjourned meeting is held more than 24 hours from the time of the original meeting.

SECTION 11. QUORUM

A majority of the directors in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present, shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Corporation Law, except where prohibited by these bylaws or the law. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. Except as otherwise provided in these bylaws or by law, no business shall be considered by the Board at any meeting at which a quorum is not present. The only motion which is permitted at a meeting at which a quorum is not initially present is a motion to adjourn. A majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board.

SECTION 12. WAIVER OF NOTICE

Notice of a meeting of the Board need not be given to any director who:

- (a) Either before or after the meeting:
 - (i) Signs a waiver of notice;
 - (ii) Signs a written consent to the holding of the meeting;
 - (iii) Approves of the minutes of the meeting; or
- (b) Attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of proper notice to him or her.

The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

SECTION 13. ACTION WITHOUT A MEETING

- (a) Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board individually or collectively

(i.e., in one or more identically worded documents) consent in writing or electronic transmission (pursuant to subsection (c) below) to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

(b) Notwithstanding, the consent of any director who has a material financial interest in a transaction to which the corporation is a party and who is an "interested director" as defined in Section 5233 of the Nonprofit Corporation Law or Section 15 of this Article or a "common director" as defined in in Section 5234 of the Nonprofit Corporation Law or Section 15 of this Article, who abstains in writing from providing consent shall not be required for approval of that transaction if:

(i) The facts described in Subsections 15(a-d), below, are satisfied at or prior to execution of the written consent or consents;

(ii) The establishment of those facts is included in the written consent or consents executed by the noninterested or noncommon directors or in other records of the corporation; and

(iii) The noninterested or noncommon directors approve the action by a vote that is sufficient without counting the votes of the interested directors or common directors.

(c) Written consent may be made by:

(i) Facsimile telecommunication or electronic mail (e-mail) when such transmission is directed to the facsimile number or e-mail address, respectively, that the corporation has provided from time-to-time to directors for sending communications to the corporation;

(ii) Posting on an electronic message board or network that the corporation has designated for those communications, and which transmission shall be validly delivered upon the posting; or

(iii) Other means of electronic communication,

as to which the corporation has placed in effect reasonable measures to verify that the sender is the director purporting to send the transmission and that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

SECTION 14. PRESIDING OFFICER

Meetings of the Board shall be presided over by the Chairperson or, in his or her absence, by the Vice Chairperson, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, a Vice Chairperson designated by the Board of Directors, or, in the absence of each of these persons, by a person chosen by a majority of the directors present at the meeting. The Secretary of the corporation shall act as Secretary of all meetings of the Board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the meeting.

SECTION 15. SELF-DEALING

The corporation shall not enter into any contract or transaction with any (i) director of the corporation (an "interested director"), (ii) officer of the corporation, or (iii) corporation, firm, association, or other entity in which one or more of this corporation's directors or officers are directors or officers (a "common director") or have a material financial interest, or in which any of these parties are or will be directly or indirectly interested, unless:

(a) The material facts regarding that director's or officer's financial interest in such contract or transaction, or regarding such common directorship, officership, or financial interest, are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board, prior to consideration by the Board of such contract or transaction;

(b) Such contract or transaction is authorized in good faith by a vote of the majority of the Board without counting the votes of the interested directors;

(c) Before authorizing or approving the transaction, the Board considers and in good faith decides, after reasonable investigation, that the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and

(d) At the time the transaction is entered into (i) the transaction is fair and reasonable to the corporation, and (ii) the corporation entered into it for its own benefit.

SECTION 16. COMPENSATION

Directors may receive reasonable compensation for service to the corporation as a director, and, subject to Section 6 and the requirements of Section 15 of this Article, may receive reasonable compensation for rendering services to the corporation in any other capacity. Directors also may be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in this Article.

SECTION 17. LOANS TO OFFICER OR DIRECTORS

(a) The corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation or of its parent or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director, provided that in the absence of such advance, such director or officer would be entitled to be reimbursement for such expenses by the corporation, its parent, or any subsidiary.

(b) The provisions of this Section do not apply to:

(i) The payment of premiums in whole or in part by the corporation on a life insurance policy on the life of a director or officer so long as repayment to the corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value; or

(ii) A loan of money to or for the benefit of an officer in circumstances where the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of the officer in order to secure the services or continued services of the officer and the loan is secured by real property located in California.

ARTICLE V

COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE

This corporation may have an Executive Committee consisting of the Chairperson, the Vice-Chairperson, and up to three (3) additional Directors as designated by the Chairperson and ratified by a majority of directors then in office. Except as set forth in Section 3 of this Article, the Executive Committee, if there is one, shall have the full authority of the Board at all times when the Board is not in session. The Executive Committee shall meet monthly and as otherwise determined by the Chairperson and Vice-Chairperson. For purposes of notice, all meetings of the Executive Committee shall be deemed special meetings. The Chairperson shall serve as Chair of the Executive Committee. The President may attend Executive Committee meetings as a non-voting advisory member. The Chairperson may invite other executive level employees of the corporation to attend Executive Committee meetings on a regular or periodic basis. Such employees shall not have any voting rights.

SECTION 2. OTHER COMMITTEES OF THE BOARD

The Board of Directors may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. (Non-directors may not serve on committees except as non-voting, advisory members.) Other than the Executive Committee, committees of the Board shall have such authority as is delegated in a resolution duly adopted by the Board. By a majority vote of the directors then in office, the Board may at any time revoke or modify any or all of the authority delegated to any committee of the Board, increase or decrease, but not below two (2) the number of members of any committee of the Board, and fill vacancies in any committees of the Board from the members of the board. All committees shall keep regular minutes of their proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

SECTION 3. RESERVATION OF AUTHORITY

The following powers are reserved to the Board of Directors as a whole and may not be delegated to any committee thereof:

- (a) Filling vacancies on the Board of Directors or in any committee of the Board;
- (b) The amendment or repeal of these Bylaws or the Articles of Incorporation, or the adoption of new Bylaws or Articles of Incorporation.

(c) The amendment or repeal any resolution of the Board which, by its express terms, is not so amendable or repealable;

(d) Establishing any other committees of the board or appointing any members of committees of the Board;

(e) Expending corporate funds to support a nominee or director after there are more people nominated for director than can be elected;

(f) Approval of any transaction (i) to which the corporation is a party and one or more directors have a material financial interest; or (ii) between the corporation and one or more of its directors or between the corporation and any person in which one or more of its directors have a material financial interest.

SECTION 4. AUDIT COMMITTEE

If in any fiscal year in which the corporation has gross revenues of \$2 million (exclusive of grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received) or more, this corporation shall have an Audit Committee. Notwithstanding the other provisions of this Article, the Audit Committee shall have the following duties and composition:

(a) It shall be the duty of the Audit Committee to:

(i) Recommend to the Board of Directors the retention and termination of the independent auditor;

(ii) Confer with the auditor to satisfy the committee members that the financial affairs of the corporation are in order;

(iii) Review and determine whether to accept the audit; and

(iv) Approve performance of any non-audit services to be provided by the auditing firm.

In addition, the Audit Committee may negotiate the compensation of the auditor on behalf of the Board.

(b) The Audit Committee shall be composed of at least one person. Audit committee members need not be directors of the corporation. In addition, the composition of the Audit Committee shall be restricted as follows:

(i) The corporation's Chief Executive Officer, Treasurer any paid staff, and anyone who does business or has any financial interest in any entity that does business with the corporation may not be on the Audit Committee.

(ii) If the corporation has a finance committee, its members must comprise less than 50% of the Audit Committee and the chair of the Audit Committee may not serve on the finance committee.

SECTION 5. COMPENSATION COMMITTEE

The corporation shall have a Compensation Committee consisting of the Chairperson, the Vice-Chairperson and up to three (3) additional directors as designated by a majority of directors then in office. It shall be the duty of the Compensation Committee to:

(a) Review and recommend to the Board the compensation and bonus structure for the President; and

(b) Make recommendations to the Board with regard to director compensation.

SECTION 6. MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article IV, concerning meetings of directors, with such changes in the context of these Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Board of Directors may adopt rules for governance of any committee not inconsistent with the provisions of these Bylaws.

SECTION 7. ADVISORY COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the Board. Such other committees may consist of persons who are not also members of the Board. These additional committees shall act in an advisory capacity only and shall be clearly titled as "advisory" committees.

ARTICLE VI

OFFICERS

SECTION 1. OFFICERS

The officers of the corporation shall be a President (also referred to as the Chief Executive Officer), a Chairperson of the Board (the "Chairperson"), a Vice-Chairperson, a Secretary, and a Treasurer (also referred to as the Chief Financial Officer). Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President, the Chairperson or the Vice-Chairperson.

SECTION 2. ELECTION OF OFFICERS

The officers of the corporation, except those appointed in accordance with the provisions of Section 3 of this Article, shall be elected by the Board of Directors at the annual meeting and shall serve a term of two (2) years, subject to the rights, if any, of an officer under any contract of employment.

SECTION 3. SUBORDINATE OFFICERS

The Board of Directors may appoint, and may authorize the Chairperson or the Vice-Chairperson or another officer to appoint, any other officers that the business of the corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined from time to time by the Board of Directors.

SECTION 4. REMOVAL OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by an officer on whom such power

of removal may be conferred by the Board of Directors.

SECTION 5. RESIGNATION OF OFFICERS

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified, acceptance by the Board shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SECTION 6. VACANCIES IN OFFICES

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by majority vote of the directors then in office.

SECTION 7. DUTIES OF OFFICERS

(a) President. Subject to the control of the Board, the President shall be the Chief Executive Officer of this Corporation and shall generally supervise, direct and control the Corporation's activities and affairs. The President shall exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Board. The President shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the Board. The President shall be a non-voting advisory member of the Board and the Executive Committee. The President shall also carry the title of "Chief Executive Officer."

(b) Chairperson. The Chairperson shall preside at all meetings of the Board. The Chairperson shall perform all other duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the Board.

(c) Vice-Chairperson. In the absence or disability of the Chairperson, the Vice-Chairperson shall perform all the duties of the Chairperson, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chairperson. The Vice-Chairperson shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Chairperson.

(d) Secretary. The Secretary shall:

(i) Certify and keep, or cause to be kept, at the principal office of the corporation the original, or a copy, of the Articles of Incorporation and of these bylaws, as amended or otherwise altered to date.

(ii) Keep, or cause to be kept, at the principal office of the corporation or at such other place as the Board may direct, a book of minutes of all meetings, proceedings and actions of the Board and of committees of the Board. The minutes of meetings shall include the time and place the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; how notice was given and to whom; the names of the persons present at the Board and committee meetings; the actions taken and decisions made by the Board at that meeting, including the votes for, against and in abstention of each such action or decision, and may also include how each director voted on such action or decision.

(iii) See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

(iv) Be custodian of the records and of the seal of the corporation, if there is a seal, and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these bylaws and by the Board.

(v) Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, these bylaws as amended to date, the Articles of Incorporation as amended to date, the minutes of the proceedings of the directors of the corporation, and the corporation's applications for tax exemption.

(vi) In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the Board.

(e) Treasurer. The Treasurer shall:

(i) Keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties

and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. Books of account shall be maintained in accordance with applicable Generally Accepted Accounting Principles.

(ii) Send, or cause to be given, to the directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board.

(iii) Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the books of account of the corporation.

(iv) Have charge and custody of, and be responsible for, all funds and securities of the corporation, and (i) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate, and (ii) disburse, or cause to be disbursed, the corporation's funds as the Board may order.

(v) Render to the Chairperson and directors, whenever requested, an account of any or all of his or her transactions as Treasurer, and of the financial condition of the corporation.

(vi) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

(vii) In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the Board.

(viii) If required by the Board, give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer upon his or her death, resignation, retirement, or removal from office.

(ix) Provide, or cause to be provided, to the public, all filings required to be disclosed and made generally available to the public in the

form or forms required by the Internal Revenue Service and all other tax regulation and charitable solicitation regulation authorities, or by statute.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

SECTION 1. DEFINITIONS

For purpose of this Article,

(a) “Agent” means any person who is or was a director, officer, employee, or other agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;

(b) “Proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and

(c) “Expenses” includes, without limitation, all attorneys’ fees, costs and any other expense incurred in the defense of any claims or proceedings against an agent and all attorneys’ fees, costs and other expenses incurred in establishing a right to indemnification under this Article.

SECTION 2. SUCCESSFUL DEFENSE BY AGENT

To the extent that an agent of this corporation has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him or her, then the provisions of Sections 3 through 5 of this Article shall determine whether the agent is entitled to indemnification.

SECTION 3. ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATION

Subject to the required findings to be made pursuant to Section 5, below, this corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of this corporation, or by any officer, director or person granted related status by the Attorney General, or by the Attorney General on the grounds that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233, or by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this corporation, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

SECTION 4. ACTION BROUGHT BY OR ON BEHALF OF THE CORPORATION

(a) Claims Settled Out of Court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition incurred in defending against the proceeding, unless it is settled with the approval of the Attorney General.

(b) Claims and Suits Awarded against Agent. This corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of this corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following criteria are met:

(i) The determination of good faith conduct required by Section 5, below, must be made in the manner provided for in that Section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent should be entitled to indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

SECTION 5. DETERMINATION OF AGENT'S GOOD FAITH CONDUCT

The indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

(a) Required Standard of Conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he or she believed to be in the best interests of this corporation, and with such care, use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of this corporation or that he or she had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his or her conduct was unlawful.

(b) Manner of Determination of Good Faith Conduct. The determination that the agent did act in a manner complying with Paragraph (a) above shall be made by:

(i) The Board of Directors by a majority vote of a quorum, consisting of Directors who are not parties to the proceeding; or

(ii) The court in which the proceeding is or was pending. Such determination may be made on application brought by this corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney or other person is opposed by this corporation.

SECTION 6. LIMITATIONS

No Indemnification or advance shall be made under this Article in any circumstances when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, a resolution of the Board, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 7. ADVANCE OF EXPENSES

Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 8. CONTRACTUAL RIGHTS OF NON-DIRECTORS AND NON-OFFICERS

Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of this corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

SECTION 9. INSURANCE

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation against any liability other than for violating provisions against self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this Section.

ARTICLE VIII

RECORDS AND REPORTS

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep:

(a) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;

(b) Minutes of all meetings of directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or

special, how called, the notice given, and the names of those present and the proceedings thereof; and

(c) Copies of all filings made to the Internal Revenue Service, the California Franchise Tax Board, California Secretary of State, and California Attorney General that the corporation is required, by statute or regulation, to make generally available to the public.

All such records shall be kept at the corporation's principal office, or if its principal office is not in the State of California, at its principal business office in this state.

SECTION 2. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS

The corporation shall keep at its principal office, or if its principal business office is in this state, the original or a copy of the Articles and bylaws as amended to date.

SECTION 3. INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 4. ANNUAL REPORT TO BOARD OF DIRECTORS

Not later than 120 days after the close of the corporation's fiscal year, the Chairperson of the Board shall cause an annual report to be sent to each member of the Board of Directors. Such report shall contain the following information in reasonable detail:

(a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the corporation both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses of disbursements of the corporation, for both general and restricted purposes, during the fiscal year; and

(e) Any information required by Section 5 of this Article.

The report required by this Section shall be accompanied by any report thereon of independent accountants, or if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

SECTION 5. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS

No later than the time the corporation gives its annual report, if any, to the directors, and in any event no later than 120 days after the close of the corporation's fiscal year, the corporation shall prepare and mail or deliver to each director a statement of the amount and circumstances of any transaction or indemnification of the following kind:

(a) Any transaction(s) in which the corporation, its parent or its subsidiary was a party, and in which either of the following had a direct or indirect financial interest:

(i) Any director or officer of the corporation, its parent or subsidiary (a mere common directorship shall not be considered such an interest); or

(ii) Any holder of more than 10% of the voting power of the corporation, its parent or its subsidiary; if such transaction involved over \$40,000, or was one of a number of transactions with the same person involving in the aggregate, over \$40,000.

(b) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation pursuant to Article VII hereof, unless such indemnification has already been approved by the directors pursuant to Section 5(b)(i) of Article VII.

ARTICLE IX

EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

Except as otherwise provided in these bylaws, the Board may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 2. CHECKS AND NOTES

The Board shall determine who shall be authorized from time to time on the corporation's behalf to sign checks, drafts and other orders for payment of money. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

SECTION 4. GIFTS

The Board may accept on behalf of the corporation, any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

SECTION 5. REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The Chairperson or any other officer or officers authorized by the Board are each authorized to vote, represent, and exercise on behalf of the corporation all rights incident to any and all shares of any other Corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized to do so by proxy or power of attorney duly executed by said officer. Notwithstanding the above, the Board shall vote or direct the Chairperson with respect to matters involving this corporation's membership in other nonprofit corporations.

ARTICLE X

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both the corporation and a natural person.

ARTICLE XI

AMENDMENTS

SECTION 1. AMENDMENT OF BYLAWS

Subject to any provision of these bylaws or to any law applicable to the amendment of bylaws of a Nonprofit Public Benefit Corporation, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted by the affirmative vote of a majority of the directors then currently in office.

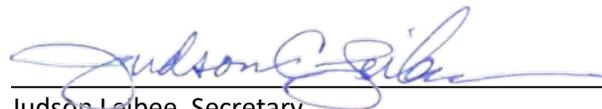
SECTION 2. AMENDMENT OF ARTICLES OF INCORPORATION

Any amendment of the Articles of Incorporation may be adopted by the affirmative vote of a majority of the directors then currently in office.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Amended and Restated Bylaws of Step Up on Second Street, Inc. and that such Bylaws were duly adopted by the Board of Directors of said Corporation on April 28, 2021.

Dated: June 30, 2021

A handwritten signature in blue ink, appearing to read "Judson Leibel", is written over a horizontal line.

Judson Leibel, Secretary



VISION

Step Up envisions that all individuals, families, and communities affected by serious mental health issues, and persons who are experiencing chronic homelessness, will have the opportunity to experience recovery and a sense of belonging, and that permanent supportive housing will be available to everyone.

MISSION

Step Up delivers compassionate support to people experiencing serious mental health issues, and persons who are experiencing chronic homelessness, to help them recover, stabilize, and integrate into the community. Through dynamic partnerships, we provide positive social and learning environments, vocational training, permanent supportive housing opportunities, and recovery services to empower individuals to cultivate lives of hope and dignity. We exercise innovative leadership and advocacy to increase public understanding, support, and acceptance of all people living with serious mental health issues.

1328 Second Street • Santa Monica • CA • 90401 • 310.394.6889 • www.stepup.org • EIN #95-4109386



Step Up On Second Street, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Step Up On Second Street, Inc. and Subsidiaries
Santa Monica, California

We have audited the accompanying consolidated financial statements of Step Up On Second Street, Inc. and Subsidiaries (a California nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Step Up On Second Street, Inc. and Subsidiaries as of June 30, 2021, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 33 - 35 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Armanino^{LLP}
Los Angeles, California

June 17, 2022

Step Up On Second Street, Inc. and Subsidiaries
 Consolidated Statement of Financial Position
 June 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,721,879
Receivables, net	8,598,460
Due from related party	592,689
Prepaid expenses and other current assets	<u>551,001</u>
Total current assets	<u>11,464,029</u>
Fixed assets, net	<u>40,817,032</u>
Other assets	
Restricted deposits and funded reserves	4,596,069
Notes receivable from unconsolidated related parties	1,984,283
Investments in unconsolidated limited partnerships	754,627
Deposits	<u>294,666</u>
Total other assets	<u>7,629,645</u>
Total assets	<u><u>\$ 59,910,706</u></u>

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

Step Up On Second Street, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2021

LIABILITIES AND NET ASSETS

Current liabilities	
Line of credit	\$ 750,000
Current portion of long-term debt	5,044,922
Accounts payable and accrued expenses	3,178,587
Deferred revenue	<u>1,829,659</u>
Total current liabilities	<u>10,803,168</u>
Long-term liabilities	
Long-term debt	16,529,672
Deferred developer fees	865,508
Client trust accounts	139,423
Tenant security deposit liabilities	<u>55,151</u>
Total long-term liabilities	<u>17,589,754</u>
Total liabilities	<u>28,392,922</u>
Commitments and contingencies (Notes 11 and 15)	
Net assets	
Without donor restrictions	
Without donor restrictions	3,348,626
Noncontrolling interest (Note 4)	<u>1,899,642</u>
Total without donor restrictions	<u>5,248,268</u>
With donor restrictions	
Net assets restricted for housing projects - conditional promissory notes	12,978,255
Purpose-restricted net assets	390,000
Time-restricted net assets	997,333
Non-controlling interests	<u>11,903,928</u>
With donor restrictions	<u>26,269,516</u>
Total net assets	<u>31,517,784</u>
Total liabilities and net assets	<u>\$ 59,910,706</u>

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

Step Up On Second Street, Inc. and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contracts and grants	\$ 31,341,503	\$ -	\$ 31,341,503
Contributions	1,620,589	1,132,162	2,752,751
Rental income	1,210,683	-	1,210,683
Housing grant	141,785	-	141,785
Miscellaneous	38,526	-	38,526
Developer fees	754,221	-	754,221
Management fees	325,816	-	325,816
Interest income	3,320	-	3,320
Losses from investments in limited partnerships	(12,639)	-	(12,639)
Net assets released from restriction	<u>1,326,213</u>	<u>(1,326,213)</u>	<u>-</u>
Total revenues, gains, and other support	<u>36,750,017</u>	<u>(194,051)</u>	<u>36,555,966</u>
Functional expenses			
Program services	<u>32,221,705</u>	<u>-</u>	<u>32,221,705</u>
Support services			
Management and general	4,651,759	-	4,651,759
Fundraising	<u>1,553,316</u>	<u>-</u>	<u>1,553,316</u>
Total support services	<u>6,205,075</u>	<u>-</u>	<u>6,205,075</u>
Total functional expenses	<u>38,426,780</u>	<u>-</u>	<u>38,426,780</u>
Change in net assets from operations	<u>(1,676,763)</u>	<u>(194,051)</u>	<u>(1,870,814)</u>
Non-operating			
Homekey housing grant (Note 4)	-	11,905,000	11,905,000
Forgiveness of Paycheck Protection Program loan	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Total non-operating	<u>2,500,000</u>	<u>11,905,000</u>	<u>14,405,000</u>
Change in net assets	823,237	11,710,949	12,534,186
Net assets, beginning of year, as restated (Note 22)	4,019,257	14,558,567	18,577,824
Equity contribution from limited partner (noncontrolling interest)	<u>405,774</u>	<u>-</u>	<u>405,774</u>
Net assets, end of year	<u>\$ 5,248,268</u>	<u>\$ 26,269,516</u>	<u>\$ 31,517,784</u>

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

Step Up On Second Street, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries	\$ 16,615,818	\$ 1,880,076	\$ 849,981	\$ 19,622,502
Payroll taxes and employee benefits	<u>3,351,345</u>	<u>891,979</u>	<u>171,195</u>	<u>4,137,892</u>
Total personnel expenses	19,967,163	2,772,055	1,021,176	23,760,394
Auto and equipment leases	189,060	82,973	4,686	276,719
Bad debt expense	277,365	-	-	277,365
Bank charges and late fees	1,883	71,765	5,918	79,566
Depreciation and amortization	568,322	22,467	-	590,789
Dues and subscriptions	34,555	10,763	1,993	47,311
Fundraising, advertising, and recruiting	1,007	3,007	70,806	74,820
Insurance	308,935	80,870	3,295	393,100
Interest	149,927	77,726	-	227,653
Program supplies	1,608	25,725	-	27,333
Office supplies	762,281	108,430	231,744	1,102,455
Postage, shipping, and courier services	29,519	11,587	12,073	53,179
Printing	437	145	339	921
Professional fees	1,555,286	721,684	35,026	2,311,996
Rent and occupancy costs	5,680,808	5,101	116,862	5,802,771
Rent	899,114	311,336	3,188	1,213,638
Repairs and maintenance	470,158	5,062	9,866	485,086
Staff training and development	102,858	26,554	16,653	146,065
Taxes and licenses	220,701	1,203	82	221,986
Telephone and internet	290,323	216,192	13,625	520,140
Transportation	407,739	89,954	3,497	501,190
Utilities	<u>302,656</u>	<u>7,160</u>	<u>2,487</u>	<u>312,303</u>
	<u>\$ 32,221,705</u>	<u>\$ 4,651,759</u>	<u>\$ 1,553,316</u>	<u>\$ 38,426,780</u>

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

Step Up On Second Street, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 12,534,186
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	590,789
Losses of unconsolidated limited partnerships	12,639
Deferred interest on long-term debt	141,807
Forgiveness of Paycheck Protection Program loan	(2,500,000)
Contributions for long-term purposes (Note 4)	(11,905,000)
Changes in operating assets and liabilities	
Accounts receivable	(1,625,246)
Prepaid expenses and other current assets	(63,743)
Deposits	(9,489)
Accounts payable and accrued expenses	249,018
Deferred revenue	273,545
DMH liability	(264,295)
Client trust accounts	27,229
Tenant security deposit liabilities	(6,597)
Due from related party	<u>(592,689)</u>
Net cash used in operating activities	<u>(3,137,846)</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(22,598,562)</u>
Net cash used in investing activities	<u>(22,598,562)</u>
Cash flows from financing activities	
Proceeds from issuance of long-term debt	9,470,699
Principal payments on long-term debt	(462,424)
Net borrowings and repayments on line of credit	250,000
Limited partner contribution (noncontrolling interest)	405,774
Contributions for long-term purposes (Note 4)	<u>11,905,000</u>
Net cash provided by financing activities	<u>21,569,049</u>
Net decrease in cash	(4,167,359)
Cash, cash equivalents and restricted cash, beginning of year	<u>10,485,307</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,317,948</u>

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

Step Up On Second Street, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021

Cash, cash equivalents and restricted cash consisted of the following:

Cash and cash equivalents	\$ 1,721,879
Restricted deposits and funded reserves	<u>4,596,069</u>
	<u>\$ 6,317,948</u>

Supplemental disclosure of cash flow information

Cash paid during the year interest	\$ 202,181
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The accompanying notes are an integral part of these consolidated financial statements.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS

Step Up On Second Street, Inc. ("SUOSS, Inc."), a California tax-exempt public benefit nonprofit corporation, was formed on July 25, 1986, to provide quality housing, educational, vocational, case management, socialization, and advocacy services to adults and youth experiencing serious mental health issues and chronic homelessness, so they can become productive members of the community. SUOSS, Inc.'s principal funding is from the County of Los Angeles Department of Mental Health. Other support is provided by federal, state and local governments, corporate and foundation grants, and charitable gifts provided by individuals.

In order to fulfill its mission, SUOSS, Inc. has formed a number of subsidiary limited partnerships and limited liability companies (the "Subsidiaries") which are included as part of the consolidated financial statements. Collectively, the consolidated entities are referred to as "the Organization." Consolidated subsidiaries include:

- Step Up on Second, L.P. ("SUOS, LP")/Step Up on Second Preservation L.P. ("SUOSPRES, LP") – This is a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in Santa Monica, CA. SUOSS, Inc. owns 100% of SUOS, LP through a direct 1% interest as the general partner, and a 99% interest through a single member LLC ("SUOS, LLC") as the limited partner. On December 1, 2019, this project was resyndicated using low income housing tax credits and bond financing in "SUOSPRES, LP". SUOSS, Inc. serves as the managing general partner and owns .01% of SUOSPRES, LP through Step Up on Second Preservation, LLC ("SUOSPRES, LLC") a wholly owned subsidiary of SUOSS, Inc. SUOS, LP issued a Seller Carryback Note with the new ownership entity, as further described in Note 13.
- Step Up on Second Seller Note Holder, LLC ("SUOSNOTE, LLC"). This entity holds two promissory notes with SUOSPRES, LP as maker. SUOSS Inc. owns 19% of SUOSNOTE, LLC with an unaffiliated nonprofit, Synergy Community Housing Corp ("SYNERGY") owning the remaining interest. SUOSS, Inc serves as the manager of this entity, and accordingly SUOSNOTE, LLC is consolidated in accordance with GAAP. SYNERGY may have other rights under the operating agreement, as more fully described in Note 13.
- Daniel's Village, LLC ("Daniel's Village") – SUOSS Inc. operates a permanent supportive affordable housing project for low and very-low income households and for those experiencing homelessness and mental health issues in Santa Monica, CA. SUOSS, Inc. is the sole member and manager of this entity.
- Michael's Village, LLC ("Michael's Village") – SUOSS Inc. owns and operates a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in Hollywood, California. SUOSS, Inc. is the sole member and manager of this entity.
- The Tammy Apartments, LLC ("The Tammy") – SUOSS Inc. owns and operates a permanent supportive affordable housing project for low and very-low income households and for persons experiencing chronic homelessness and serious mental health issues in Los Angeles, California. SUOSS, Inc. is the sole member and manager of this entity.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS (continued)

- Step Up on 26th, LLC ("SUO26, LLC") – SUOSS Inc. owns and operates a permanent supportive affordable housing project for low and very-low income households and for persons experiencing chronic homelessness and serious mental health issues in Santa Monica, California. SUOSS, Inc. is the sole member and manager of this entity.
- Step Up Developer, LLC ("Developer, LLC") – This entity provides development management services for SUOSS, Inc. in the state of Florida. SUOSS, Inc. is the sole member and manager of this entity.
- Step Up on Second Preservation, L.P. ("SUOSPRES, LP") – SUOSPRES, LP owns and operates a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in Santa Monica, CA. SUOSS, Inc. is the sole member and manager of this entity. SUOSS, Inc. owns .01% of this entity through a single member LLC, SUOSPRES, LLC. Any profit or loss relating to the other partners is accumulated under noncontrolling interest on the consolidated statement of financial position.
- Step Up GP, LLC ("SUGP, LLC") - Serves as the general partner for affordable housing projects. SUGP, LLC serves as the managing general partner on two Homekey projects funded by the State of California (545WORKST, LP and 405GST, LP) as further described below. SUOSS, Inc. is the sole member and manager of this entity. Additionally, SUGP, LLC is the managing general partner on 1228 Normandie, LP, a modular construction project in Korea Town.
- 545 Work Street, L.P. ("545WORKST, LP") - 545WORKST, LP owns and operates a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in Salinas, California. SUOSS, Inc. owns .009% of this entity through a single member LLC, SUGP, LLC. Any profit or loss relating to the other partners is accumulated under noncontrolling interest on the consolidated statement of financial position.
- 450 G Street L.P. ("450GST, LP") - 450GST, LP owns and operates a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in San Bernardino, California. SUOSS, Inc. owns .009% of this entity through a single member LLC, SUGP, LLC. Any profit or loss relating to the other partners is accumulated under noncontrolling interest on the consolidated statement of financial position.

SUOSS, Inc. has formed and has control over the following entities in furtherance of its mission and but which are not included in the consolidated financial statements because they had no reportable activity:

- Step Up at Bogart, LLC ("SUBOGART, LLC") - Will intend to own and operate an affordable housing tax credit project providing permanent supportive affordable housing for low-income and very low-income households including those persons experiencing chronic homelessness and mental health issues in Riverside, CA. As of June 30, 2021, the project has been abandoned and management intends to dissolve this entity.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS (continued)

- Step Up El Monte Family GP, LLC ("El Monte Family, LLC") – A sole purpose entity that serves as the administrative general partner for a low income housing tax credit project providing permanent supportive affordable housing to low income families and persons experiencing chronic homelessness and serious mental health issues in the City of El Monte. SUOSS, Inc is the sole member and manager of this entity.
- Step Up El Monte Veteran GP, LLC ("El Monte Veteran, LLC") – A sole purpose entity that serves as the administrative general partner for a low income housing tax credit project providing permanent supportive affordable housing to veterans experiencing chronic homelessness and serious mental health issues in the City of El Monte. SUOSS, Inc is the sole member and manager of this entity.
- Step Up in Warley Park, LLC ("Warley, LLC") – A single purpose entity that owns a .0051% interest as the administrative general partner in Warley Park, LP as further described below. SUOSS, Inc is the sole member and manager of this entity.
- Step Up in Windgate Commons, LLC ("Windgate, LLC") – A single purpose entity that owns a .0051% interest as the administrative general partner in Windgate Commons, LP as further described below. SUOSS, Inc is the sole member and manager of this entity. As of June 30, 2021, the project has been abandoned and management intends to dissolve this entity.

SUOSS, Inc. also participates in other housing operations in which it is a member or general partner, but lacks control over certain key decisions which are given to the managing general partner, or special general partner representing the limited partner interest. These entities are not consolidated and are included within "Investments in unconsolidated limited partnerships" in the consolidated statement of financial position:

- Step Up on Fifth, L.P. ("SUOF, LP") – Owns and operates an affordable housing project for low-income families and persons experiencing chronic homelessness and serious mental health issue in Santa Monica, California.
- Step Up on Vine, L.P. ("SUOV, LP") – Owns and operates a permanent supportive affordable housing project for persons experiencing chronic homelessness and serious mental health issues in Los Angeles, California. SUOSS, Inc. owns .01% of this entity through a single member LLC, Step Up on Vine, LLC ("SUOV, LLC").
- Step Up on Colorado, L.P. ("SUOC, LP"), - Owns and operates a permanent supportive affordable housing project for low income families and persons experiencing chronic homelessness and serious mental health issues in Santa Monica, California. SUOSS, Inc. holds its interest in this limited partnership through 50% ownership of Step Up on Colorado, LLC ("SUOC, LLC"), the limited partnership's general partner. Hollywood Community Housing Corporations owns the other 50% of the LLC and is the managing general partner of SUOC, LP.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS (continued)

- Warley Park, L.P. ("WARLEY PARK, LP") – Owns and operates an affordable housing project for low-income and very low-income households including those persons experiencing chronic homelessness and mental health issues in Sanford Florida.
- Durham Place, LP ("DURHAMPL, LP") - A single purpose entities that owns a .0051% interest as the administrative general partner in Durham Place, LP. Durham Place, LP will own and operate an affordable housing project, which for low-income and very low-income households including those person experiencing chronic homelessness and mental health issues in Orlando, Florida. SUOSS, Inc. holds its .0049% interest in this limited partnership through Step Up in Durham Place, LLC ("SUDURHAM, LLC").
- Broadway Apartments, Preservation, L.P. ("BROADAPT, LP") – Owns and operates a low-income housing tax credit project providing permanent supportive affordable housing to veterans experiencing chronic homelessness and serious mental health issues in the City of Los Angeles. SUOSS, Inc. owns a direct .002% interest as the administrative general partner of this entity.
- Western Avenue Apartments Preservation, L.P. ("WESTERNAPT, LP") - Owns and operates a low-income housing tax credit project providing permanent supportive affordable housing to veterans experiencing chronic homelessness and serious mental health issues in the City of Los Angeles. SUOSS, Inc. owns a direct .002% interest as the administrative general partner of this entity.
- West Third Apartments Preservation, L.P. ("WEST3RDAPT, LP") - Owns and operates a low-income housing tax credit project providing permanent supportive affordable housing to veterans experiencing chronic homelessness and serious mental health issues in the City of Los Angeles. SUOSS, Inc. owns a direct .002% interest as the administrative general partner of this entity.
- 1228 Normandie, LP ("NORMANDIE LP") – Will own and operate a 75 unit low-income housing project providing permanent supportive affordable housing, utilizing modular construction. Step Up owns a direct .009% interest as the managing general partner through SUGP, LLC.
- Building 205 Preservation L.P. ("BLDG205, LP") - Leases and operates a permanent supportive affordable housing project for veteran persons experiencing chronic homelessness and serious mental health referred to through the US Department of Veteran Affairs, West LA Campus, California. SUOSS, Inc. is the Managing General Partner and owns .002% of this entity.
- Building 208 Preservation LP ("BLDG208, LP") - Leases and operates a permanent supportive affordable housing project for veteran persons experiencing chronic homelessness and serious mental health referred to through the US Department of Veteran Affairs, West LA Campus, California. SUOSS, Inc. is the Managing General Partner and owns .002% of this entity.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The accompanying consolidated financial statements include the accounts of SUOSS, Inc., and its affiliates SUOS LP, SUOS LLC, Daniel's Village, Michael's Village, The Tammy, Developer LLC, SUO26, LLC, SUOSNOTE, LLC, and SUOSPRES LP. Collectively, SUOSS, Inc. and these affiliates are referred to as the "Organization." All significant intercompany transactions and balances have been eliminated in consolidation.

SUOF LP, SUOV LP, SUOC LP, WARLEY PARK, LP, DURHAMPL, LP, BROADAPT, LP, WESTERNAPT, LP, WEST3RDAPT, LP and NORMANDIE LP are not controlled by SUOSS, Inc. and the assets, liabilities, and results of operations are not included in the accompanying consolidated financial statements but are recognized using the equity method of accounting.

Income tax status

SUOSS, Inc. is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

SUOS LLC, Daniel's Village, The Tammy, Michael's Village, Developer, LLC, and SUO26, LLC are SMLLCs which are deemed to be disregarded entities for income tax purposes. SUOS, LP is a limited partnership between SUOS, LLC and SUOSS, Inc. Accordingly, all earnings, gains, and losses of the SMLLCs and SUOS, LP are passed through to their respective member, SUOSS, Inc. No taxes or fees are payable for federal income tax purposes. For California, each LLC and LP is required to pay a fee based on gross receipts, as defined, plus \$800 annually.

Financial statement presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

- *Net assets without donor restrictions* - are net assets arising from grants, contributions, rents, fees, sales and other forms of revenue that are not restricted by the donor or grantor as well as expenditures related to the general operations of the Organization.
- *Net assets with donor restrictions* - are net assets that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2021.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

The Organization considers financial instruments with original maturities of 90 days or less to be cash equivalents.

Cash held-in-trust

The Organization maintains bank accounts, segregated from the Organization's assets, for cash held-in-trust for certain program participants. At June 30, 2021, the amount of such funds held-in-trust totaled \$139,423, and is included within restricted deposits and funded reserves on the consolidated statement of financial position. Balances in such accounts are FDIC-insured up to the applicable limits.

Accounts receivable

Accounts receivable are unsecured and the Organization is at-risk to the extent that such amounts become uncollectible. The Organization uses the allowance method for uncollectible accounts receivable.

Property and equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	27.5 years
Leasehold improvements	27.5 years
Furniture and fixtures	3 - 7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Organization during the year.

Deferred revenue

The Organization receives cash flow advances as part of its contracts with Los Angeles County Department of Mental Health ("DMH"). Advances received in excess of revenue recognized are presented as a deferred revenue liability on the consolidated statement of financial position.

Contributed goods and services

Donations of merchandise to the Organization, primarily consisting of used clothing, are not recorded as revenue due to the inability to estimate the fair value when received. The Organization also receives many hours of donated volunteer time; no amounts have been reflected in the accompanying consolidated financial statements for these contributed services, as the value of these services does not meet the criteria for recording established by accounting principles generally accepted in the United States of America.

Revenue and revenue recognition

The Organization recognized rental revenues of \$1,210,683 for the year ended June 30, 2021. Rental income is generated primarily through the Organization's housing projects and tenant subsidies. The Organization also develops housing and recognizes developer fees when it has fulfilled its obligations under development agreements. Development fees earned from projects consolidated within the financial statements are deferred and recognized over time.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and revenue recognition (continued)

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of approximately \$8,410,000 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred. As of June 30, 2021, \$1,829,659 has been received in advance under the Organization's federal and state contracts and grants.

Revenue from contracts with the Los Angeles County Department of Health (the "County") are not readily predictable, as the contracts contain multiple funding limits, are frequently amended and are billed using unit rates then settled at actual costs. As a result, the Organization's current methodology of estimating relies significantly on amounts paid during the fiscal year and up to the time period that the Organization submits its annual cost report, with further adjustments upon writing notification, including settlement agreements, from the County as to the timing and amounts of such adjustments. The County provides interim settlement agreements approximately 12 to 18 months later after the cost reports are submitted. In the year ended June 30, 2021, the Organization recognized approximately \$9,100,000 in revenue from the County and it is recorded under contracts and grants on the consolidated statement of activities. In 2022, the Organization was notified that it will receive approximately \$600,000 related to its fiscal year ended June 30, 2020. The Organization also expects that it will receive additional funds for the fiscal year ended June 30, 2021. The interim settlements from the County remain subject to review by the State of California.

Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly.

Concentration of credit risk

Occasionally, the Organization's cash balances exceed FDIC-insured limits. The Organization has not experienced and does not anticipate any losses related to these balances.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk (continued)

The Organization receives most of its revenues through governmental funding sources, including various grants from the United States Department of Housing and Urban Development. In addition to these federal funds, the Organization also received 30% of its contract and grant revenue intended for operations from the County of Los Angeles Department of Mental Health. The Organization received 13% of its contract and grant revenue from the San Bernardino Department of Behavioral Health and 12% from the Los Angeles County Department of Health Services. These funders also comprised 32%, 12% and 6%, respectively, of the Organization's accounts receivable at June 30, 2021.

In addition, two of the Organization's subsidiaries received grants from the State of California under the Homekey program. These grants were for acquisition of properties that are being developed as permanent housing, and totaled \$11,905,000.

Subsequent events

The Organization has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through June 17, 2022, the date the consolidated financial statements were available to be issued. Based on this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements other than as noted in Notes 2, 9, 10, and 22.

3. RECEIVABLES

Receivables consisted of the following:

Government grants receivable, net	\$ 5,259,079
Contributions receivable, net	3,323,774
Rents receivable	<u>17,525</u>
	8,600,378
Allowance for doubtful accounts	<u>(1,918)</u>
	<u>\$ 8,598,460</u>

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

4. HOMEKEY HOUSING GRANTS

As of June 30, 2021, the Organization, jointly with certain Co-Sponsors, has entered into two Standard Agreements with the California Department of Housing and Community Development ("HCD") to acquire and rehabilitate motels pursuant to California's Homekey Program that has set aside grant funds to house individuals and families who are experiencing homelessness or who are at risk of homelessness, and who are impacted by the COVID-19 pandemic. HCD awarded \$11,905,000 in housing grants to the Organization and Co-Sponsors through the single purpose entities formed to execute the obligations under the Standard Agreements, which for the current year are 450GST, LP and 545WORKST, LP. As the Organization, through SUGP LLC, is the managing general partner of 450GST, LP and 545WORKST, LP and has the requisite control under the respective limited partnership agreements, these entities are consolidated on these financial statements. The result of consolidation is the recognition of the housing grant income, debt and assets of the consolidated entities. Further, as the housing grants, pursuant to the limited partnership agreements, the Standard Agreements, and other profit sharing agreements among the partners, has obligations, deed restrictions and/or non-controlling interests in these properties, the net assets resulting from consolidation has been reflected in the Statement of Financial Position as non-controlling interests. The non-controlling interest, depending upon future events, including but not limited to the extent of appreciation of asset value, may not be liquid or may be significantly reduced.

5. RESTRICTED DEPOSITS AND FUNDED RESERVES

Restricted deposits and funded reserves consist of the following:

Bond funds	\$ 3,654,290
Replacement reserves	377,674
Operating reserves	317,042
Client trust accounts	139,423
Tax assessment and insurance reserve	12,679
Security deposits	67,191
Reserves held by agency	<u>27,770</u>
	<u>\$ 4,596,069</u>

Tenant deposits held in trust

The Organization is required to maintain separate cash accounts for tenants' rental security deposits, totaling \$67,191 at June 30, 2021.

Replacement reserves

The Organization is required to maintain and make regular deposits to replacement reserves in accordance with provisions of regulatory agreements with various funding agencies. The replacement reserves are to be used for the replacement of property and equipment and withdrawals generally require the prior approval of the applicable regulatory agency. Replacement reserves totaled \$377,674 at June 30, 2021.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

5. RESTRICTED DEPOSITS AND FUNDED RESERVES (continued)

Operating reserves

The Organization is required to maintain and make regular deposits to operating reserves in accordance with provisions of regulatory agreements with various funding agencies. The operating reserves are to be used for operating expenses as defined in the applicable regulatory agreements. Operating reserves totaled \$317,042 at June 30, 2021.

Tax assessment and insurance reserves

The Organization is required to maintain and make regular deposits to tax assessment and insurance reserves in accordance with provisions of regulatory agreements with various funding agencies. The tax assessment and insurance reserves are to be used for tax and insurance premiums as defined in the applicable regulatory agreements. Tax assessment and insurance reserves totaled \$12,679 at June 30, 2021.

Reserves held by agency

Based upon the terms of the Regulatory Agreement between Daniel's Village and the Redevelopment Agency of the City of Santa Monica ("SM RA"), \$27,770 is held by SM RA as an Operating Expense Reserve. These reserve funds were held back as a condition of the \$733,809 loan payable to SM RA (see Note 10), until such time as the use of the funds is approved to be released for certain operating expenses and other costs, as defined in the regulatory agreement.

The California Housing Finance Agency ("CHFA") has set aside a Capitalized Operating Subsidy Reserve in the amount of \$676,465 (including accumulated interest) to be used to subsidize operating costs of the MHSA (Mental Health Services Act) units of Daniel's Village, LLC. This reserve has not been recorded on the books of Daniel's Village, as it is a subsidy to be received only upon meeting certain operating loss contingencies, as defined in the CHFA regulatory agreement.

Bond reserves

SUOSS, INC and its affiliates are required to maintain operating reserves, replacement and repair reserves for property and equipment, as well as property tax and insurance reserves, in accordance with partnership and other lenders' regulatory agreements. As of December 2019, SUOSPRES, LLC, as the managing general partner, is obligated under a California Municipal Finance Authority Housing Revenue Bond, 2019 Series A, in the amount of \$9,000,000, in which SUOSPRES, LP is required to reserve from operations \$2,525.45 per month for taxes and insurance. Additionally, SUOSPRES, LP has pre-funded an operating reserve total \$175,440, which funds are held with Wilmington Trust N.A and are included within operating reserve. As of November 29, 2021, the project has reached the transfer and stabilization phase.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

5. RESTRICTED DEPOSITS AND FUNDED RESERVES (continued)

Bond funds

SUOSPRES, LLC has bond funds totaling \$3,654,290 being held as equity and for additional project costs. A portion of these funds will be distributed as additional developer fee when the project obtains approval for property tax exemption from the Los Angeles County Assessor's Office.

6. NOTES RECEIVABLE FROM UNCONSOLIDATED RELATED PARTIES

Notes receivable from unconsolidated related parties consist of the following:

Note receivable from SUOF LP, non-interest bearing, secured by a subordinated deed of trust on the SUOF LP real property, and due January 2064.	\$ 1,730,799
Note receivable from SUOV LP, non-interest bearing, unsecured, and due 30 years after the Construction Period. Maturity Date occurs upon receipt of the completion of construction.	<u>253,484</u>
	<u><u>\$ 1,984,283</u></u>

7. INVESTMENTS IN UNCONSOLIDATED LIMITED PARTNERSHIPS

Investments in unconsolidated limited partnerships consisted primarily of a \$754,627 investment in SUOV LP. SUOSS, Inc. holds an investment in various other limited partnerships. To the extent that losses have been incurred by the limited partnerships, SUOSS, Inc.'s risk of loss has been limited to the investment in the entities. Accordingly, the Organization has other investments in limited partnerships in which carrying amounts have been reduced to zero. Investment losses and balances may differ for tax purposes.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Land	\$ 19,096,348
Buildings	17,442,589
Leasehold improvements	3,569,335
Furniture and fixtures	680,782
Construction-in-progress	<u>5,923,233</u>
	46,712,287
Accumulated depreciation and amortization	<u>(5,895,255)</u>
	<u><u>\$ 40,817,032</u></u>

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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9. LINE OF CREDIT

SUOSS, Inc. maintains a line of credit with a commercial bank in the amount of \$750,000. The line of credit bears interest at the Wall Street Journal prime rate plus 1% (4.25% at June 30, 2021). SUOSS, Inc. is required to maintain compensating balances of \$750,000 at all times with the bank, and to reduce the outstanding principal balance to zero for 30 consecutive days annually. The line of credit expires on April 21, 2021. SUOSS, Inc. must comply with certain covenants, and has obtained a waiver for one of its covenants. The outstanding balance as of June 30, 2021 was \$750,000. Subsequent to year end the line of credit was extended through October 31, 2022.

10. LONG-TERM DEBT

Long-term debt are detailed as follows:

Note payable by SUOSS, Inc. to Bank of America through the Federal Home Loan Bank Affordable Housing Program ("FHLB AHP"), secured by a subordinated deed of trust on the real property of SUOF LP, non-interest-bearing, due January 2064.	\$ 230,000
Note payable by Daniel's Village to California Housing Finance Agency ("CHFA"), secured by a first deed of trust on the real property of Daniel's Village, payable in annual installments to the extent of 26.7% of Residual Receipts (as defined in the CHFA Regulatory Agreement), applied first to interest at 3% per annum, then to principal, through October 2064, at which time all outstanding principal and interest are due. Accrued interest totaled \$258,849 as of June 30, 2021.	733,809
Note payable by TTA, LLC to Century Housing Corporation, secured by a first deed of trust on the real property of The Tammy. The loan bears interest at 5.75% and is being amortized over a period of 35 years. A balloon payment will be due on the maturity date of the loan in 2029.	602,394
Unsecured note payable by SUOSS, Inc. to the Weingart Foundation with interest at 3% per annum, payable quarterly through December 2020, at which time all interest and principal is due.	9,922
Note payable by SUOSS, Inc. to the City of Los Angeles, secured by the city deed of trust on the real property of Michael's Village, non-interest-bearing, payable in annual installments to the extent of 29.56% of Residual Receipts (as defined in the CHFA Regulatory Agreement), through May 2055.	1,268,921
SUOSPRES, LP bond commitment from California Municipal Finance Authority in the original amount \$9,000,000. The bonds bear interest at 4.1%. Monthly interest payments began starting February 1, 2020. After the permanent term commencement date, as defined, a portion of the construction loan will be converted into permanent loan in the amount of \$3,965,000, bearing interest at 4.26% percent per annum. The maturity date of the bonds is December 1, 2059.	9,000,000

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

10. LONG-TERM DEBT (continued)

450 G Street, LP has entered into a loan agreement with TerraCotta Credit REIT, LLC to provide short-term financing for the acquisition and renovation of this project. The loan bears interest at the greater of 8.00% per annum or 6.88% per annum in excess of the LIBOR rate published by the Wall Street Journal. Monthly payments of interest only are due in arrears. The full loan balance is due on June 7, 2022. Subsequent to year-end, this loan was refinanced with a principal balance of \$11,879,000, with interest at 4.9% per annum and collateralized by substantially all of the assets of 450 G Street. Interest only payments only are due monthly with the full outstanding balance due January 31, 2023.

3,177,158

545 Work Street, LP has entered into a loan agreement with TerraCotta Credit REIT, LLC to provide short-term financing for the acquisition and renovation of this project. The loan bears interest at the greater of 8.00% per annum or 6.88% per annum in excess of the LIBOR rate published by the Wall Street Journal. Monthly payments of interest only are due in arrears. The full loan balance is due on June 7, 2022. Subsequent to year-end, this loan was refinanced with a principal balance of \$5,000,000, with interest at 11.00% per annum and collateralized by substantially all of the assets of 450 G Street and 545 Work Street. Interest only payments are due monthly with the full outstanding balance due January 13, 2023.

6,293,541

21,315,745

258,849

21,574,594

(5,044,922)

\$ 16,529,672

Plus deferred interest

Current portion

The future maturities of the notes payable are as follows:

Year ending June 30,

2022	\$ 5,044,922
2023	9,470,699
2024	15,000
2025	40,000
2026	40,000
Thereafter	<u>6,705,124</u>
	<u>\$ 21,315,745</u>

In addition to the notes described above, there are two notes due from SUOSPRES, LP to SUOSNOTE, LLC. The first note, in the amount of \$3,400,000, bears interest at 3.0% per annum. The second note, in the amount of \$2,166,269, bears interest at 2.09% per annum. Annual payments are subject to available surplus cash. Both notes mature on December 31, 2059. The notes receivable and notes payable have been eliminated in consolidation.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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11. FORGIVABLE PROJECT FINANCING

The Organization has received financing via several forgivable promissory notes and grant agreements entered into before the effective date of ASU 2018-08. The Organization recognized these arrangements as revenue since management believed the likelihood that the conditions would not be met was remote. Accordingly, these contingent promissory notes and grant agreements have not been recorded as liabilities on the consolidated statement of financial position as repayment is not required as long as the Organization continues to own the properties which secure the notes and complies with the provisions of the respective notes, grants and regulatory agreements, which it fully intends to do. Additionally, any related interest has not been recorded. The guidance for the implementation of ASU 2018-08 does not require consideration of the new standard for conditional grants for which an organization has recognized all revenue prior to the effective date of the standard. The contingent promissory notes and grant agreements have been reflected as net assets with donor restrictions (see Note 16).

The Organization is also party to several agreements in which repayment of principal may be required from "residual receipts" as defined in the various agreements.

Contingent grant agreements

Terms and descriptions of the contingent grant agreements are as follows:

Contingent non-interest-bearing, unsecured grant agreement to SUOSS, Inc. by the Community Development Commission of the County of Los Angeles ("LA CDC"). The grant agreement between SUOSS, Inc. and LA CDC requires SUOSS, Inc. to operate the SUOV LP real property to provide permanent housing for homeless persons with mental illness for a period of at least 15 years through November 2026. For as long as SUOSS, Inc. and SUOV LP comply with the provisions of the grant agreement with LA CDC, the outstanding contingent balance will be reduced by annual service credits through March 2020. As of June 30, 2020, all outstanding credits were applied.

Contingent non-interest-bearing, unsecured grant agreement to SUOSS, Inc. by LA CDC. The grant agreement between SUOSS, Inc. and LA CDC requires SUOSS, Inc. to operate the Michael's Village real property to provide permanent housing for homeless persons with mental illness for a period of at least 15 years through April 2026. The outstanding contingent balance was reduced to zero with an annual \$114,286 service credit in January 2021.

Contingent non-interest-bearing grant agreement to SUOSS, Inc. by Los Angeles Homeless Services Authority ("LAHSA") in the amount of \$400,000, secured by a third deed of trust on the real property of Michael's Village. The capital agreement between SUOSS, Inc. and LAHSA requires Michael's Village to operate the property to provide permanent housing to low-income households. For as long as Michael's Village complies with the provisions of its capital agreement with LAHSA, payments on the balance of this note will be deferred until May 2023, at which time the then-outstanding contingent balance (\$400,000 as of June 30, 2021) will be reduced by annual service credits equal to 10% of the then-outstanding contingent balance through May 2033.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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11. FORGIVABLE PROJECT FINANCING (continued)

Contingent promissory notes

Terms and descriptions of the contingent promissory notes are as follows:

Two contingent promissory notes payable by SUOS, LP to SM RA, secured by a first deed of trust on the real property of SUOS, LP/SUOSPRES, LP. The regulatory agreement, which was assumed by SUOSPRES, LP as part of the resyndication, requires SUOSPRES, LP to operate the property to provide housing to low-income households. For as long as SUOSPRES, LP complies with the provisions of its regulatory agreement with SM RA, the principal and interest payments on the balance of these notes and any corresponding interest will be deferred until November 2065 (extendable until November 2090), except as follows: to the extent the property has Residual Receipts (as defined in the SM RA regulatory agreement) in any given year, 50% of the Residual Receipts, if any, must be paid as a contingent liability, applied first to accumulated interest on the contingent promissory notes and then to principal through November 2090. In November 2090, all principal (\$3,510,317 as of June 30, 2021) plus any unpaid interest, calculated at 4.57% per annum, compounded annually (\$1,913,484 as of June 30, 2021), will be forgiven; the City of Santa Monica holds an option to purchase the property in November 2090 for \$1.

Contingent promissory note payable by Daniel's Village to SM RA, secured by a first deed of trust on the real estate of Daniel's Village. The regulatory agreement between Daniel's Village and SM RA requires Daniel's Village to operate the property to provide permanent housing to low- and very-low-income households. For as long as Daniel's Village complies with the provisions of its regulatory agreement with SM RA, the principal and interest payments on the balance of this note and any corresponding interest will be deferred until October 2062 (extendable until October 2087), except as follows: to the extent the property has Residual Receipts (as defined in the SM RA regulatory agreement) in any given year, half of 73.3% of the Residual Receipts, if any, must be paid as a contingent liability, applied first to accumulated interest on the contingent promissory note and then to principal through October 2087. In October 2087, all principal (\$2,018,162 as of June 30, 2021) plus any unpaid interest, calculated at 6.37% per annum, compounded annually (\$2,019,529 as of June 30, 2021), will be forgiven.

Contingent non-interest-bearing promissory note payable by SUOSS, Inc. to Union Bank through the FHLB AHP in the amount of \$500,000, secured by a fifth deed of trust on the real property of Michael's Village. The loan agreement between SUOSS, Inc. and Union Bank requires Michael's Village to operate the property to provide permanent housing to low-income households. For as long as Michael's Village complies with the provisions of its loan agreement with Union Bank, all principal payments on the balance of this note will be deferred until December 2067, at which time the then-outstanding contingent balance (\$500,000 as of June 30, 2021) will be forgiven.

Step Up On Second Street, Inc. and Subsidiaries
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11. FORGIVABLE PROJECT FINANCING (continued)

Contingent promissory notes (continued)

Contingent promissory note payable by SUO26, LLC to the City of Santa Monica ("SM"), secured by a first deed of trust on the real estate of SUO26, LLC. The regulatory agreement between SUOSUO26, LLC and SM requires SUO26, LLC to operate the property to provide affordable multi-family housing to low- and very-low-income households. For as long as SUO26, LLC complies with the provisions of its regulatory agreement with SM, the principal and interest payments on the balance of this note and any corresponding interest will be deferred until April 2066 (extendable until April 2091), except as follows: to the extent the property has Residual Receipts (as defined in the SM regulatory agreement) in any given year, half of the Residual Receipts, if any, must be paid as a contingent liability, applied first to accumulated interest on the contingent promissory note and then to principal through April 2091. In April 2091, all principal and any unpaid interest, calculated at 3.58% per annum, compounded annually (\$877,911 as of June 30, 2021), will be forgiven. As of June 30, 2021, the Organization had \$6,548,704 outstanding on the conditional promissory note with an additional \$206,159 available to the Organization for qualified withdrawals.

The principal of these contingent promissory notes has been recorded as net assets with donor restrictions upon receipt of the advances. The accrued interest on these contingent promissory notes, while reported as a contingent liability in these notes, has not been recorded by the Organization; thus they are not included in net assets with donor restrictions.

12. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received loan proceeds of \$2,500,000 from a promissory note issued by Commercial Bank of California, under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration. The term of the loan is two years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Organization believes that it will likely qualify for full forgiveness, but there is uncertainty around the standards and operation of the PPP, and no assurance is provided that the Organization will obtain forgiveness in whole or in part. In August 2021 the Organization received full forgiveness from the SBA for its PPP loan and has recorded \$2,500,000 of loan forgiveness under Paycheck Protection Program loan forgiveness on the accompanying statement of activities.

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June 30, 2021

13. RESYNDICATION AND HOUSING DEVELOPMENT

In December 2019, the Organization completed a resyndication of its 36-unit apartment building located at 1328 2nd Street, Santa Monica, California (the "Property") for the purpose of rehabilitating and making necessary upgrades to the Property. The resyndication was accomplished by placing a new allocation of tax credits along with new bonds and loans onto the Property. The resyndication resulted in the sale of the Property to a new legal entity, Step Up on Second Preservation, LP, creating a gain along with a liquidity event to the Organization. The gain has been deferred, since gains on transactions between entities controlled by a common parent are not recognized under GAAP. The deferred gain and the increased basis in the acquired assets through the acquisition have been eliminated in consolidation. In addition to the deferred gain, SUOSSI has also deferred the developer fee earned under the terms of the agreement. This will be recognized over the depreciation period of the assets involved in the resyndication.

The Organization retained a note receivable (the "Seller Carryback Note") in lieu of cash equity in order to stay in compliance Internal Revenue Code regulations surrounding Low Income Housing Tax Credits. These same regulations required the disaffiliation of the Seller Carryback note into a special purpose entity, Seller Note Holder, LLC ("SUOSNOTE, LLC"). Another California nonprofit, Synergy Community Housing Corp, owns 81% of the economic interest of SUOSNOTE, LLC and the Organization owns the remaining 19%. However, the Organization serves as the managing member of SUOSNOTE, LLC and has determined that consolidation of the entity is required.

This disaffiliation of the Seller Carryback Note resulted in grant expense to SUOSSI and grant revenue to SUOSNOTE, LLC. These have been eliminated in consolidation.

The Organization, through a special purpose entity, serves as the managing general partner of SUOSPRES, LP. The limited partner tax credit investors retain certain control of the asset for a period of ten years, after which time the Organization retains certain rights to purchase or resyndicate the property.

The Organization has established various new entities to facilitate development and operation of new affordable housing facilities. Since June 30, 2020, the Organization has established four limited partnerships for housing developments in Salinas, San Bernardino and Los Angeles, California. As described in Note 1, two of these entities are consolidated into these financial statements. These two entities received grants from the State of California Homekey program and have additional used debt financing to fund the acquisition and renovation of the properties. Both properties are required to be used as affordable housing for a period of 55 years.

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14. GUARANTEES

Operating deficit guarantees

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of limited tax credit partnerships, and generally are for the fifteen-year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would result in the transfer of cash resources from the guarantor to a consolidated affiliate, resulting in an obligation to repay the advance, usually from future operating cash flow. To date, the Organization has not experienced any calls on these guarantees.

Tax benefits guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, the Organization has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of 15 years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, the Organization has not experienced any calls on these guarantees.

Other guarantees

SUOSS Inc. or its wholly owned special purpose LLCs (its Affiliates) are the general partners, co-general partners, members, or co-managing members of various limited partnerships or limited liability companies as disclosed in Note 1. SUOSS, Inc. and Affiliates executed various performance guarantees in connection with those limited partnerships or limited liability companies. The Organization is obligated to fund various affiliated not-for-profit organizations with equity contributions in the event such guarantees are being called upon. The Organization provides loan guarantees for loans used during the predevelopment phase of certain projects. The Organization also provided a repayment guarantee on an acquisition loan ("LP buyout"). To date, the Organization has not experienced any calls on these guarantees and considers the occurrence of such events remote. No stand-ready liability has been recorded in connection with the operating deficit, construction loan repayment and completion, tax benefit, or equity contribution guarantees as these are guarantees to entities under common control.

15. COMMITMENTS AND CONTINGENCIES

The Organization has noncancelable operating leases for office, program facilities, and equipment expiring at various dates through October 2025. Rent expense relating to these leases totaled \$1,490,357 for the year.

Step Up On Second Street, Inc. and Subsidiaries
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15. COMMITMENTS AND CONTINGENCIES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2022	\$ 1,620,145
2023	1,437,286
2024	1,133,938
2025	790,505
2026	<u>179,681</u>
	<u>\$ 5,161,555</u>

Litigation

The Organization is occasionally involved in litigation in the ordinary course of business. Currently, there are no asserted legal claims which management believes will have a materially adverse financial impact to the Organization.

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Conditional grants and other net assets related to real estate development	
Conditional promissory notes payable to SM RA	\$ 5,528,479
Conditional promissory note payable to SM	6,548,704
Conditional promissory note payable to Union Bank	500,000
Conditional grants from LAHSA for Michael's Village	400,000
Homekey grant to 450 G Street, LP	4,940,000
Homekey grant to 545 Work Street, LP	<u>6,965,000</u>
	<u>24,882,183</u>
 Net assets restricted for specific services	
Medical director	<u>390,000</u>
	<u>390,000</u>
 Time restricted	
	<u>999,481</u>
	<u>\$ 26,271,664</u>

Step Up On Second Street, Inc. and Subsidiaries
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16. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

Conditional grants from LA CDC	\$ 114,284
Transitional Aged Youth	100,000
Services in Beverly Hills	37,500
Veterans building improvements	384,829
Services in Atlanta	499,600
COVID relief	25,000
Time restricted	<u>165,000</u>
	<u><u>\$ 1,326,213</u></u>

17. CONSOLIDATIONS

The change in consolidated net assets without donor restrictions attributed to controlling and noncontrolling interest is as follows:

	Controlling Interest - Without Restrictions	Controlling Interest - With Restrictions	Non-controlling Interest - Without Restrictions	Non-controlling Interest - With Restrictions
Balance, beginning of year	\$ 2,318,488	\$ 14,558,567	\$ 1,700,769	\$ -
Change in net assets from operations	(1,469,862)	(194,051)	(206,901)	-
Forgiveness of Paycheck Protection Program loan	2,500,000	-	-	-
Homekey housing grants	-	1,072	-	11,903,928
Equity contribution from partner	<u>-</u>	<u>-</u>	<u>405,774</u>	<u>-</u>
Balance, end of year	<u><u>\$ 3,348,626</u></u>	<u><u>\$ 14,365,588</u></u>	<u><u>\$ 1,899,642</u></u>	<u><u>\$ 11,903,928</u></u>

18. EMPLOYMENT BENEFIT PLAN

The Organization offers an IRC Section 403(b) for all eligible employees. The 403(b) plan is a non-ERISA plan. Participants may make annual contributions up to the maximum allowable deferral amount for defined contribution plans.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

19. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 1,721,879
Receivables, net	8,598,460
	10,320,339
Purpose restricted net assets for services	(390,000)
	\$ 9,930,339

In addition to these available financial assets, the Organization maintains a line of credit with a commercial bank that allows for borrowings of up to \$750,000. (See Note 9)

20. RELATED PARTIES

Professionally licensed services, such as real estate brokerage, are provided to the Organization by employees, including officers, from time to time. Such services are provided at arm's length and industry standard rates and have been disclosed to the Organization's Board of Directors.

The Organization has partnered with Shangri-La Industries and related entities in renovation, acquisition and development of several properties, including the two new Homekey projects. Shangri-La is entitled to proceeds upon the sale or refinancing of these projects.

21. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. The Organization is considered an essential business and has maintained operations throughout the pandemic and closures. Nevertheless, there is considerable uncertainty around the duration of the pandemic. It is at least reasonably possible that this matter will negatively impact the Organization. The financial impact and duration cannot be reasonably estimated at this time.

22. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2021, the Organization received a settlement of approximately \$1,815,000 from the Los Angeles County Department of Mental Health. The settlement related to its 2018-19 contract, which was modified to increase available funding retroactively in February 2020. Management has concluded that the Organization had become entitled to the additional funds at that time and thereafter. The effect of the correction was to increase the change in net assets for the year ended June 30, 2020 by \$1,815,000. The cumulative effect increases beginning net assets without donor restrictions for the year ended June 30, 2021 by \$1,815,000.

Step Up On Second Street, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021

23. SUBSEQUENT EVENTS

In January 2022, the Organized refinanced the short-term loans on 450 G Street, LP and 545 Work Street, LP with two new short-term notes due in January 2023. The first trust deed is in the amount of \$11,879,000 and bears interest at 4.90% per annum. The second trust deed is in the amount of \$5,000,000 and bears interest at 11.00% per annum. Interest-only payments are due monthly under each note, and all unpaid interest and principal are due January 13, 2023.

The board of directors of the organization has authorized requests for funding from the California Department of Housing and Community Development for four additional Homekey projects. The total amount requested is up to \$81.8 million. Shangri-La is a co-applicant on each of these proposals, along with a local government entity. Two projects in partnership with the City of Salinas were approved in February 2022. HCD will provide \$23,119,352 in capital funds and \$6,497,097 in operating funds. Another project in partnership with the City of King has been approved and HCD will provide \$9,949,108 in capital funds and \$2,480,285 in operating funds. The fourth project was not approved in this round of funding.

The Los Angeles County Department of Mental Health has made additional amendments to the Organization's contracts for the 2019-20 and 2020-21 fiscal years that will result in additional payments to the Organization. The Organization will reflect these additions as receivables when the amendments to the contracts have been adopted by the Los Angeles County Board of Supervisors.

On December 1, 2021 the \$9,000,000 California Municipal Finance Authority Multifamily Housing Revenues Bond, 2019 Series A, was converted to permanent financing. In accordance with the tax credit project agreements, low income housing tax credit capital in the amount of \$2,138,621, as well as permanent financing in the amount of \$3,900,000, was committed to satisfy the Bond.

Additional subsequent events have been disclosed in Notes 2, 9, 10 and 12.

SUPPLEMENTARY INFORMATION

Step Up On Second Street, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2021

ASSETS

	Step Up On Second Street, Inc	Step Up on Second Street LLC Consolidated	Daniels Village, LLC	The Tammy Apartments, LLC	Michael's Village LLC	Step Up On 26th Street	Step Up Developer, LLC	Step Up On Second Preservation LP	Step Up on Second Seller Note Holder, LLC	450 G Street, LP	545 Work Street, LP	Eliminating Entries	Total
Current assets													
Cash and cash equivalents	\$ 1,331,121	\$ 75,273	\$ 7,455	\$ 839	\$ (12,987)	\$ 37,925	\$ -	\$ 282,253	\$ -	\$ -	\$ -	\$ -	\$ 1,721,879
Receivables, net	8,483,401	-	43,711	4,303	47,625	2,275	-	17,145	-	-	-	-	8,598,360
Due from Related Party	-	-	-	-	-	-	-	-	-	-	592,689	-	592,689
Prepaid expenses and other current assets	551,001	-	-	-	-	-	-	-	-	-	-	-	551,001
Total current assets	10,365,523	75,273	51,166	5,142	34,638	40,200	-	299,398	-	-	592,689	-	11,464,029
Fixed assets, net	265,889	-	2,080,345	1,009,883	4,269,096	5,807,575	-	15,247,428	-	8,522,932	12,665,852	(9,051,968)	40,817,032
Other assets													
Restricted deposits and funded reserves	139,423	24,669	54,095	28,583	133,175	92,176	-	4,123,948	-	-	-	-	4,596,069
Due from related party	643,454	574,084	17,797	659,206	26,278	72,694	81,500	265,757	-	-	-	(2,340,770)	-
Notes receivable from unconsolidated related parties	1,984,283	-	-	-	-	-	-	-	-	-	-	-	1,984,283
Intercompany notes receivable	-	-	-	-	-	-	-	-	5,566,269	-	-	(5,566,269)	-
Investments in partnerships	11,614,305	-	-	-	-	-	-	-	-	-	-	(11,614,305)	-
Investments in unconsolidated limited partnerships	754,627	-	-	-	-	-	-	-	-	-	-	-	754,627
Deposits	294,563	-	-	-	103	-	-	-	116,335	-	-	(116,335)	294,666
Total other assets	15,430,655	598,753	71,892	687,789	159,556	164,870	81,500	4,389,705	5,682,604	-	-	(19,637,679)	7,629,645
Total assets	\$ 26,062,067	\$ 674,026	\$ 2,203,403	\$ 1,702,814	\$ 4,463,290	\$ 6,012,645	\$ 81,500	\$ 19,936,531	\$ 5,682,604	\$ 8,522,932	\$ 13,258,541	\$ (28,689,647)	\$ 59,910,706

Step Up On Second Street, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2021

LIABILITIES AND NET ASSETS

	Step Up On Second Street, Inc	Step Up on Second Street LLC Consolidated	Daniels Village, LLC	The Tammy Apartments, LLC	Michael's Village LLC	Step Up On 26th Street	Step Up Developer, LLC	Step Up On Second Preservation LP	Step Up on Second Seller Note Holder, LLC	450 G Street, LP	545 Work Street, LP	Eliminating Entries	Total
Current liabilities													
Line of credit	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
Current portion of long-term debt	9,922	-	-	-	-	-	-	5,035,000	-	-	-	-	5,044,922
Accounts payable and accrued expenses	3,123,711	-	28,716	6,043	14,103	651	-	5,363	-	-	-	-	3,178,587
Deferred revenue	1,829,659	-	-	-	-	-	-	-	-	-	-	-	1,829,659
Total current liabilities	<u>5,713,292</u>	<u>-</u>	<u>28,716</u>	<u>6,043</u>	<u>14,103</u>	<u>651</u>	<u>-</u>	<u>5,040,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,803,168</u>
Long-term liabilities													
Long-term debt	230,000	-	992,658	602,394	1,268,921	-	-	13,293,530	-	3,177,158	6,293,541	(9,328,530)	16,529,672
Deferred developer fees	865,508	-	-	-	-	-	-	-	-	-	-	(8,935,633)	865,508
Deferred gain	139,423	-	-	-	-	-	-	-	-	-	-	-	139,423
Client trust accounts	-	-	1,240	10,985	29,568	7,176	-	6,182	-	-	-	-	55,151
Tenant security deposit liabilities	-	313,083	88,125	134,218	192,463	83,680	7,785	102,511	-	-	-	(2,340,770)	-
Due to related parties	1,418,905	-	-	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>2,653,836</u>	<u>9,248,716</u>	<u>1,082,023</u>	<u>747,597</u>	<u>1,490,952</u>	<u>90,856</u>	<u>7,785</u>	<u>13,402,223</u>	<u>-</u>	<u>3,177,158</u>	<u>6,293,541</u>	<u>(20,604,933)</u>	<u>17,589,754</u>
Total liabilities	<u>8,367,128</u>	<u>9,248,716</u>	<u>1,110,739</u>	<u>753,640</u>	<u>1,505,055</u>	<u>91,507</u>	<u>7,785</u>	<u>18,442,586</u>	<u>-</u>	<u>3,177,158</u>	<u>6,293,541</u>	<u>(20,604,933)</u>	<u>28,392,922</u>
Net assets													
Without donor restrictions	6,839,666	(8,574,690)	(925,498)	949,174	2,058,235	(627,566)	73,715	77	5,682,604	-	-	(2,127,091)	3,348,626
Noncontrolling interest	-	-	-	-	-	-	-	1,493,868	-	405,774	-	-	1,899,642
With donor restrictions	10,855,273	-	2,018,162	-	900,000	6,548,704	-	-	-	445	627	(5,957,623)	14,365,588
Noncontrolling interest with donor restrictions	-	-	-	-	-	-	-	-	-	4,939,555	6,964,373	-	11,903,928
Total net assets	<u>17,694,939</u>	<u>(8,574,690)</u>	<u>1,092,664</u>	<u>949,174</u>	<u>2,958,235</u>	<u>5,921,138</u>	<u>73,715</u>	<u>1,493,945</u>	<u>5,682,604</u>	<u>5,345,774</u>	<u>6,965,000</u>	<u>(8,084,714)</u>	<u>31,517,784</u>
Total liabilities and net assets	<u>\$ 26,062,067</u>	<u>\$ 674,026</u>	<u>\$ 2,203,403</u>	<u>\$ 1,702,814</u>	<u>\$ 4,463,290</u>	<u>\$ 6,012,645</u>	<u>\$ 81,500</u>	<u>\$ 19,936,531</u>	<u>\$ 5,682,604</u>	<u>\$ 8,522,932</u>	<u>\$ 13,258,541</u>	<u>\$ (28,689,647)</u>	<u>\$ 59,910,706</u>

Step Up On Second Street, Inc. and Subsidiaries
Consolidating Statement of Activities
For The Year Ended June 30, 2021

	Step Up On Second Street, Inc	Step Up on Second Street LLC Consolidated	Dantels Village, LLC	The Tammy Apartments, LLC	Michael's Village LLC	Step Up On 26th Street	Step Up Developer, LLC	Step Up On Second Preservation LP	Step Up on Second Seller Note Holder, LLC	450 G Street, LP	545 Work Street, LP	Eliminating Entries	Total
Support and revenue													
Contracts and grants	\$ 31,341,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,341,503
Contributions	2,752,751	-	-	-	-	-	-	-	-	-	-	-	2,752,751
Rental income	-	-	25,428	116,367	403,023	211,435	-	504,430	-	-	-	(50,000)	1,210,6
Housing grant	-	-	-	-	-	141,785	-	-	-	-	-	-	141,785
Miscellaneous	-	-	28	-	49	-	-	34,646	-	-	-	-	38,5
Income from consolidated subsidiaries	(108,771)	-	-	-	-	-	-	-	-	-	-	108,771	754,2
Developer fees	754,221	-	-	-	-	-	-	-	-	-	-	(67,464)	325,8
Management fees	393,280	-	-	-	-	-	-	-	-	-	-	-	393,280
Interest income	2,839	-	13	-	-	-	-	468	-	-	-	-	3,3
Losses from investments in limited partnerships	(12,639)	-	-	-	-	-	-	-	-	-	-	-	(12,639)
Total support and revenue	<u>35,126,987</u>	<u>-</u>	<u>25,469</u>	<u>116,367</u>	<u>403,072</u>	<u>353,220</u>	<u>-</u>	<u>539,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,693)</u>	<u>36,555,966</u>
Operating expenses													
Personnel expenses	23,682,615	-	2,183	-	17,128	10,804	-	47,664	-	-	-	-	23,760,394
Other functional expenses	12,990,879	-	151,334	101,985	505,805	334,860	-	698,987	-	-	-	(117,464)	14,666,386
Total operating expenses	<u>36,673,494</u>	<u>-</u>	<u>153,517</u>	<u>101,985</u>	<u>522,933</u>	<u>345,664</u>	<u>-</u>	<u>746,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,464)</u>	<u>38,426,780</u>
Change in net assets from operations	(1,546,507)	-	(128,048)	14,382	(119,861)	7,556	-	(207,107)	-	-	-	108,771	(1,870,814)
Other changes in net assets													
Homekey housing grant (Note 4)	-	-	-	-	-	-	-	-	-	4,940,000	6,965,000	-	11,905,000
Forgiveness of Paycheck Protection Program loan	2,500,000	-	-	-	-	-	-	-	116,335	-	-	(116,335)	2,500,000
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other changes in net assets	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,335</u>	<u>4,940,000</u>	<u>6,965,000</u>	<u>(116,335)</u>	<u>14,405,000</u>
Change in net assets	953,493	-	(128,048)	14,382	(119,861)	7,556	-	(207,107)	116,335	4,940,000	6,965,000	(7,564)	12,534,186
Net assets, beginning of year	16,741,444	(8,574,690)	1,220,712	934,792	3,078,096	5,913,582	73,715	1,701,052	5,566,269	-	-	(8,077,148)	18,577,824
Equity contribution	-	-	-	-	-	-	-	-	-	405,774	-	-	405,774
Net assets, end of year	<u>\$ 17,694,937</u>	<u>\$ (8,574,690)</u>	<u>\$ 1,092,664</u>	<u>\$ 949,174</u>	<u>\$ 2,958,235</u>	<u>\$ 5,921,138</u>	<u>\$ 73,715</u>	<u>\$ 1,493,945</u>	<u>\$ 5,682,604</u>	<u>\$ 5,345,774</u>	<u>\$ 6,965,000</u>	<u>\$ (8,084,712)</u>	<u>\$ 31,517,784</u>

**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**

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, 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 will be preserving 48 affordable housing units located at 2531 Glenrose Avenue, Nashville, TN 37210. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$654,569.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

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 Six Hundred Fifty-Four Thousand Five Hundred Sixty-Nine Dollars (\$654,569). 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% - completion of the rehabilitation of 1/3 of the units
- 25% - completion of the rehabilitation of 2/3 of the units
- 25% - completion of the rehabilitation of all units

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
rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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.

Exhibit E

- C. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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 July 1, 2024 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.
- 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.

Exhibit E

- 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
Rasheedah.Pardue@Nashville.Gov

Recipient:

Exhibit E

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

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:


Jim Schmitz, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

DocuSigned by:

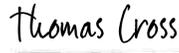
Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Urban Housing Solutions

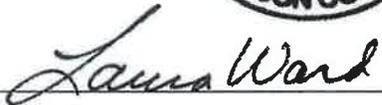
By:  _____

Title: Managing Director

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



Notary Public

 _____

My Commission
expires 5-5-25

EXHIBIT E



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Urban Housing Solutions

Development Type: Rental

Development Address: 2531 Glenrose Avenue, Nashville, TN 37210

Amount Awarded: \$654,569

Number of Barnes-funded Units: 57

Target Populations Served: Income eligible tenants including people experiencing homelessness and persons with disabilities

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
	57	

3-Pack Rehab Sources + Uses

Uses Summary		reentree Terrace	
Units	Total		57
Hard Cost	732,507	12,851	
Soft Cost	57,000	1,000	
Contingency (10% HC)	73,251	1,285	
Site + Interior Office/Shared Space	100,000	1,754	
Village Place Loan Payoff (Bank of TN)			
Initial Replacement Reserve	25,650	450	
Relocation Expenses	28,500	500	
Total by Property	988,408	17,340	

Sources Summary		Greenbree Terrace	
Units	Total		57
Barnes Housing Trust Fund	548,663	9,626	
Debt Financing	558,000	9,789	
Developer Loan	111,865	1,963	
Other Grants (Private Fdns)			
Total by Property	1,218,528	21,378	

Financing Information - CFC	
Loan Amount	1,800,000
Interest Rate	4.50%
Loan Term (years)	25
Loan Fee	1%
Annual Payment	(120,060)
Monthly Payment	(10,005)

Operations Assumptions	
Cost Assumptions	
Controlled Cost Growth Rate	3%
Payroll Expense Growth Rate	3%
Replacement Reserve per Unit	450
Vacancy Assumptions	
Vacancy Rate (Construction)	15%
Vacancy Rate (Stabilized)	8%

Financing Information - Developer Loan	
Loan Amount	366,596
Interest Rate	0.00%
Loan Term (years)	10
Loan Fee	0%
Annual Payment	(36,700)
Monthly Payment	(3,058)
LTVR	



URBAN HOUSING SOLUTIONS, INC.

BYLAWS

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ARTICLE I

OFFICES

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

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

ARTICLE II

PURPOSE AND USE OF FUNDS

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

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

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

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

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

ARTICLE III

MEMBERS

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

ARTICLE IV

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

OFFICERS

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

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

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

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

ARTICLE VI

STANDARDS OF CONDUCT

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

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

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

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

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

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

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

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

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

ARTICLE VII

COMMITTEES

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

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

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

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

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

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

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

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

ARTICLE IX

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE X

CONFLICTS OF INTEREST

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

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

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

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

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

ARTICLE XI

NOTICES AND WAIVER OF NOTICE

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

ARTICLE XII

AMENDMENTS

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

ARTICLE XIII

EXEMPT STATUS

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

wp:CMCCSByLaw

AMENDMENT
CCS HOUSING SYSTEM, INC.
BYLAWS

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

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

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

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

FILED

STATE OF TENNESSEE

CHARTER

OF

BOOK 8358 PAGE 191

CCS HOUSING SYSTEMS, INC.

Article I: Name and Filing of Charter

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

Article II: Public Benefit Corporation

The corporation is a nonprofit public benefit corporation.

Article III: Office, Registered Agent and Incorporator.

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

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

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

Article IV: Members

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

Article V: Purpose

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

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

Article VI: Limited Personal Liability of Directors

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

Article VII: Indemnification and Advancement of Expenses

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

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

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

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

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

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

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

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

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

Article VIII: Prohibited Transactions

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

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

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

Article IX: Distributions on Dissolution

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

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

Dated: May 22, 1991.

CCS HOUSING SYSTEMS, INC.

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



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

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

00014004
BODC: TE

URBAN HOUSING SOLUTIONS INC
822 WOODLAND ST
NASHVILLE TN 37206

11090

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

Dear TAXPAYER:

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

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

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

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

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

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

DEPARTMENT OF THE TREASURY

Date: **AUG 29 2007**

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

Employer Identification Number:
62-1466422

DLN:
407159014

Contact Person:
JACK D NEITZEL

ID# 95127

Contact Telephone Number:
(877) 829-5500

Date of Exemption:
May 1991

Internal Revenue Code
Section 501(c) (3)

Dear Applicant:

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

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

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

Thank you for your cooperation.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

URBAN HOUSING SOLUTIONS INC

Item Changed

From

To

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

 Department of the Treasury
Internal Revenue Service

OGDEN, UT 84201

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

00750

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

Taxpayer Identification Number: 62-1466422

Dear Taxpayer:

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

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

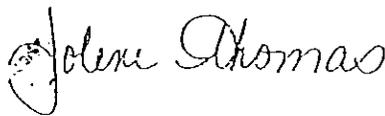
If you have any questions, please call us toll free at 1-800-829-1040. If you prefer, you may write to us at the address shown at the top of the first page of this letter.

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

Telephone Number () _____ Hours _____

Thank you for your cooperation.

Sincerely yours,



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

Enclosure(s):
Copy of this letter

Date: OCT 1 1992

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

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

Accounting Period Ends:
December 31
Form 990 Required:
Yes
Appendix Applies:
Yes

Dear Applicant:

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

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

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

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

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

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

Letter 947100703

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

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

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

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

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

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

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

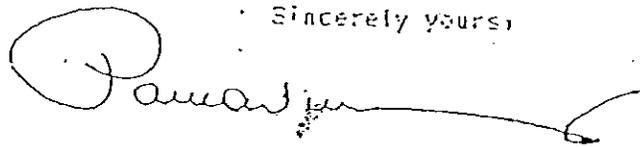
Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

CCS HOUSING SYSTEMS INC

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

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

Sincerely yours,



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. and Subsidiaries

**Consolidated Financial Statements and Supplementary Information with Report of
Independent Auditors
December 31, 2021**



Report of Independent Auditors

To the Board of Directors of
Urban Housing Solutions, Inc. and subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of Urban Housing Solutions, Inc. and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. and subsidiaries as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Urban Housing Solutions, Inc. and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As further discussed in Note 16, the balance of total net assets as of December 31, 2020 has been restated to correct misstatements in the elimination of the related party developer fee. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Housing Solutions, Inc. and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Urban Housing Solutions, Inc. and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Housing Solutions, Inc. and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal 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*, the consolidating statements, and the schedule of program services revenues and expenditures are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2022, on our consideration of Urban Housing Solutions, Inc. and subsidiaries' 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 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. and subsidiaries' internal control over financial reporting and compliance.

Novogradac & Company LLP

Dover, OH
September 28, 2022

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Cash and cash equivalents	\$ 21,608,564
Restricted cash	
Tenant security deposits	2,019
Replacement reserves	615,140
Investment securities	15,168,162
Accounts receivable	
Grants	261,862
Tenants, net of doubtful accounts	255,448
Other	966,988
Prepaid expenses	153,273
Deferred charges - net of accumulated amortization of \$37,236	230,325
Fixed Assets - net of accumulated depreciation of \$26,228,290	88,617,125
Construction in progress	14,780,693
Total assets	<u>\$ 142,659,599</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,359,269
Cash and cash equivalents - bank overdraft	727,901
Line of credit	6,500,000
Tenant security deposits	321,114
SWAP Liability	90,394
Bonds payable	15,000,000
Prepaid rent	33,077
Notes payable	56,692,735
Total liabilities	<u>80,724,490</u>

NET ASSETS

Net assets without donor restrictions, controlling	44,104,802
Net assets without donor restrictions, non-controlling interest in subsidiaries	17,830,307
Total net assets	<u>61,935,109</u>
 Total liabilities and net assets	 <u>\$ 142,659,599</u>

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Public Support:			
Individual and corporate gifts	\$ 843,838	\$ -	\$ 843,838
Government Grants:	1,107,038	-	1,107,038
Total Public Support	1,950,876	-	1,950,876
Revenues:			
Rental Income	11,665,318	-	11,665,318
Laundry and vending machine income	32,256	-	32,256
Interest income	21,885	-	21,885
Insurance proceeds	696,991	-	696,991
Miscellaneous	27,608	-	27,608
Application fees	31,257	-	31,257
TOTAL SUPPORT AND REVENUES	14,426,191	-	14,426,191
EXPENSES			
Program services:			
Rental projects	11,691,332	-	11,691,332
Resident support programs	789,377	-	789,377
Total program services	12,480,709	-	12,480,709
Supporting services:			
Management and general	387,804	-	387,804
TOTAL EXPENSES	12,868,513	-	12,868,513
CHANGE IN NET ASSETS	1,557,678	-	1,557,678
NET ASSETS - BEGINNING OF YEAR (AS PREVIOUSLY STATED)	60,161,999	-	60,161,999
PRIOR PERIOD ADJUSTMENT	(5,366,570)	-	(5,366,570)
NET ASSETS - BEGINNING OF YEAR (RESTATED)	54,795,429	-	54,795,429
CAPITAL CONTRIBUTIONS	5,582,002	-	5,582,002
CHANGE IN NET ASSETS	1,557,678	-	1,557,678
NET ASSETS - END OF YEAR	\$ 61,935,109	\$ -	\$ 61,935,109

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 2,807,613	\$ 118,729	\$ 2,926,342
Advertising	18,126	10,089	28,215
Bad debt expense	66,935	-	66,935
Contract services	904,033	13,160	917,193
Dues and subscriptions	-	5,734	5,734
Insurance	529,593	1,087	530,680
Interest	562,257	-	562,257
Legal and professional	224,166	144,304	368,470
Miscellaneous	31,421	(22,728)	8,693
Printing and postage	15,766	10,044	25,810
Repairs and maintenance	830,430	174	830,604
Security services	29,445	-	29,445
Social program funds	97,037	26,056	123,093
Supplies	126,209	62,032	188,241
Taxes and licenses	1,111,073	2,636	1,113,709
Telephone	29,972	8,348	38,320
Travel	36,846	1,509	38,355
Utilities	1,390,170	-	1,390,170
Total Functional Expenses before Depreciation and Amortization	8,811,092	381,174	9,192,266
Depreciation and Amortization	3,669,617	6,630	3,676,247
Total Functional Expenses	<u>\$ 12,480,709</u>	<u>\$ 387,804</u>	<u>\$ 12,868,513</u>

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$ 1,557,678
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,676,247
Interest expense - debt issuance costs	41,606
Interest expense - unrealized loss on interest rate swap	90,394
Changes in:	
Accounts receivable	
Grants	(51,730)
Tenants	(112,033)
Other	(885,258)
Prepaid expenses	(147,199)
Accounts payable and accrued expenses	342,122
Tenant security deposits payable	3,988
Prepaid rent	16,970
Net cash provided by operating activities	<u>4,532,785</u>
Cash Flows from Investing Activities:	
Purchase of property and equipment	(12,229,643)
Payments for construction in progress	(10,911,394)
Payments for deferred charges	(33,000)
Purchase of investment securities	(18,457)
Net cash used in investing activities	<u>(23,192,494)</u>
Cash Flows from Financing Activities:	
Bank overdraft	727,901
Proceeds from notes payable	10,000,000
Principal payments on notes payable	(4,637,019)
Payments for debt issuance costs	(57,185)
Capital contributions	5,582,002
Net cash provided by financing activities	<u>11,615,699</u>
Change in cash, cash equivalents, and restricted cash	(7,044,010)
Cash, cash equivalents, and restricted cash - beginning of year	<u>29,269,733</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 22,225,723</u>
Cash and cash equivalents	21,608,564
Tenant security deposits	2,019
Replacement reserves	615,140
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 22,225,723</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest, net of amounts capitalized	<u>\$ 364,717</u>

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

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.

As of December 31, 2021, three separate entities within the State of Tennessee operate as subsidiaries under UHS which are 300 E Webster Street Holdings, LP., 2125 26th Avenue N Holdings, LP., and Skyliner, LP (collectively, the "Corporation").

Basis of Accounting

UHS prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Principles of Consolidation:

The consolidated financial statements of UHS include the accounts of UHS and controlled subsidiaries: 300 East Webster Street Holdings, LP, 2125 26th Avenue North Holdings, LP, and Skyliner, LP. All material intra-entity transactions have been eliminated.

Basis of Presentation:

Revenues are recognized when earned, and expenses are recognized when incurred.

Net assets classification and financial statement presentation follow 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, UHS 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 \$61,935,109 of net assets without donor restrictions as of December 31, 2021.

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 no net assets with donor restrictions as of December 31, 2021.

Rental and Other Revenue Recognition:

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes late payments, cleaning, damages, laundry facilities, forfeiture of security deposits, and other charges and is recorded when earned. Advance receipts of rental revenue are deferred and classified as liabilities until earned.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)**

Grants, 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 be 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.

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. For the year ended December 31, 2021, UHS did not receive any donated equipment or materials.

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 consolidated financial statements do not reflect a provision for income taxes.

Income taxes on 300 E Webster Street Holdings LP, 2125 26th Ave N Holdings, LP, and Skyliner, LP income are levied on the partners at the partner level. Accordingly, all profits and losses of the partnerships are recognized by each partner on their respective tax return.

The preparation of consolidated financial statements, in accordance with accounting principles generally accepted in the United State of America, requires UHS to report information regarding its exposure to various tax positions taken by UHS. UHS has determined whether any tax positions have met the recognition threshold and has measured UHS's exposure to those tax positions. Management believes that UHS has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to UHS are recorded in operating expenses. For the year ended December 31, 2021, no interest or penalties from federal or state tax authorities were recorded.

Fixed Assets:

Fixed assets with a cost above \$500 are recorded at acquisition cost, 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 forty years for buildings and improvements. For the year ended December 31, 2021, depreciation expense was \$3,655,429.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)**

Deferred Charges and Amortization:

Tax credit fees are amortized on a straight-line basis over the 15-year tax credit compliance period. For the year ended December 31, 2021, the amortization expense was \$20,818.

New Pronouncements:

In February 2016, FASB issued Accounting Standard Update (ASU) 2016-02, Leases. The standard requires all leases with lease terms over twelve 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, 2022. UHS is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2021.

Cash and Cash Equivalents:

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition. Restricted cash is not considered cash and cash equivalents and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of tenant service fees, payments of asset management fees, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

Program and Supporting Services

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

Rental Projects:

Dickerson - land purchased for future development and is currently not being leased.

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

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)**

Program and Supporting Services (Continued)

Rental Projects (Continued):

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.

Fisk Court - provides 19 units of affordable housing for low-income homeless adults and youth sponsored by the Oasis Center.

Russell Street - provides 12 units of affordable rental housing for low-income individuals and families.

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 86 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

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)

Program and Supporting Services (Continued)

Rental Projects (Continued):

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

Parliament - provides 80 units of housing for low-income adults and families.

Southwood - provides 85 units of housing for low-income adults and families.

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.

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.

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 UHS from the State of Tennessee to the Clinic at Mercury Court.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)

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 will have been earned. The project was completed by December 31, 2019.

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 December 2019, UHS paid pre-development costs, fees, and expenses amounting to \$716,619 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. These expenses were reimbursed when the first substantial funding of equity occurred in 2020.

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.

Economic concentrations

The subsidiaries operate properties located in Tennessee. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

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 number of apartment units within each program.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS
(Continued)

Use of estimates

The preparation of the consolidated 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 consolidated 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 11% of the total balance as of December 31, 2021, which was \$32,873.

Derivatives and hedging activities

2125 26th Avenue N Holdings, LP uses derivatives to manage risks related to interest rate movements. In accordance with the accounting guidance for derivative instruments and hedging activities, interest rate swap contracts are reported at fair value.

During 2021, 2125 26th Avenue N Holdings, LP entered into a swap agreement with Pinnacle Bank that was used to mitigate the economic impact of changes in interest rates. The swap is being used to offset the risk of changes in cash flows associated with benchmark interest payments on its variable rate loan. The term of the swap is in line with the maturity of the underlying note payable and the swap has a fixed rate of 1.62%.

As of December 31, 2021, the fair value of the 2125 26th Avenue N Holdings, LP's interest rate swap liability was \$90,394. The derivative does not qualify as a hedge and as such, the change in the fair value during the year ended December 31, 2021 of \$90,394 was included in interest expense in the accompanying consolidated statement of functional expenses.

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. As of December 31, 2021, grants receivable were \$261,862.

3. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2021:

Land	\$	10,825,299
Buildings and improvements		100,089,629
Furniture and equipment		3,930,487
		<hr/>
		114,845,415
Less accumulated depreciation		(26,228,290)
Total Fixed Assets	\$	<hr/> <hr/> 88,617,125

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. FAIR VALUE MEASUREMENTS

The Corporation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Corporation's own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

The fair value of the interest rate swap contract is valued using a third-party and is classified as a Level 2 measurement.

The table below presents amounts at December 31, 2021 for significant items measured at fair value based on discounted cash flows on a recurring basis:

	<u>Level 1</u>
Investment securities	<u>\$ 15,168,162</u>
	<u>Level 2</u>
SWAP liability	<u>\$ 90,394</u>

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NOTES PAYABLE

Notes payables consist of the following at December 31, 2021:

<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.36%.</p>	\$ 251,546
<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.09%.</p>	378,117
<p>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.</p>	374,160
<p>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.</p>	312,910
<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.10%.</p>	816,273
<p>Note payable - Renasant (prime rate - 4.00%); 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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.23%.</p>	2,573,102
<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.01%.</p>	763,397

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NOTES PAYABLE (Continued)

<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 1.07%.</p>	596,775
<p>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.</p>	961,924
<p>Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0% for the year ended December 31, 2021); Interest only will be payable monthly for the first 24 months, final balloon payment for balance due April 2035; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, effective interest rate was 0.12%.</p>	11,858,461
<p>Note Payable - 2125 26th Ave. N. Holdings, LP; Pinnacle Bank (prime rate – 4% for the year ended December 31, 2021); 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%</p>	1,631,651
<p>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. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.02%.</p>	9,200,000
<p>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.</p>	17,200,000

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NOTES PAYABLE (Continued)

Note payable - Regions Bank (prime rate - 4.00%); payable in annual principal payments beginning January 2024, and final balloon payment for balance due January 2039; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2021, the effective interest rate was 0.11%.

	<u>10,000,000</u>
Total Notes Payable	56,918,316
Less: Unamortized Fees	(225,581)
Notes Payable, Net of Unamortized Fees	<u>\$ 56,692,735</u>

As of December 31, 2021, aggregate annual maturities of the notes payable over the next five years and thereafter are as follows:

	\$	10,666,261
2022		8,385,304
2023		3,373,005
2024		1,332,320
2025		1,181,219
2026		31,980,207
2027 and thereafter		<u>\$ 56,918,316</u>

For the year ended December 31, 2021, interest expense on notes payable totaled \$704,738. Amortization expense for debt issuance costs totaled \$41,606 for the year ended December 31, 2021.

UHS has a revolving line of credit with Truxton Bank. The line of credit is due on demand and may be terminated without notice by the bank. The interest only payments are due monthly at the Wall Street Journal prime rate minus 4.00% with a floor of zero. The line of credit is secured by the Corporation's assets. The balance outstanding and available credit at December 31, 2021, is \$6,500,000.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents UHS financial assets at December 31, 2021:

Cash and cash equivalents	\$	14,414,791
Tenant security deposits		769
Replacement reserves		105,493
Investment securities		18,175
Accounts receivable – grants		261,862
Accounts receivable – tenants		229,502
Accounts receivable – other		966,988
Accounts receivable – development fee		6,794,209
Due from related party		2,750,000
Total financial assets	\$	<u>25,541,789</u>
Less amounts not available to be used within one year:		
Tenant security deposits	\$	769
Replacement reserves		105,493
Investment securities		18,175
Accounts receivable – other		960,560
Accounts receivable – development fee		6,794,209
Financial assets available to meet general expenditures over the next twelve months	\$	<u>17,662,583</u>

UHS's goal is generally to maintain financial assets to meet 90 days of operating expenses (\$2,400,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

7. BONDS PAYABLE

In January 2020, Skyliner, LP obtained financing from Health and Educational Facilities Board bonds issued by the Metro Government of Nashville and Davidson County. The bonds bear interest at 2.01% per annum and are secured by the mortgage. All of the outstanding principal and interest is due and payable at maturity on January 5, 2023. As of December 31, 2021, the outstanding principal balance was \$15,000,000.

8. 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 that they are receivable from concentrated sources.

UHS maintains deposit accounts with seven financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. UHS had uninsured balances in 2021. In management's opinion, the risk is mitigated by the use of high-quality financial institutions.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. COMMITMENTS AND CONTINGENCIES

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.

10. 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 Davidson County Metropolitan Council approved the formula for calculating PILOT payments to be 25% of the normal property taxes. PILOT expenses were \$256,121 for the year ended December 31, 2021 and are included in taxes and licenses on the consolidated statement of functional expenses.

11. CONSORTIUM AGREEMENT

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

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

12. 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, 2021, the amount of accrued leave was \$23,847 which is included in accounts payable and accrued expenses on the accompanying consolidated statement of financial position.

13. EMPLOYEE BENEFIT PLAN

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 5.0% of compensation. Employees are eligible to participate in the plan after ninety days of service. Total contributions were \$52,469 for the year ended December 31, 2021, which is included in payroll and related expenses on the accompanying consolidated statement of functional expenses.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

14. CONSOLIDATED NET ASSETS

The following schedule summarizes the changes in consolidated net assets attributable to the controlling and non-controlling interests for the year ended December 31, 2021:

Net assets without donor restrictions

	Controlling interest	Non-controlling interests	Total
Balance, January 1, 2021	\$ 41,800,456	\$ 12,994,973	\$ 54,795,429
Change in net assets	2,253,672	(695,994)	1,557,678
Capital contributions	50,674	5,531,328	5,582,002
Balance, December 31, 2021	<u>\$ 44,104,802</u>	<u>\$ 17,830,307</u>	<u>\$ 61,935,109</u>

The following schedule summarizes non-controlling interests' amounts of outside ownership interest in the subsidiaries. As of and for the year ended December 31, 2021, non-controlling interests and related share of current year net losses, respectively, consisted of the following:

<u>Subsidiary</u>	Non-controlling interests	Share of current year net losses
300 E Webster Street Holdings, L.P.	\$ 8,009,510	\$ (303,844)
2125 26 th Avenue N Holdings, L.P.	8,298,136	(366,634)
Skyliner, L.P.	1,522,661	(25,516)
Total	<u>\$ 17,830,307</u>	<u>\$ (695,994)</u>

15. VULNERABILITY – IMPACT OF COVID-19

The severity of the impact of COVID-19 on UHS and subsidiaries' operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the UHS and subsidiaries' tenants, borrowers, investees, donors, and grantors, all of which are uncertain and cannot be predicted. The UHS and subsidiaries' future results could be adversely impacted by delays in rent, loan payment, contributions, and grant collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

16. PRIOR PERIOD ADJUSTMENT

The Corporation's fixed assets and net assets were not properly reported as of December 31, 2020 due to the related party developer fee not being properly eliminated. As a result, as of December 31, 2020, total net assets were decreased by \$5,366,570.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2022, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure, except as follows:

The operating reserve for 2125 26th Avenue N Holdings, LP was established and fully funded in the amount of \$218,463 on February 8, 2022.

2125 26th Avenue N Holdings, LP received equity payments totaling \$805,729 from its limited partner on February 4, 2022.

SUPPLEMENTARY INFORMATION

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	Eliminations	Consolidated
Cash and cash equivalents	\$ 14,414,791	\$ 861,081	\$ 75,469	\$ 6,257,223	\$ -	\$ 21,608,564
Restricted cash:						
Tenant security deposits	769	-	1,250	-	-	2,019
Replacement reserves	105,493	495,905	13,742	-	-	615,140
Investments securities	18,175	-	-	15,149,987	-	15,168,162
Accounts receivable:						
Grants	261,862	-	-	-	-	261,862
Tenants, net of doubtful accounts	229,502	25,025	921	-	-	255,448
Development fee	6,794,209	-	-	-	(6,794,209)	-
Due from related parties	2,750,000	-	-	-	(2,750,000)	-
Other	966,988	-	45,405	-	(45,405)	966,988
Investment - Skyliner	1,868,339	-	-	-	(1,868,339)	-
Prepaid expenses	77,296	64,935	11,042	-	-	153,273
Deferred charges, net of accumulated amortization of \$37,236	-	140,442	89,883	-	-	230,325
Property and equipment - net of accumulated depreciation of \$26,228,290	57,623,363	24,771,892	10,951,002	1,500,000	(6,229,132)	88,617,125
Construction in progress	-	-	-	16,419,996	(1,639,303)	14,780,693
Total assets	<u>\$ 85,110,787</u>	<u>\$ 26,359,280</u>	<u>\$ 11,188,714</u>	<u>\$ 39,327,206</u>	<u>\$ (19,326,388)</u>	<u>\$ 142,659,599</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,123,839	\$ 190,737	\$ 81,548	\$ 1,866,339	\$ (1,905,194)	\$ 1,359,269
Cash and cash equivalents - bank overdraft	727,901	-	-	-	-	727,901
Due to related parties	6,500,000	2,000,000	-	750,000	(2,750,000)	6,500,000
Line of credit	228,960	90,904	1,250	-	-	321,114
Tenant security deposits	-	-	90,394	-	-	90,394
SWAP liability	-	-	-	-	-	-
Development fee payable	-	4,280,523	1,027,500	1,486,186	(6,794,209)	-
Bonds payable	10,517	22,560	-	15,000,000	-	15,000,000
Prepaid rent	-	-	-	-	-	33,077
Notes payable - net of unamortized debt issuance costs	26,147,419	11,713,665	1,631,651	17,200,000	-	56,692,735
Total liabilities	<u>34,738,638</u>	<u>18,298,389</u>	<u>2,832,343</u>	<u>36,304,525</u>	<u>(11,449,403)</u>	<u>80,724,490</u>
NET ASSETS						
Net assets without donor restrictions, controlling	50,372,151	51,381	58,235	1,500,020	(7,876,985)	44,104,802
Net assets without donor restrictions, non-controlling interest in subsidiaries	-	8,009,510	8,298,136	1,522,661	-	17,830,307
Total net assets	<u>50,372,151</u>	<u>8,060,891</u>	<u>8,356,371</u>	<u>3,022,681</u>	<u>(7,876,985)</u>	<u>61,935,109</u>
Total liabilities and net assets	<u>\$ 85,110,787</u>	<u>\$ 26,359,280</u>	<u>\$ 11,188,714</u>	<u>\$ 39,327,206</u>	<u>\$ (19,326,388)</u>	<u>\$ 142,659,599</u>

See report of independent auditors

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	Eliminations	Consolidated
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 843,838	\$ -	\$ -	\$ -	\$ -	\$ 843,838
Grants:						
Government	1,101,450	-	5,588	-	-	1,107,038
Total public support	1,945,288	-	5,588	-	-	1,950,876
Revenues:						
Rental income	8,689,894	2,347,563	627,861	-	-	11,665,318
Laundry and vending machine income	28,191	3,958	107	-	-	32,256
Interest income	21,677	208	-	-	-	21,885
Developer fees	1,486,186	-	-	-	(1,486,186)	-
Insurance proceeds	696,991	-	-	-	-	696,991
Miscellaneous	51,992	-	-	-	(24,384)	27,608
Application fees	31,257	-	-	-	-	31,257
TOTAL SUPPORT AND REVENUES	12,951,476	2,351,729	633,556	-	(1,510,570)	14,426,191
EXPENSES						
Program services:						
Rental projects	\$ 8,303,620	\$ 2,542,738	\$ 975,843	\$ 25,519	\$ (156,388)	\$ 11,691,332
Resident support programs	789,377	-	-	-	-	789,377
Total program services	9,092,997	2,542,738	975,843	25,519	(156,388)	12,480,709
Supporting services:						
Management and general	274,939	112,865	24,384	-	(24,384)	387,804
TOTAL EXPENSES	9,367,936	2,655,603	1,000,227	25,519	(180,772)	12,868,513
CHANGE IN NET ASSETS	3,583,540	(303,874)	(366,671)	(25,519)	(1,329,798)	1,557,678
NET ASSETS - BEGINNING OF YEAR (AS PREVIOUSLY STATED)	46,788,611	3,917,518	8,709,927	1,926,560	(1,180,617)	60,161,999
PRIOR PERIOD ADJUSTMENT	-	-	-	-	(5,366,570)	(5,366,570)
NET ASSETS - BEGINNING OF YEAR (RESTATED)	46,788,611	3,917,518	8,709,927	1,926,560	(6,547,187)	54,795,429
CAPITAL CONTRIBUTIONS	-	4,447,247	13,115	1,121,640	-	5,582,002
CHANGE IN NET ASSETS	3,583,540	(303,874)	(366,671)	(25,519)	(1,329,798)	1,557,678
NET ASSETS - END OF YEAR	\$ 50,372,151	\$ 8,060,891	\$ 8,356,371	\$ 3,022,681	\$ (7,876,985)	\$ 61,935,109

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URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES
	URBAN HOUSING SOLUTIONS	300 E. WEBSTER ST. HOLDINGS, LP	2125 26TH AVE. N. HOLDINGS, LP	Skyliner, LP	Eliminations	-	
	RENTAL PROJECTS	RESIDENT SUPPORT PROGRAMS	Total				
Payroll and related expenses	\$ 1,955,359	\$ 406,904	\$ 2,362,263	\$ 182,065	\$ -	\$ -	\$ 2,807,613
Advertising	8,259	-	8,259	-	-	-	18,126
Bad debt expense	-	-	-	-	-	-	66,935
Contract services	891,916	5,071	896,987	-	-	-	904,033
Dues and subscriptions	-	-	-	-	-	-	-
Insurance	461,392	3,258	464,650	19,674	-	-	529,593
Interest	29,347	-	29,347	117,620	25,519	-	562,257
Legal and professional	127,082	23,725	150,807	32,673	-	-	224,166
Miscellaneous	-	-	-	5,892	-	8,550	31,421
Printing and postage	15,569	121	15,690	76	-	-	15,766
Repairs and maintenance	282,580	326	282,906	117,342	-	-	830,430
Security services	-	-	-	29,445	-	-	29,445
Social program funds	56,189	36,444	92,633	4,404	-	-	97,037
Supplies	109,778	10,117	119,895	6,314	-	-	126,209
Taxes and licenses	759,435	20	759,455	77,655	-	-	1,111,073
Telephone	24,982	3,605	28,587	1,385	-	-	29,972
Travel	31,835	3,320	35,155	1,691	-	-	36,846
Utilities	1,160,617	-	1,160,617	101,692	-	-	1,390,170
Total Functional Expenses before Depreciation and Amortization	5,914,340	492,911	6,407,251	668,483	25,519	8,550	8,611,092
Depreciation and amortization	2,389,280	296,466	2,685,746	307,360	-	(164,938)	3,669,617
Total Functional Expenses	\$ 8,303,620	\$ 789,377	\$ 9,092,997	\$ 975,843	\$ 25,519	\$ (156,388)	\$ 12,480,709

See report of independent auditors

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Supporting Services

	Management and General						TOTAL EXPENSES
	URBAN HOUSING SOLUTIONS	300 E. WEBSTER ST. HOLDINGS, LP	2125 26TH AVE. N. HOLDINGS, LP	Skyliner, LP	TOTAL MANAGEMENT & GENERAL	Eliminations	
Payroll and related expenses	\$ 118,729	\$ -	\$ -	\$ -	\$ 118,729	\$ -	\$ 2,926,342
Advertising	10,089	-	-	-	10,089	-	28,215
Bad debt expense	-	-	-	-	-	-	66,935
Contract services	950	12,210	24,384	-	37,544	(24,384)	917,193
Dues and subscriptions	-	5,734	-	-	5,734	-	5,734
Insurance	1,087	-	-	-	1,087	-	530,680
Interest	-	-	-	-	-	-	562,257
Legal and professional	65,286	79,018	-	-	144,304	-	368,470
Miscellaneous	(22,728)	-	-	-	(22,728)	-	8,693
Printing and postage	5,346	4,698	-	-	10,044	-	25,810
Repairs and maintenance	174	-	-	-	174	-	830,604
Security services	-	-	-	-	-	-	29,445
Social program funds	26,056	-	-	-	26,056	-	123,093
Supplies	56,521	5,511	-	-	62,032	-	188,241
Taxes and licenses	2,636	-	-	-	2,636	-	1,113,709
Telephone	3,637	4,711	-	-	8,348	-	38,320
Travel	526	983	-	-	1,509	-	38,955
Utilities	-	-	-	-	-	-	1,390,170
Total Functional Expenses before Depreciation and Amortization	268,309	112,865	24,384	-	405,558	(24,384)	9,192,266
Depreciation and amortization	6,630	-	-	-	6,630	-	3,676,247
Total Functional Expenses	\$ 274,939	\$ 112,865	\$ 24,384	\$ -	\$ 412,188	\$ (24,384)	\$ 12,868,513

See report of independent auditors

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Pass-through to Subrecipients	Expenditures
Federal Awards					
Direct Funding:					
US Department of Housing and Urban Development	Continuum of Care	14.267	TN0061L4J041912		\$ 79,470
US Department of Housing and Urban Development	Continuum of Care	14.267	TN0061L4J042013		486,828
	Total Program 14.267				566,298
Pass-through Funding:					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	TNH20F002		388,814
	Total Program 14.241				388,814
US Department of Housing and Urban Development through Enterprise Community Partners	Capacity Building for Community Development and Affordable Housing	14.252	20SG1931		44,999
	Total Program 14.252				44,999
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 1,000,111
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		22,381
TOTAL STATE FINANCIAL ASSISTANCE					\$ 22,381
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 1,022,492

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures of Urban Housing Solutions, Inc. and Subsidiaries under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the organization by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Catalogue of Federal Domestic Assistance numbers ("CFDA No.") are provided where available.

3. INDIRECT COST RATE

Urban Housing Solutions, Inc. elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES - URBAN HOUSING SOLUTIONS							
	SKYLINER	WOODLAND	MERCURY COURTS	HOPE	CROWN	FISK	RUSSELL	MERCURY NORTH
REVENUES								
Rental income	\$ 500,000	-	\$ 896,559	\$ 138,892	\$ 131,461	\$ 140,423	\$ 96,542	\$ 182,389
Individual and corporate gifts & Barnes Fund	-	-	-	-	-	-	-	-
Grants	-	-	53,722	64,709	15,742	-	-	53,686
Developer Fees	1,486,186	-	-	4,408	-	-	-	-
Other	-	-	8,271	-	5,021	838	1,190	1,843
Total Revenues	1,986,186	-	958,552	208,009	152,224	141,261	97,732	237,918
EXPENSES								
Payroll and related expenses	64,750	1,506	214,807	39,959	30,293	28,691	18,070	46,843
OPeB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	5,118	76,241	25,241	10,197	8,596	13,049	17,489
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	723	3,765	33,409	7,106	7,346	3,135	5,402	6,833
Interest	915	1,952	351	1,392	158	-	-	-
Legal and professional	-	-	7,252	1,392	1,034	953	2,519	1,602
Miscellaneous	26	6,335	2,294	-	-	-	-	-
Printing and postage	-	-	-	-	-	-	-	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	-	4,664	28,562	7,316	4,567	3,417	5,567	5,375
Security services	-	-	-	-	-	-	-	-
Social program funds	-	3	9,128	758	67	5,500	168	360
Supplies	896	3,058	10,644	2,231	1,584	1,474	947	2,506
Taxes and licenses	-	40	-	5,143	5,221	1,676	-	1,710
Telephone	258	14	2,217	387	277	266	166	472
Travel	61	29	3,976	830	569	548	344	940
Utilities	-	10,760	179,550	19,023	13,792	13,881	7,778	57,811
Total Functional Expenses before Depreciation and Amortization	67,629	37,244	568,431	109,386	75,105	68,137	54,010	141,941
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,918,557	(37,244)	390,121	98,623	77,119	73,124	43,722	95,977
Depreciation and amortization	994	17,375	127,151	31,799	24,840	17,983	22,900	50,821
REVENUE OVER EXPENSES	\$ 1,917,563	\$ (54,619)	\$ 262,970	\$ 66,824	\$ 52,279	\$ 55,141	\$ 20,822	\$ 45,156

See the accompanying notes to the financial statements

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES - URBAN HOUSING SOLUTIONS							
	GREENTREE TERRACE	RIVER TERRACE	PORTER EAST	NEELY MEADOWS	HAPPY GARDEN	EASTWOOD COURTS	VILLAGE PLACE	
REVENUES								
Rental income	\$ 353,431	\$ 104,777	\$ 276,327	\$ 1,079,098	\$ 67,421	\$ 438,724	\$ 459,745	
Individual and corporate gifts & Barnes Fund	-	-	-	-	-	-	-	
Grants	47,356	1,617	60,073	109,017	-	72,389	60,928	
Developer Fees	-	-	-	-	-	-	-	
Other	3,125	1,015	413,279	12,669	-	4,548	4,629	
Total Revenues	403,912	107,409	749,679	1,200,784	67,421	515,661	525,302	
EXPENSES								
Payroll and related expenses	85,567	26,325	31,907	250,104	11,694	91,858	90,632	
OPEB Expense	-	-	-	-	-	-	-	
Advertising	-	-	-	-	-	-	-	
Bad debt expense	-	-	-	-	-	-	-	
Contract services	32,054	20,343	27,101	98,821	7,348	57,785	69,389	
Dues and subscriptions	-	-	-	-	-	-	-	
Insurance	16,509	29,226	19,082	34,061	3,799	21,671	38,228	
Interest	1,047	494	494	10,476	-	395	-	
Legal and professional	2,835	2,965	1,556	8,032	396	3,153	3,920	
Miscellaneous	-	-	-	-	-	-	-	
Printing and postage	-	-	2	495	40	406	586	
Rebate expense	-	-	-	-	-	-	-	
Repairs and maintenance	21,479	8,930	5,190	42,219	1,110	24,875	29,577	
Security services	-	-	-	-	-	-	-	
Social program funds	2,486	67	11,500	700	27	1,500	571	
Supplies	4,406	1,664	1,760	12,101	620	4,816	5,790	
Taxes and licenses	11,701	4,504	40,760	105,850	7,671	23,386	15,649	
Telephone	795	328	295	2,213	109	845	1,134	
Travel	1,632	764	573	5,139	229	1,747	2,655	
Utilities	36,380	8,248	66,062	77,143	6,805	46,796	46,507	
Total Functional Expenses before Depreciation and Amortization	216,891	103,364	206,282	647,354	39,848	279,233	304,638	
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	187,021	4,045	543,397	553,430	27,573	236,428	220,664	
Depreciation and amortization	69,227	19,297	171,198	185,107	45,619	76,772	91,740	
REVENUE OVER EXPENSES	\$ 117,794	\$ (15,252)	\$ 372,199	\$ 368,323	\$ (18,046)	\$ 159,656	\$ 128,924	

See the accompanying notes to the financial statements

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

PROGRAM SERVICES - URBAN HOUSING SOLUTIONS								
	MCA WALL	REX JR.	URBAN FLATS	PARLIAMENT	CLARKSVILLE HIGHWAY	1227-1235 LEWIS	SOUTHWOOD	OLD HICKORY
REVENUES								
Rental income	-	-	-	-	-	-	-	-
Individual and corporate gifts & Barnes Fund	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	54,000
Developer Fees	-	-	-	-	-	-	-	-
Other	-	-	-	7,368	4,971	566	3,560	-
Total Revenues	-	-	-	878,712	922,353	132,485	670,887	54,000
EXPENSES								
Payroll and related expenses	(1,585)	40,276	56,536	109,107	175,325	29,210	77,324	3,935
OPEB Expense	-	-	-	8,146	-	-	113	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	-	-	126,506	57,312	8,469	62,799	2,575
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	-	182	269	30,925	29,128	6,034	21,919	313
Interest	-	-	-	2,215	2,448	219	11,437	-
Legal and professional	-	596	807	5,813	62,521	991	-	48
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	1,860	587	100	520	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	15,260	11,616	2,468	12,043	-
Security services	-	-	-	-	-	-	-	-
Social program funds	-	-	-	2,275	10,005	67	470	-
Supplies	-	683	832	10,789	10,799	1,635	8,057	35
Taxes and licenses	-	174	238	68,293	142,864	17,594	107,034	10,983
Telephone	-	48	45	5,880	1,569	273	2,941	15
Travel	-	-	-	354	2,502	573	27	1
Utilities	-	-	-	71,728	155,296	10,516	45,309	840
Total Functional Expenses before Depreciation and Amortization	(1,585)	41,959	58,727	459,151	661,972	78,149	349,993	18,745
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,585	(41,959)	(58,727)	419,561	260,381	54,336	320,894	35,255
Depreciation and amortization	-	-	-	268,757	433,513	217,351	292,047	4,705
REVENUE OVER EXPENSES	\$ 1,585	\$ (41,959)	\$ (58,727)	\$ 150,804	\$ (173,132)	\$ (163,015)	\$ 28,847	\$ 30,550

See the accompanying notes to the financial statements

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES - URBAN HOUSING SOLUTIONS							TOTAL RENTAL PROJECTS
	REX'S COURTYARD	VULTEE GARDENS	NEIGHBORHOOD STABILIZATION	THE PARK AT MERCURY COURT	MILLENNIUM	SOUTH PARLIAMENT		
REVENUES								
Rental income	\$ 694,091	\$ 84,095	\$ 817,264	\$ 94,915	\$ 215,160	\$ -	\$ -	\$ 8,689,894
Individual and corporate gifts & Barnes Fund	10,000	-	-	-	-	-	-	676,222
Grants	84,318	16,109	32,293	37,064	5,468	-	-	771,661
Developer Fees	-	-	-	-	-	-	-	1,486,186
Other	8,333	2,563	293,253	816	1,780	-	-	784,046
Total Revenues	796,742	102,767	1,142,810	132,795	222,408	-	-	12,408,009
EXPENSES								
Payroll and related expenses	141,020	23,509	185,712	34,019	47,153	812	-	1,955,359
OPEB Expense	-	-	-	-	-	-	-	8,259
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	49,833	11,220	80,982	7,845	15,603	-	-	891,916
Dues and subscriptions	33,007	5,311	89,616	5,809	8,584	-	-	461,392
Insurance	-	-	-	-	-	-	-	29,240
Interest	5,376	796	7,187	1,069	1,402	-	-	127,082
Legal and professional	-	-	-	-	-	-	-	15,569
Miscellaneous	404	-	1,914	-	-	-	-	-
Printing and postage	-	-	-	-	-	-	-	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	16,152	6,082	17,131	1,235	7,745	-	-	282,580
Security services	-	-	-	-	-	-	-	-
Social program funds	558	437	9,102	229	211	-	-	56,189
Supplies	7,189	1,241	10,187	1,660	2,174	-	-	109,778
Taxes and licenses	21,134	4,269	139,185	9,349	15,419	-	-	759,435
Telephone	1,417	223	1,750	328	398	-	-	24,982
Travel	2,822	458	3,665	588	716	-	-	31,835
Utilities	155,463	13,864	80,909	16,905	19,251	-	-	1,160,617
Total Functional Expenses before Depreciation and Amortization	434,375	67,410	627,340	79,036	118,656	812	-	5,914,233
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	362,367	35,357	515,470	53,759	103,752	(812)	-	6,493,776
Depreciation and amortization	113,203	26,063	-	36,607	44,318	-	-	2,389,387
REVENUE OVER EXPENSES	\$ 249,164	\$ 9,294	\$ 515,470	\$ 17,152	\$ 59,434	\$ (812)	\$ -	\$ 4,104,389

See the accompanying notes to the financial statements

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES - URBAN HOUSING SOLUTIONS				
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING
REVENUES					
Rental income	-	-	-	-	-
Individual and corporate gifts & Barnes Fund	-	-	120,916	-	-
Grants	-	17,370	100,238	55,271	156,910
Developer Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	17,370	221,154	55,271	156,910
EXPENSES					
Payroll and related expenses	10,204	52,105	17,757	61,726	204,056
OPEB Expense	-	-	-	-	-
Advertising	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Contract services	-	-	-	-	5,071
Dues and subscriptions	-	-	-	-	-
Insurance	-	485	174	534	1,528
Interest	-	-	-	-	107
Legal and professional	212	1,031	377	1,163	3,880
Miscellaneous	-	-	-	-	-
Printing and postage	-	-	-	-	-
Rebate expense	-	-	-	-	-
Repairs and maintenance	-	-	-	-	326
Security services	-	-	-	-	-
Social program funds	-	25,201	7,490	-	3,753
Supplies	229	656	233	845	4,003
Taxes and licenses	-	-	-	-	-
Telephone	139	796	133	641	1,632
Travel	-	7	141	725	2,335
Utilities	-	-	-	-	-
Total Functional Expenses before Depreciation and Amortization	10,784	80,281	26,305	65,634	226,691
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(10,784)	(62,911)	194,849	(10,363)	(69,781)
Depreciation and amortization	-	-	-	-	296,047
REVENUE OVER EXPENSES	\$ (10,784)	\$ (62,911)	\$ 194,849	\$ (10,363)	\$ (365,828)

See the accompanying notes to the financial statements

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES - URBAN HOUSING SOLUTIONS		SUPPORTING SERVICES - URBAN HOUSING SOLUTIONS			TOTAL
	GENERAL DEVELOPMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL		TOTAL SUPPORTING SERVICES	
			GENERAL	FUNDRAISING		
REVENUES						
Rental income	\$ -	\$ 8,689,894	\$ -	\$ -	\$ -	\$ 8,689,894
Individual and corporate gifts & Barnes Fund	45,000	842,138	1,700	-	1,700	843,838
Grants	-	1,101,450	-	-	-	1,101,450
Developer Fees	-	1,486,186	-	-	-	1,486,186
Other	-	784,046	46,062	-	46,062	830,108
Total Revenues	45,000	12,903,714	47,762	-	47,762	12,951,476
EXPENSES						
Payroll and related expenses	61,056	2,362,263	118,729	-	118,729	2,480,992
OPEB Expense	-	-	-	-	-	-
Advertising	-	8,259	10,089	-	10,089	18,348
Bad debt expense	-	-	-	-	-	-
Contract services	-	896,987	950	-	950	897,937
Dues and subscriptions	-	-	-	-	-	-
Insurance	537	464,650	1,087	-	1,087	465,737
Interest	-	29,347	-	-	-	29,347
Legal and professional	17,062	150,807	65,286	-	65,286	216,093
Miscellaneous	-	-	(22,728)	-	(22,728)	(22,728)
Printing and postage	121	15,690	5,346	-	5,346	21,036
Rebate expense	-	-	-	-	-	-
Repairs and maintenance	-	282,906	174	-	174	283,080
Security services	-	-	-	-	-	-
Social program funds	-	92,633	26,056	-	26,056	118,689
Supplies	4,151	119,895	56,521	-	56,521	176,416
Taxes and licenses	20	759,455	2,636	-	2,636	762,091
Telephone	264	28,587	3,637	-	3,637	32,224
Travel	112	35,155	526	-	526	35,681
Utilities	-	1,160,617	-	-	-	1,160,617
Total Functional Expenses before Depreciation and Amortization	83,323	6,407,251	268,309	-	268,309	6,675,560
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(38,323)	6,496,463	(220,547)	-	(220,547)	6,275,916
Depreciation and amortization	312	2,685,746	6,630	-	6,630	2,692,376
REVENUE OVER EXPENSES	\$ (38,635)	\$ 3,810,717	\$ (227,177)	\$ -	\$ (227,177)	\$ 3,583,540

See the accompanying notes to the financial statements



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

To the Board of Directors of
Urban Housing Solutions, Inc. and Subsidiaries

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 consolidated financial statements of Urban Housing Solutions, Inc. and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Urban Housing Solutions, Inc. and subsidiaries' 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. and subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 consolidated 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 21-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Housing Solutions, Inc. and subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of their 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs and Recommendations as item 21-2.

Urban Housing Solutions, Inc. and subsidiaries' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Urban Housing Solutions, Inc. and subsidiaries' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Urban Housing Solutions, Inc. and subsidiaries' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradec & Company LLP

Dover, OH
September 28, 2022



REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE
FOR ITS MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Urban Housing Solutions, Inc. and Subsidiaries

Report on Compliance for its Major Federal Program

Opinion on its Major Federal Program

We have audited Urban Housing Solutions, Inc. and subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Urban Housing Solutions, Inc. and subsidiaries' major federal program for the year ended December 31, 2021. Urban Housing Solutions, Inc. and subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Opinion on its Major Federal Program paragraph, Urban Housing Solutions, Inc. and subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended December 31, 2021.

Basis for Opinion on its Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Urban Housing Solutions, Inc. and subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of Urban Housing Solutions, Inc. and subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Urban Housing Solutions, Inc. and subsidiaries' federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Urban Housing Solutions, Inc. and subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Urban Housing Solutions, Inc. and subsidiaries' compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Urban Housing Solutions, Inc. and subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Urban Housing Solutions, Inc. and subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Urban Housing Solutions, Inc. and subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 21-2. Our opinion on the major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on Urban Housing Solutions, Inc. and subsidiaries' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Urban Housing Solutions, Inc. and subsidiaries' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given the limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogradac & Company LLP

Dover, OH
September 28, 2022

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> X </u>	Yes	<u> </u> No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	<u> X </u>	Yes	<u> </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section II - Financial Statement Findings

Finding 21-1

Criteria

The Corporation must ensure that proper internal controls are in place to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles ("GAAP").

Statement of Condition

The fixed assets and net assets were not properly reported as of December 31, 2020, which required a prior period adjustment of \$5,366,570 to the December 31, 2020 net assets balance.

Questioned Costs:

None

Effect or potential effect

There is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected by the Corporation's internal control.

Cause

Controls are not in place to ensure that the entity initiates, authorizes, records, processes, and reports financial data reliably in accordance with GAAP.

Recommendation

The Corporation must establish proper internal controls to initiate, authorize, record, process, and report financial data reliably in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions

The prior period adjustment was recorded in current year to adjust the balances. Management will ensure controls are in place to properly initiate, authorize, record, process and report financial data reliably in accordance with GAAP.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section III - Federal Award Findings and Questioned Costs

Finding 21-2

Criteria

The Corporation has not submitted its Single Audit reporting package to the Federal Audit Clearinghouse since 2016.

Statement of Condition

The Corporation is required to submit its Single Audit reporting package to the Federal Audit Clearinghouse upon the earlier of 30 days after report issuance or 9 months after year end.

Questioned Costs:

None

Effect or potential effect

There is a reasonable possibility that the late submission could affect the federal programs due to the Federal awarding agencies not being timely notified of submission and potential findings..

Cause

The Corporation failed to submit its Single Audit reporting packages to the Federal Audit Clearinghouse timely.

Recommendation

The Corporation should ensure that its Single Audit reporting packages are submitted to the Federal Audit Clearinghouse in a timely manner.

Views of Responsible Officials and Planned Corrective Actions

The 2021 Single Audit reporting package will be submitted in a timely manner to the Federal Audit Clearinghouse and the filings will be monitored in the future.

THE STATE OF TEXAS,
COUNTY OF [illegible]

Know all men by these presents, that [illegible]

of the County of [illegible]

do hereby certify that [illegible]

is the true and correct copy of [illegible]

in and to the effect of [illegible]

as the same appears from the records of [illegible]

and the same is a true and correct copy of [illegible]

as the same appears from the records of [illegible]

and the same is a true and correct copy of [illegible]

as the same appears from the records of [illegible]

and the same is a true and correct copy of [illegible]

as the same appears from the records of [illegible]

and the same is a true and correct copy of [illegible]

as the same appears from the records of [illegible]

and the same is a true and correct copy of [illegible]

as the same appears from the records of [illegible]

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
SHELTER AMERICA GROUP**

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 Shelter America Group, 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." Shelter America Group will be adding 124 affordable housing units located at 4608 Nolensville Pike, Nashville, TN 37211. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,000,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

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 Dollars (\$2,000,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

a. Grant Draws

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

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

- 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
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. **Procurement.** Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. **Public Meetings.** At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. **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 July 1, 2024 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.

- 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

Rasheedah.Pardue@Nashville.Gov

Recipient:

Shelter America Group
9620 SW Bank Road
Vashon, WA 98070
206-567-5540 | christopher.bric@shelteramericagroup.org
910-232-3334 | sweldon@blueridgeatlantic.com

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Jim Schmitz, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

DocuSigned by:


Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:


Macy Amos
Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:


Thomas Cross
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Shelter America Group

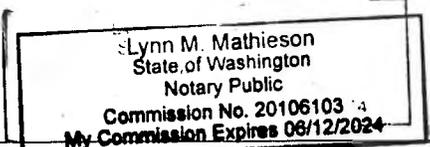
By:  _____

Title: President

Sworn to and subscribed to before me a
Notary Public, this 9th day
of MAY, 2023.



Lynn M. Mathieson
Notary Public


Lynn M. Mathieson
State of Washington
Notary Public
Commission No. 20106103
My Commission Expires 08/12/2024

My Commission
expires 4/12/2024

Lynn M. Mathison
 State of Washington
 Notary Public
 Commission No. 20108103
 My Commission Expires 06/30/2014

EXHIBIT F



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Shelter America Group

Development Type: Rental

Development Address: 4608 Nolensville Pike, Nashville, TN 37211 ; 4612 Nolensville Pike, Nashville, TN 37211

Amount Awarded: \$2,000,000

Number of Barnes-funded Units: 124

Target Populations Served: All income-eligible tenants including larger families and youth (under 26)

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
	124	

Sojourn Nolensville Development Budget

DEVELOPMENT COST ITEMS	PAYEE	TOTAL	LHTC BASIS		ELIGIBLE BASIS		AGGREGATE BASIS		COMMENTS	
			Eligible	Ineligible	Acquisition	Rehab	Good Cost	Bad Cost		
ACQUISITION COSTS										
Various		100.00%	4,900,000.00	-	4,900,000.00	-	-	4,900,000.00	-	\$8,000 per unit
Land			-	-	-	-	-	-	-	
Building Improvements	Various		-	-	-	-	-	-	-	
Other (NET ASSETS)	Various		-	-	-	-	-	-	-	
Title Abstract	TBD		-	-	-	-	-	-	-	
Title Insurance & Recording Fee	TBD		204,600.00	-	204,600.00	-	-	204,600.00	-	
Real Estate Attorney - Acquisition	TBD		120,000.00	-	120,000.00	-	-	108,000.00	12,000.00	
Subtotal			5,224,600.00							
PRE-DEVELOPMENT COSTS										
Option Costs	TBD		8,000.00	-	8,000.00	-	-	8,000.00	-	
Market Study			34,973.00	34,973.00	-	-	34,973.00	34,973.00	-	
Zoning - Planning Board			10,000.00	10,000.00	-	-	10,000.00	10,000.00	-	
Zoning - Legal			28,362.00	28,362.00	-	-	28,362.00	28,362.00	-	
Zoning - Architect			-	-	-	-	-	-	-	
CNA	TBD		20,000.00	-	-	-	20,000.00	20,000.00	-	
Environmental Report			16,919.00	16,919.00	-	-	16,919.00	16,919.00	-	
Termite Bond	TBA		8,000.00	8,000.00	-	-	8,000.00	8,000.00	-	
Survey (N.T.A.)			8,800.00	-	-	-	-	-	8,800.00	
Appraisal	THDA		51,500.00	-	-	-	-	-	51,500.00	
LHTC Application Fee			22,250.00	-	-	-	-	-	22,250.00	
Board App Fee	E&A		-	-	-	-	-	-	-	
PILOT App Fee			-	-	-	-	-	-	-	
Accessibility Review Fee			-	-	-	-	-	-	-	
Waiver Request Fee			-	-	-	-	-	-	-	
Subtotal			206,884.00							
CONSTRUCTION COSTS										
Off-Site Improvements			-	-	-	-	-	-	-	
On Site Improvements (Eligible)			5,175,439.00	-	5,055,439.00	120,000.00	-	5,055,439.00	120,000.00	
Demolition (In Basis)			150,000.00	-	150,000.00	-	-	150,000.00	-	
Soil Installation			-	-	-	-	-	-	-	
Hard Costs (Min Required)	TBD	\$0	-	-	-	-	-	-	-	
Advt Hard Costs (per unit)	TBD	\$0	-	-	-	-	-	-	-	
Costs - New Bldgs (per unit)			26,096,491.00	-	-	-	26,096,491.00	26,096,491.00	-	
Costs - Accessory Bldgs (per unit)			-	-	-	-	-	-	-	
General Requirements (%)	TBD	6.00%	1,885,316.00	1,885,316.00	-	-	1,885,316.00	1,885,316.00	-	
Contractor Overhead (%)	TBD	2.00%	626,439.00	626,439.00	-	-	626,439.00	626,439.00	-	
Contractor Profit (%)	TBD	6.00%	1,885,316.00	1,885,316.00	-	-	1,885,316.00	1,885,316.00	-	
Impact / Tap Fees (per unit)			756,766.00	756,766.00	-	-	756,766.00	756,766.00	-	
Permits & Construction Legal			500,000.00	-	-	-	500,000.00	500,000.00	-	
Construction Bonding		0.64%	-	-	-	-	-	-	-	
Other Construction Costs (Construction Contract)			-	-	-	-	-	-	-	
Subtotal			37,877,787.00							
CONTINGENCY COSTS										
Hard Cost Contingency	THDA	5.0%	1,791,050.00	1,791,050.00	-	-	1,791,050.00	1,791,050.00	-	
Additional Contingency			-	-	-	-	-	-	-	
Subtotal			1,791,050.00							
ARCHITECTURE / ENGINEERING										
Engineer Reports			181,950.00	181,950.00	-	-	181,950.00	181,950.00	-	
Architect (Design %) - 65%	TBD	4.00%	704,900.00	-	-	-	704,900.00	704,900.00	-	
Architect (Supervision %) - 35%			250,000.00	250,000.00	-	-	250,000.00	250,000.00	-	
Other - Survey Update	Milman		1,900.00	1,900.00	-	-	1,900.00	1,900.00	-	
Subtotal			1,138,750.00							
INTERIM FINANCE COSTS										
Insurance			260,000.00	260,000.00	-	-	260,000.00	260,000.00	-	
Interest - Tax Exempt Bonds			1,527,111.00	-	1,585,929.00	241,182.00	-	1,585,929.00	241,182.00	Assuming 2.8% interest, 27 months to redempt
Interest Cushion			1,500,000.00	1,050,000.04	449,999.96	-	1,050,000.04	1,050,000.04	449,999.96	Amort Date - 1/1/2026
Interest - Construction Loan			4,047,397.00	2,833,178.00	1,214,219.00	-	2,833,178.00	2,833,178.00	1,214,219.00	
Loan Origination Fee		1.00%	620,000.00	620,000.00	-	-	620,000.00	620,000.00	-	
Constx Lender Legal			50,000.00	-	-	-	50,000.00	50,000.00	-	
Taxes			3,000.00	3,000.00	-	-	3,000.00	3,000.00	-	
Lender Inspection Draw		\$50,000	50,000.00	50,000.00	-	-	50,000.00	50,000.00	-	
Lender Final Inspection Fee		\$3,500	3,500.00	3,500.00	-	-	3,500.00	3,500.00	-	
Amazon Legal			6,000.00	6,000.00	54,000.00	-	6,000.00	6,000.00	54,000.00	
Subtotal			8,521,008.00							
PERMANENT FINANCE COSTS										
Origination Fee	TBD	1.00%	175,000.00	17,500.00	157,500.00	-	17,500.00	17,500.00	157,500.00	
FMAC Fee	TBD	0.10%	17,500.00	-	17,500.00	-	-	-	17,500.00	
FMAC Standby	TBD	0.40%	70,000.00	-	70,000.00	-	-	-	70,000.00	
Legal Fees - Permanent Lender	TBD		65,000.00	-	65,000.00	-	-	-	65,000.00	
Title Updates & Recording Fees	TBD		125,000.00	-	125,000.00	-	-	-	125,000.00	
Amazon Origination Fee		1.25%	207,500.00	20,750.00	186,750.00	-	20,750.00	20,750.00	186,750.00	
Cost Certification	TBD		20,000.00	-	20,000.00	-	-	-	20,000.00	
Loan Application Fee	TBD		25,000.00	-	25,000.00	-	-	-	25,000.00	
Subtotal			785,000.00							
BOND ISSUANCE COSTS										
Bond UW Fee & Expenses	Sitel	0.750%	233,093.00	-	233,093.00	-	-	233,093.00	-	Estimate
Underwriter's Counsel	Tiber Hudson		175,000.00	-	175,000.00	-	-	175,000.00	-	Estimate
Incentive Fee	THDA		87,000.00	-	87,000.00	-	-	87,000.00	-	
Bond Counsel & Expenses	TBD		75,000.00	-	75,000.00	-	-	75,000.00	-	Estimate
Bond Cert Fee	THDA		465,165.00	-	465,165.00	-	-	465,165.00	-	
Issuer's Counsel	TBD		40,000.00	-	40,000.00	-	-	40,000.00	-	Estimate
Trustee Fee	US Bank		8,000.00	-	8,000.00	-	-	8,000.00	-	Estimate
Trustee Legal	TBD		7,000.00	-	7,000.00	-	-	7,000.00	-	Estimate
Trustee Analysis / Dissemination			-	-	-	-	-	-	-	Estimate
Feasibility Analysis Fee		20%	93,237.00	-	93,237.00	-	-	93,237.00	-	
Rating Agency Fee	Moody's		18,000.00	-	18,000.00	-	-	18,000.00	-	Estimate
Annual Fee		0.00%	-	-	-	-	-	-	-	
Other (TEFRA, etc)			1,400.00	-	1,400.00	-	-	1,400.00	-	Estimate
Subtotal			1,653,915.00							
SOFT COSTS										
Placed In Service Fee			\$1,000	-	1,000.00	-	-	1,000.00	-	
Compliance Monitoring	THDA		\$0	-	-	-	-	-	-	
Income Averaging Fee			205,370.00	-	205,370.00	-	-	205,370.00	-	
42m Letter Fee	THDA	6.25%	175,452.00	-	175,452.00	-	-	175,452.00	-	
Project Administration			1,000.00	-	1,000.00	-	-	1,000.00	-	
Fixtures / Furniture / Equipment	TBD		210,000.00	210,000.00	-	-	210,000.00	210,000.00	-	
Relocation Costs		\$0	-	-	-	-	-	-	-	
Soft Cost Contingency		0.0%	100,000.00	100,000.00	-	-	100,000.00	100,000.00	-	
Other Soft Costs			-	-	-	-	-	-	-	
Subtotal			692,822.00							
PARTNERSHIP COSTS										
Organizational - Partnership			500.00	-	500.00	-	-	500.00	-	
Syndicator Legal & Due Diligence	TBD	\$55,000	55,000.00	-	55,000.00	-	-	55,000.00	-	
Legal Opinion		\$41	-	-	-	-	-	-	-	
Asset Management Fee			-	-	-	-	-	-	-	
Subtotal			55,500.00							
DEVELOPER FEES										
Fee - Acquisition Portion	BRAD		-	-	-	-	-	-	-	\$0 deferred
Developer Fee - Contx	BRAD	15.0%	7,041,552.00	7,041,552.00	-	-	7,041,552.00	7,041,552.00	-	\$0 deferred
Other / Developer's Overhead			-	-	-	-	-	-	-	
Subtotal			7,041,552.00							
PROJECT RESERVES										
PRA Escrow			-	-	-	-	-	-	-	
Operating Deficit Reserve	Owner		1,144,947.00	-	1,144,947.00	-	-	1,144,947.00	-	6 mos OPEX, 6 mos DS, 6 mos ADRR
Start-up Reserve	Owner		51,000.00	-	51,000.00	-	-	51,000.00	-	
Replacement Reserve Deposit	Owner		-	-	-	-	-	-	-	
Deposit to Operating Account	Owner		32,875.00	-	32,875.00	-	-	32,875.00	-	Estimated to fund insurance escrow
Subtotal			1,228,822.00							

Total \$ 64,787,590.00 \$ 53,985,230.04 \$ 10,802,359.96 \$ 53,985,230.04 \$ 59,197,830.04 \$ 5,989,759.96
 Loan/DC: 27.37% OK TDC OK TDC OK TDC
 Per unit: \$381,103.47
 Credits Per unit: \$16,610.84

Sojourn Nolensville Financing

Nolensville Pike
 Nashville TN 0
 Davidson County

PRO FORMA CASH FLOW (Post Rehab)		
		Per Unit
Gross Potential Income	\$ 2,675,064	\$ 15,736
Non Revenue Unit	-	-
Other Income - Apartments	49,756	293
Other Income - Non-Apartments	-	-
Gross Income	2,724,820	
Vac/Bad Debt 7.00%	(187,254)	(1,101)
Effective Gross Income	\$ 2,537,566	\$ 14,927
Operating Expenses	(772,387)	(4,543)
RR Transfer	(42,500)	(250)
Net Operating Income	\$ 1,722,678	\$ 10,133
Debt Service		
New Debt 31,100,000	(1,475,006)	(8,677)
Assumed Debt	-	-
Net Cash Flow	\$ 247,673	\$ 1,457
Deferred Developer Fee 3,676,835	(247,673)	(1,457)
Barnes Fund 3,000,000	-	-
NET CASH FLOW	\$ -	\$ -

PERMANENT FUNDING SOURCES								
FUNDING SOURCES - Equity	BASIS BOOST	FED RATE	CREDIT PRICE	AF		DOLLARS		
Federal LIHTC - 9% Jul-20	N	9.00%	\$0.9000	100%		-	0.00%	
Federal LIHTC - 4% Jul-20	Y	4.00%	\$0.9000	100%		25,262,561.00	38.99%	
Solar Equity Jul-20	N		\$0.0000	100%		-	0.00%	
Direct Equity Investment						-	0.00%	
Owner Investment						-	0.00%	
Other						-		
Other						-		
Other						-		
Other						-		
FUNDING SOURCES - Debt	AMORTIZING?	START DATE	RATE	AMORT TERM	DSCR	LTV %	DOLLARS	ANNUAL DEBT SERVICE
New Debt Sources:	34,100,000							
Mortgage - FMAC	Yes	1/1/2026	7.00%	40	1.32	60.10%	17,500,000	1,305,005.69
Mortgage - Amazon	Yes	3/1/2027	1.25%	35	1.17	106.81%	13,600,000	170,000.00
Barnes Fund	No	11/1/2023	0.00%	0			3,000,000	-
							-	-
Assumed Debt Sources:	-							
FUNDING SOURCES - Other							DOLLARS	
Other - Grant 1							-	
Other - Grant 2							-	
Other - Grant 3							-	
Other - Grant 4							-	
Other - Investment Income							1,748,194.00	
Other - Additional Cash							-	
Other - Project Operations							-	
Deferred Developer Fee		Paid in full - yr. 11					3,676,835.00	52.22% of Total Fee
Gap in funds:							-	TDC = \$64,787,590.00

Sojourn Nolensville Pro Forma

Income Escalator	2.0%	Expenses Escalator	3.0%	Reserves Escalator	4.0%	PIS Date	1/1/2026
Asset Mgmt Fee / Unit	\$41	Total Asset Mgmt Fee	\$7,000	Asset Mgmt Fee Escalator	3.0%	Restricted Use Period (Yrs)	30

Assumes rental income is supplemented by \$51,000 lease-up reserve after placed-in-service

PROFORMA YEAR	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	16 2041	17 2042	18 2043	19 2044	20 2045
Gross Potential Income	2,675,064	2,728,565	2,783,136	2,838,799	2,895,575	2,953,487	3,012,557	3,072,808	3,134,264	3,196,949	3,260,888	3,326,106	3,392,628	3,460,481	3,529,691	3,600,284	3,672,290	3,745,736	3,820,651	3,897,064
Non Revenue Unit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income - Apartments	49,756	50,751	51,766	52,801	53,857	54,934	56,033	57,154	58,297	59,463	60,652	61,865	63,102	64,364	65,651	66,964	68,303	69,669	71,062	72,483
Other Income - Non-Apartments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Income	2,724,820	2,779,316	2,834,902	2,891,600	2,949,432	3,008,421	3,068,590	3,129,962	3,192,561	3,256,412	3,321,540	3,387,971	3,455,730	3,524,845	3,595,342	3,667,248	3,740,593	3,815,405	3,891,713	3,969,547
<i>Vac/Bad Debt</i>	(187,254)	(191,000)	(194,820)	(198,716)	(202,690)	(206,744)	(210,879)	(215,097)	(219,398)	(223,786)	(228,262)	(232,827)	(237,484)	(242,234)	(247,078)	(252,020)	(257,060)	(262,202)	(267,446)	(272,794)
Effective Gross Income	2,537,566	2,588,316	2,640,082	2,692,884	2,746,742	2,801,677	2,857,711	2,914,865	2,973,163	3,032,626	3,093,278	3,155,144	3,218,246	3,282,611	3,348,263	3,415,229	3,483,533	3,553,203	3,624,267	3,696,752
Operating Expenses	(772,387)	(795,559)	(819,426)	(844,009)	(869,329)	(895,409)	(922,271)	(949,939)	(978,437)	(1,007,790)	(1,038,024)	(1,069,165)	(1,101,240)	(1,134,277)	(1,168,305)	(1,203,354)	(1,239,455)	(1,276,639)	(1,314,938)	(1,354,386)
RR Transfer	(42,500)	(44,200)	(45,968)	(47,807)	(49,719)	(51,708)	(53,776)	(55,927)	(58,164)	(60,491)	(62,911)	(65,427)	(68,044)	(70,766)	(73,597)	(76,541)	(79,603)	(82,787)	(86,098)	(89,542)
Net Operating Income	1,722,678	1,748,557	1,774,688	1,801,068	1,827,694	1,854,560	1,881,664	1,908,999	1,936,562	1,964,345	1,992,343	2,020,552	2,048,962	2,077,568	2,106,361	2,135,334	2,164,475	2,193,777	2,223,231	2,252,824
Debt Service																				
New Debt	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)	(1,475,006)
Assumed Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	247,673	273,552	299,683	326,062	352,688	379,554	406,658	433,994	461,556	489,339	517,337	545,546	573,956	602,563	631,356	660,328	689,469	718,772	748,225	777,819
Deferred Developer Fee	11	100.00%	30	(247,673)	(273,552)	(299,683)	(326,062)	(352,688)	(379,554)	(406,658)	(433,994)	(461,556)	(489,339)	(517,337)	(545,546)	(573,956)	(602,563)	(631,356)	(660,328)	(689,469)
Barnes Fund	30+	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Cash Flow				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor Dividend / AM Fee	3/1/2027	10.00%	7,000	0	0	0	0	0	0	0	0	0	(51,126)	(54,555)	(57,396)	(60,256)	(63,136)	(66,033)	(68,947)	(71,877)
GP Cash Flow				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amazon (2% Soft Pay Loan)	8/1/2025	75.00%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Cash Flow				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amazon Cash Flow Split (50/50)	8/1/2025	50.00%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Remaining Cash Flow				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1st Mortgage Debt Coverage Ratio	Year 60+			1.17	1.19	1.20	1.22	1.24	1.26	1.28	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.45	1.47
Debt Coverage Ratio - All Amortizing Loans	Year 60+			1.17	1.19	1.20	1.22	1.24	1.26	1.28	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.45	1.47
Non-Amortizing Debt Paydown																				
Deferred Developer Fee	Rate	Amount		3,429,162	3,155,610	2,855,927	2,529,865	2,177,177	1,797,623	1,390,964	956,971	495,415	6,076	0	0	0	0	0	0	0
Barnes Fund	0.0%	3,676,835		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Remaining Balance	0.0%	3,000,000		6,429,162	6,155,610	5,855,927	5,529,865	5,177,177	4,797,623	4,390,964	3,956,971	3,495,415	3,006,076	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000



CINCINNATI OH 45999-0038

In reply refer to: 0248454921
Aug. 19, 2013 LTR 4168C 0
91-1643002 000000 00
00028592
BODC: TE

SHELTER AMERICA GROUP
9620 SW BANK RD
VASHON WA 98070



026338

Employer Identification Number: 91-1643002
Person to Contact: Darlene Evans
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Aug. 08, 2013, 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 1994.

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 509(a)(2).

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.

0248454921
Aug. 19, 2013 LTR 4168C 0
91-1643002 000000 00
00028593

SHELTER AMERICA GROUP
9620 SW BANK RD
VASHON WA 98070

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Richard McKee

Richard McKee, Department Manager
Accounts Management Operations

**Amended and Restated Bylaws
Of
Shelter America Group
A Washington Nonprofit Corporation**

AMENDED AND RESTATED BY-LAWS

OF

SHELTER AMERICA GROUP
A Washington Nonprofit Corporation

Article 1.

Name, Definitions and Office

Section 1.01 Name. The “Corporation” shall mean: Shelter America Group, its successors and assigns.

Section 1.02 Board. The “Board” shall mean the Board of Directors of the Corporation.

Section 1.03 Place of Business. The principal office of the Corporation shall be at 9620 SW Bank Road, Vashon, Washington 98070, or such place within the state of Washington as the Board may determine from time to time.

Section 1.04 Other Offices. The Board may establish other offices in or outside the State of Washington.

Article 2.

Purposes, Objectives and Governing Instruments

Section 2.01 Charitable, Educational, and Scientific Purposes and Powers. The purposes of the Corporation, as set forth in the Articles of Incorporation, are exclusively charitable, educational, or religious, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future Federal tax law (“Section 501(c)(3)”). In furtherance of such purposes, the Corporation shall have the same powers as an individual to do all things necessary or convenient to carry out the purposes, as set forth in the Articles of Incorporation and these Bylaws. The specific purposes of the Corporation are to acquire, own and facilitate the development, construction, rehabilitation, and management of housing for families and senior citizens qualifying as low and very low-income tenants.

Section 2.02 Governing Instruments. The Corporation shall be governed by its Articles of Incorporation and its Bylaws.

Section 2.03 Nondiscrimination Policy. The Corporation will not practice or permit any unlawful discrimination on the basis of sex, age, race, color, national origin, religion, physical handicap or disability, or any other basis prohibited by law.

Section 2.04 Limitations on Activities. No part of the activities of the Corporation shall consist of participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office, nor shall the Corporation operate a social club or carry on business with the general public in a manner similar to an organization operated for profit. Notwithstanding any other provision of these Bylaws, the Corporation shall not carry on any activity not permitted to be carried on by a Corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future federal tax law.

Article 3.

Membership

The Corporation shall have no members.

Article 4.

Directors

Section 4.01 Annual Meeting. A meeting of the Board shall be held annually on the second Thursday of each December at 11 AM PDT at the principal office of the Corporation, or at such place, on such date and at such time as may be fixed by the Board, for the purpose of electing Directors, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 4.02 Number. The number of Directors constituting the entire Board shall be fixed by the Board, but such number shall not be less than five (5) and no more than eleven (11).

Section 4.03 Election and Term of Office. The initial Directors of the Corporation shall be those persons specified in the Articles of Incorporation of the Corporation. Thereafter, the term of each shall begin upon his/her election by a majority of the outstanding Board, and shall continue until the next succeeding annual meeting of the Board and until such Director's successor has been elected and qualified, or until his or her death, resignation or removal.

Section 4.04 Powers and Duties. Subject to the provisions of law, the Corporation's Articles of Incorporation and of these By-Laws, but in furtherance and not in limitation of any rights and powers thereby conferred, the Board shall have the control and management of the affairs and operations of the Corporation and shall exercise all the powers that may be exercised by the Corporation. In addition, the Board shall have all power necessary to make such rules and regulations as it may deem necessary; to appoint

and remove all officers, agents and employees and to prescribe powers and duties for them that are consistent with the law, the Corporation's Articles of Incorporation and these By-Laws, and to fix their compensation and require from them security for the faithful performance of their duties; to call regular meetings whenever it is deemed necessary; to borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, promissory notes, bonds, debentures, deeds of trust, mortgages, and other evidences of debt and securities; to enter into any regulatory agreement, use agreement, use restrictions, agreements to maintain housing as low-income housing, agreements in connection with any application for tax credits, grants, loans, subsidy contracts (including any rental subsidy contracts), or other agreements with any authority issuing tax credits and/or grants for any project in which the Corporation is involved; to procure, accept, and supervise, on behalf of the Corporation, any gifts, bequests or devises for the purposes of the Corporation; to cause the Corporation to be qualified to conduct its activities within or outside the State of Washington; and to take any action authorized by the law, the Corporation's Articles of Incorporation or these By-Laws. It shall be the duty of the Board to cause a complete record to be kept of all the minutes, acts and proceedings of its meetings. The Board may delegate the management of the activities of the Corporation to any person or persons, management company, or committee however comprised, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 4.05 Special Meetings. Special meetings of the Board may also be called at any time by the President or by a majority of the Directors then in office.

Section 4.06 Notice of Meetings. Notice of annual meetings and special meetings of the Board shall be given by service upon each Director in person, by email, or by mailing the same to him at his or her post office address as it appears upon the books of the Corporation at least five business days (Saturdays, Sundays and legal holidays not being considered business days for the purpose of these By-Laws) if given in person, or at least 10 business days, if given by email or mailing the same, before the date designated for such meeting specifying the place, date and hour of the meeting. The attendance of a Director at a board meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, the Director may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

Section 4.07 Quorum. At any meeting of the Board, a majority of the Directors then in office shall be necessary to constitute a quorum for the transaction of business. However, should a quorum not be present, a majority of the Directors present may adjourn the meeting from time to time to another time and place. If a meeting is adjourned for more than twenty-four hours, notice of the continuation shall be given to all Directors who were not present at the time of the adjournment. For notice purposes under this Section 4.07, such notice may be given telephonically or by email at any time which is at most twelve hours after the adjournment of the meeting. At any such adjourned meeting at

which a quorum is present, any business may be transacted which could have been transacted at the meeting originally called.

Section 4.08 Voting. At all meetings of the Board, each Director shall have one vote. In the event that there is a tie in any vote, the President shall have an additional vote to be the tiebreaker.

Section 4.09 Action Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or any such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or any such committee shall be filed with the minutes of the proceedings of the Board or such committee.

Section 4.10 Removal. Any Director may be removed for cause by vote of the majority of the Board.

Section 4.11 Resignation. Any Director may resign from office at any time by delivering a resignation in writing to the Board of Directors, and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

Section 4.12 Vacancies. Any newly created directorships and any vacancy occurring on the Board arising at any time and from any cause may be filled by the vote of a majority of the Directors then in office at any Directors' meeting. A Director elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor.

Section 4.13 Committee. The Board, by resolution adopted by a majority of the entire Board, may appoint an Executive Director who may be on the Board but is not required to be, and may designate from among the Directors an executive committee and other standing committees, each consisting of three or more Directors, to serve at the pleasure of the Board, and each of which, to the extent provided in such resolution, shall have the authority of the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee.

Section 4.14 Participation by Telephone. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 4.15 Compensation. By resolution of the Board, each Director may be reimbursed for his or her expenses, if any, for attending each meeting of the Board or may be paid a fixed or hourly fee for attending each meeting of the Board, or combination. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor, however, substantiation of reimbursed costs or payments is required and must be compliant with IRS requirements.

Article 5.

Officers

Section 5.01 Election and Qualifications; Term of Office. The Officers of the Corporation shall be a President, a Secretary, a Treasurer, and a Vice-President. The Officers shall be elected by the Board at the annual meeting of the Board and each Officer shall hold office for a term of one year and until such Officer's successor has been elected or appointed and qualified, unless such Officer shall have resigned or shall have been removed as provided in Sections 5.07 and 5.08 of this Article V. The same person may hold more than one office, except that the same person may not be both President and Secretary. The Board may appoint such other Officers as may be deemed desirable, including one or more Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Such Officers shall serve for such period as the Board may designate.

Section 5.02 Vacancies. Any vacancy occurring in any office, whether because of death, resignation or removal, with or without cause, or any other reason, shall be filled by the Board.

Section 5.03 Compensation. The compensation of any officer or agent of this Corporation shall be fixed by the Board and may be changed from time to time by an affirmative vote of the Board, and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a Director of the Corporation.

Section 5.04 Powers and Duties of the President. The President shall be the Chief Executive Officer of the Corporation. The President shall from time to time make such reports of the affairs and operations of the Corporation as the Board may direct and shall preside at all meetings of the Board. The President shall have such other powers and shall perform such other duties as may from time to time be assigned to the President by the Board.

Section 5.05 Powers and Duties of the Vice-Presidents. Each of the Vice-Presidents, if any, shall have such powers and shall perform such duties as may from time to time be assigned to such Vice President by the Board, and should perform the duties of the President in the President's absence.

Section 5.06 Powers and Duties of the Secretary. The Secretary shall record and keep the minutes of all meetings of the Board. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Corporation and such books and records as the Board may direct. The Secretary shall be the custodian of the seal of the Corporation and shall affix such seal to such contracts, instruments and other documents as the Board or any committee thereof may direct. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by the Board.

Section 5.07 Powers and Duties of the Treasurer. The Treasurer shall be the custodian of all funds and securities of the Corporation. Whenever so directed by the Board, the Treasurer shall render a statement of the cash and other accounts of the Corporation, and the Treasurer shall cause to be entered regularly in the books and records of the Corporation to be kept for such purpose full and accurate accounts of the Corporation's receipts and disbursements. The Treasurer shall at all reasonable times exhibit the books and accounts to any Director upon application at the principal office of the Corporation during business hours. The Treasurer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Treasurer by the Board.

Section 5.08 Removal. Any Officer may be removed from office at any time, with or without cause, by a vote of a majority of the Directors then in office at any meeting of the Board.

Section 5.09 Resignation. Any Officer may resign his or her office at any time, such resignation to be made in writing and to take effect immediately without acceptance by the Corporation.

Article 6.

Bank Accounts, Checks, Contracts and Investments

Section 6.01 Bank Accounts, Checks and Notes. The Board is authorized to select the banks or depositories it deems proper for the funds of the Corporation. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign checks, drafts or other orders for the payment of money, acceptances, notes or other evidences of indebtedness.

Section 6.02 Contracts. The Board may authorize any Officer or Officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 6.03 Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board may deem desirable.

Section 6.04 Loans. The Board may approve loans, but there shall be no loans to officers or directors.

Article 7.

Indemnification

Section 7.01 Nonderivative Actions. Subject to all of the other provisions of this article, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Corporation). Such indemnification shall apply only to a person who was or is a director or officer of the Corporation or who was or is serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or on a plea of *nolo contendere* or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

Section 7.02 Derivative Actions. Subject to all of the other provisions of this article, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Corporation). Such indemnification shall apply only to a person who was or is a director or officer of the Corporation or who was or is serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or on a plea of *nolo contendere* or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, or (b)

with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

Section 7.03 Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in sections 7.01 or 7.02 of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article. If a person is entitled to indemnification under sections 7.01 or 7.02 of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

Section 7.04 Contract Right; Limitation on Indemnity. The right to indemnification conferred in this article shall be a contract right and shall apply to services of a director or officer as an employee or agent of the Corporation as well as in such person's capacity as a director or officer. Except as provided in section 7.03 of this article, the Corporation shall have no obligations under this article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the board.

Section 7.05 Determination That Indemnification Is Proper. Any indemnification under sections 7.01 or 7.02 of this article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case. The Corporation must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in sections 7.01 or 7.02, whichever is applicable. The determination shall be made in any of the following ways:

- (a) By a majority vote of a quorum of the board consisting of directors who were not parties to such action, suit, or proceeding.
- (b) If the quorum described in clause (a) above is not obtainable, by a committee of directors who are not parties to the action. The committee shall consist of not less than two disinterested directors.
- (c) By independent legal counsel in a written opinion.

Section 7.06 Nonexclusivity of Rights. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Corporation. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

Section 7.07 Indemnification. To the full extent permitted by the Washington Nonprofit Corporation Act, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative, or investigative action, suit, or proceeding (whether brought by or in the right of the Corporation or otherwise) by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding; and the Board may, at any time, approve indemnification of any other person which the Corporation has the power to indemnify under the Washington Nonprofit Corporation Act. The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

Section 7.08 Former Directors and Officers. The indemnification provided in this article continues for a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

Section 7.09 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, or agent of the Corporation or (b) was or is serving at the request of the Corporation as a director, officer, employee, or agent of another Corporation, partnership, joint venture, trust, or other enterprise. The insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have power to indemnify against liability under this article or the laws of the State of Washington.

Section 7.10 Changes in the State of Washington Law. If there are any changes in the State of Washington statutory provisions applicable to the Corporation and relating to the subject matter of this article, the indemnification to which any person shall be entitled shall be determined by the changed provisions, but only to the extent that the change permits the Corporation to provide broader indemnification rights than the provisions permitted the Corporation to provide before the change.

Article 8.

Fiscal Year

The fiscal year for this Corporation shall begin on January 1 and end on December 31.

Article 9.

Amendments

These By-Laws may be altered, amended, added to or repealed at any meeting of the Board called for that purpose by the vote of a majority of the Directors then in office.

Article 10.

Construction

In the case of any conflict between the Articles of Incorporation of the Corporation and these By-Laws, the Articles of Incorporation of the Corporation shall control.

These Bylaws were adopted at a meeting of the Board of Directors of Shelter America Group on December 10, 2015.

Christopher H. Bric
President and Treasurer

Timothy A. Fox, Director

Jayn K. Kellar
Secretary

Robert Jacobson, Director

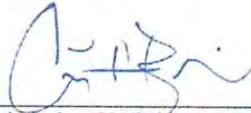
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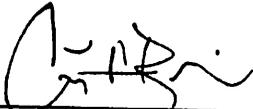
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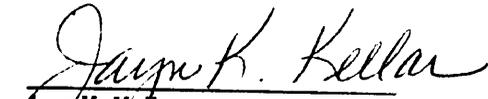
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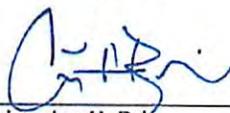
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AMENDED AND RESTATED BY-LAWS
OF
SHELTER AMERICA GROUP
A Washington Nonprofit Corporation

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AMENDED AND RESTATED BY-LAWS
OF
SHELTER AMERICA GROUP
A Washington Nonprofit Corporation

ARTICLE 1

Name and Office

Section 1.1 - Name.

The name of this corporation shall be Shelter America Group (the "Corporation").

Section 1.2 - Place of Business.

The principal office for the transaction of the activities and affairs of the Corporation ("Principal Office") is: 1457 C Bellevue Way NE, Bellevue, Washington 98004-8213, King County. The Board of Directors may change the Principal Office from one location to another.

Section 1.3 - Other Offices.

The Board of Directors of this corporation may establish or eliminate other offices at any place or places within or without of the State of Washington where the corporation is qualified to conduct its activities.

ARTICLE 2

Scope and Purpose

Section 2.1 - Scope of By-Laws.

These By-Laws shall govern the affairs of this Corporation, unless otherwise provided by the Washington Nonprofit Corporation Law (the "Law") or the Corporation's Articles of Incorporation.

Section 2.2 - Purposes.

The purpose of the Corporation shall be to carry on such

charitable, educational and scientific activities as may be permitted by law and its Articles of Incorporation.

ARTICLE 3

Reserved and Left Blank Intentionally

ARTICLE 4

Directors

Section 4.1 - In General, Number.

The business and affairs of the corporation shall be managed by a Board of no fewer than five (5) and no more than eleven (11) Directors. The members of the first Board of Directors shall hold office until the first annual meeting of the Board of Directors and until their successors shall have been elected and qualified. Thereafter, the term of each Director shall begin upon his/her election by a majority of the outstanding Board of Directors of the corporation and shall continue until the next succeeding annual meeting and until his/her successor shall have been elected and qualified.

Section 4.2 - Powers.

The corporate powers, business, property and interests of this corporation shall be exercised, conducted and controlled by the Board of Directors, which shall have all power necessary to conduct, manage and control its affairs, and to make such rules and regulations as it may deem necessary; to appoint and remove all officers, agents and employees; to prescribe their duties and fix their compensation; to call special meetings of Directors whenever it is deemed necessary by the Board; to incur indebtedness and to give securities, notes and mortgages for same. It shall be the duty of the Board to cause a complete record to be kept of all the minutes, acts and proceedings of its meetings. The Board may delegate the management of the activities of the Corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 4.3 - Specific Powers.

Without limiting any of the general powers referred to in

Section 4.2, and subject to the same limitations, the Board shall have the power to:

- (1) Appoint and remove, at the pleasure of the Board, all the Corporation's officers, agents and employees; prescribe powers and duties for them that are consistent with the Law, with the Articles of Incorporation and with these By-Laws; and fix their compensation and require from them security for the faithful performance of their duties;
- (2) Cause the Corporation to be qualified to conduct its activities in any other state, territory, dependency, or country and conduct its activities within or outside the State of Washington;
- (3) Adopt, make and use a corporate seal and alter the form of the seal;
- (4) Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, hypothecations and other evidences of debt and securities;
- (5) Enter into any regulatory agreement, use agreements, use restrictions, agreements to maintain housing as low-income housing, agreements in connection with any application for tax credits, grants, loans, subsidy contracts (including any rental subsidy contract), or other agreement with any authority issuing tax credits, grants, for any project in which the corporation is involved;
- (6) Procure, accept and supervise , on behalf of the Corporation any gifts, bequests or devises for the general or specific purposes of the Corporation; and
- (7) Take any action authorized by the Law, the Corporation's Articles of Incorporation or these By-Laws.

Section 4.4 - Vacancies.

Vacancies in the Board of Directors by reason of death, resignation, increase in the number of Directors, or other causes, shall be temporarily filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum of the Board of Directors. Such temporary Director or Directors shall hold office until the first full meeting of the Directors held thereafter, at which time such vacancy or vacancies shall be

permanently filled by election according to the procedure specified in Section 4.1 of this Article 4. During the existence of any vacancy or vacancies, the surviving or remaining Directors, though less than a quorum, shall possess and may exercise all of the powers vested in the Board of Directors.

Section 4.5 - Removal.

The Board may remove a Director who (a) has been declared of unsound mind by a final court order; (b) has been convicted of a felony; or (c) has been found by a court to have breached any duty arising under the Law.

Any Director may be removed without cause by the affirmative vote of a majority of the Directors who are entitled to vote on the proposed removal. The Director subject to removal shall not be entitled to vote.

Any reduction in the authorized number of Directors shall not serve to remove a Director prior to the expiration date of such Director's term of office.

Section 4.6 - Resignation of Directors.

Any Director may resign by delivering written notice of the resignation to the Board of Directors or an officer of the Corporation. Such notice shall specify the effective date and time for such resignation. If the resignation is for a future time, the Board of Directors shall appoint a successor to take office when the resignation becomes effective.

Except upon notice to the Secretary of State of Washington, or other applicable Washington agency or authority as may be required by the Law, no Director may resign if the Corporation would then be left without a duly elected Director in charge of the Corporation's affairs.

Section 4.7 - Place.

Directors' meetings shall be held at the registered office of this Corporation unless a different place shall be designed by the Board of Directors.

Section 4.8 - Annual Meeting.

The annual meeting of the Board of Directors shall be held on the third Wednesday in January unless otherwise designated in the Call. The meeting shall be held for the purpose of electing

Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein, the Board of Directors shall cause the election to be held at a special meeting of the Directors on the next convenient day.

Section 4.9 - Special Meeting.

Special meetings may be called from time to time by the President or any one of the Directors. Any business may be transacted at any special meeting.

Section 4.10 - Telephonic Meetings.

The Directors may hold a meeting through the use of conference telephone or similar communications equipment provided all Directors participating in such meeting may hear and be heard by all other participants.

Section 4.11 - Voting.

Each Director, shown as a Director in the records of the Corporation at the time of the meeting, shall be entitled to one vote, whether represented and present in person or by proxy. If a quorum is present, the affirmative vote of a majority of the Directors represented at the meeting and entitled to vote on the subject matter shall be the act of the Board of Directors. The Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

No director shall be entitled to vote with respect to any transaction or agreement (including compensation agreements) if they or an affiliate are an interested party to the transaction or agreement. Such a director is an interested party for purposes of this paragraph if they or their affiliates, or any of their nominees have more than a 10% voting or financial interest with respect to any such transaction or agreement. Affiliate, for purposes of this paragraph shall mean with respect to any party: (1) any person who directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such party, (2) any person who is an officer of, partner in, attorney for, trustee of, or serves in a similar capacity with respect to such party or of which such party is an officer, partner, or trustee, (3) any person who, directly or indirectly, is the beneficial owner of 10% or more of any class of

equity securities of, or otherwise has a substantial beneficial interest in such party, or of which such party is directly or indirectly the owner of 10% or more of any beneficial interest, and (4) any relative or spouse of such party's affiliate.

Section 4.12 - Voting by Written Ballot.

Any action which may be taken at any regular or special meeting of the Board of Directors may be taken without a meeting if the Corporation distributes a written ballot to every Director entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Corporation.

Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified, or any extension thereof, equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Written ballots shall be solicited either personally or by mail or by other means of written communication in the manner permitted by the notice Section 4.18 of these By-Laws.

All solicitations of written ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked.

Section 4.13 - Quorum.

A majority of the Directors shall constitute a quorum. 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. If less than a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice, other than announcement at the meeting, until a quorum shall be present.

Section 4.14 - Adjournment.

A majority of the Directors present, whether or not a quorum

is present, may adjourn any meeting to another time or place. If a meeting is adjourned for more than twenty-four hours, notice of the continuation shall be given to all Directors who were not present at the time of the adjournment. For notice purposes of this Section 4.14, such notice may be given telephonically or by facsimile at any time which is at most twelve hours after to the adjournment of the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting originally called.

Section 4.15 - Action without a Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting if all Board members individually or collectively consent, in writing, to such action; provided, however, that the consent of any "interested Director" as defined in the Law shall not be required. All such written consent shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of the Board.

Section 4.16 - Proxies.

At all meetings of the Board of Directors, a Director may vote in person or by proxy executed in writing by the Director or by his/her duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 4.17 - Meetings and Action by the Executive Committee.

The provisions of this Article apply to the Executive Committee, if one is established by the Board, with such changes in the language as are necessary to substitute the Executive Committee and its members for the Board and its members.

Section 4.18 - Notice.

Written or printed notice stating the place, hour and day of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than three (3) days nor more than fifty (50) days before the date of the meeting, either by facsimile transmission or personally or by mail or by nationally recognized courier service (such as Federal Express, UPS, Airborne Express or similar companies), by or at the direction of the President, the Secretary, or the Officer or Director or persons calling the meeting to each Director of record entitled to vote at such meeting. If notice is by mail or courier,

then notice shall be deemed given when receipted for by the addressee or the addressee's representative, or if the addressee refuses to sign the receipt therefore, then on the date which such notice is marked unclaimed or not deliverable. If notice is by facsimile transmission, notice will be deemed given on the date of the transmission to the last valid facsimile number given by the recipient to the Corporation. Notice of any meeting or meetings may be waived by written consent as provided in Article 9.

The attendance of any Director in person or his representative by proxy at such meeting shall be deemed a waiver of the notice hereby prescribed, except when such person objects at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice but not so included, if such objection is expressly made at the beginning of the meeting.

If approval of the Directors is sought concerning the following matters, the general nature of the proposal must be stated in the notice of the meeting or in any written waiver of notice:

- (1) The removal of a Director or Directors without cause;
- (2) The filling of a vacancy on the Board of Directors;
- (3) An amendment to the articles of incorporation; or
- (4) Voluntary dissolution.

The transactions of any meeting of the Board of Directors, however called and noticed, and whenever held, are as valid as though held at a meeting duly held after a regular call and notice, if a quorum is present and if, either before or after the meeting, each of the persons entitled to vote, not present in person, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.19 - Compensation.

By resolution of the Board of Directors, each director may be reimbursed for his or her expenses, if any, for attending each meeting of the Board of Directors or may be paid a fixed or hourly fee for attending each meeting of the Board of Directors, or

combination. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 4.20 - Presumption of Assent.

A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate 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. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 4.21 - Validation of Defectively Held Meetings.

The transaction of any meeting of the Board, however called or noticed, or wherever held, are valid as though conducted at a meeting duly held after a regular call and notice (if required) if a quorum is present and if, either before or after the meeting, each director who was not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof.

Any waiver, consent or approval referred to in the immediately preceding paragraph above shall specify the purpose of the meeting and shall be filed with the minutes of the meeting to which it relates.

ARTICLE 5

Committees

Section 5.1 - Executive Committee.

The Board may, by a resolution adopted by a majority of the number of Directors then in office (if such action is taken at a meeting, a quorum must be present), create an Executive Committee consisting of two or more Directors to serve at the pleasure of the Board. Appointments to the Executive Committee shall be made by the majority vote of the Directors then in office. The Board may appoint an alternative member to the Executive Committee who may replace any absent member as Executive Committee meetings.

Section 5.2 - Powers of the Executive Committee.

The Board may delegate any and all powers and authority of the Board as provided for in the resolution creating the Executive

Committee, except that the Executive Committee shall not be given any powers or authority with respect to the following matters:

- (1) The filling of vacancies on the Board;
- (2) The filling of vacancies on the Executive Committee;
- (3) The fixing of compensation of the Directors serving on the Board, the Executive Committee or any other committee;
- (4) The amendment or repeal of the By-Laws, or the adoption of new By-Laws;
- (5) The amendment or repeal of any Board resolution which by its express terms is not so amendable or repealable;
- (6) The amendment of the Articles of Incorporation;
- (7) The appointment of Board committees or members thereof; or
- (8) The approval of any self-dealing transaction, except as provided in the Law.

Section 5.3 - Other Committees.

The Board may delegate the management of the activities of this Corporation to any persons, management company, or committee, provided that such delegated activities remain subject to the ultimate direction of the Board.

Section 5.4 - Meetings and Actions of Committees.

Meetings and actions of committees of the Board shall be governed by, held and taken in accordance with the provisions of these By-Laws concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of the committee of the Board. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the government of any committee, provided they are consistent with these By-Laws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

ARTICLE 6

Officers and Agents - General Provisions

Section 6.1 - Number, Election and Term.

Officers of the corporation shall be a Chairman of the Board, President, Executive Vice President, Treasurer (Chief Financial Officer) and a Secretary. Officers shall be elected by the Board of Directors at its annual meeting, and at each regular annual meeting of the Board of Directors thereafter. Each officer shall hold office until the next succeeding annual meeting of the Directors and until his successor shall be elected and qualified. Any one person may hold more than one office if it is deemed advisable by the Board of Directors except that neither the Secretary nor the Treasurer may serve concurrently as the President or the Chairman of the Board.

Section 6.2 - Additional Officers and Agents.

The Board of Directors may appoint and create such other officers and agents as may be deemed advisable and prescribe their duties.

Section 6.3 - Resignation or Removal.

Any Officer or agent of the corporation may resign from such position by delivering written notice of the resignation to the Board of Directors, but such resignation shall be without prejudice to the contract rights, if any, of the Corporation. Any Officer or agent elected or appointed by the Board of Directors may be removed, with or without cause, by the Board of Directors whenever in the Board's judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

Section 6.4 - Vacancies.

Vacancies in any office caused by any reason shall be filled by the Board of Directors at any regular meetings, or special meeting called for that purpose, by selecting a suitable and qualified person to act during the unexpired term.

Section 6.5 - Salaries.

The salaries of all the Officers, agents and other employees of this Corporation shall be fixed by the Board of Directors and may be changed from time to time by affirmative vote of the Board,

and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation. All Directors, including interested Directors, are specifically authorized to participate in the voting of such compensation irrespective of their interest.

ARTICLE 7

Duties of the Officers

Section 7.1 - Chairman of the Board.

The Chairman of the Board, if any, shall be a member of the Board of Directors and shall preside at all meetings of the Directors; perform all duties required by the By-Laws of this Corporation, and as may be assigned from time to time by the Board of Directors; shall decide the outcomes of all tie votes of the Board of Directors; and shall make such reports to the Board of Directors as may be required.

Section 7.2 - President.

The President shall have general charge and control of the affairs of the Corporation subject to the direction of the Board of Directors. He or she may sign, together with the Secretary, Treasurer or any other proper officer of the Corporation authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in instances where the signing and execution thereof shall be expressly delegated by the Board, by these By-Laws or by statute to some other officer or agent of the Corporation. He or she shall perform all duties required by the By-Laws of this Corporation, and as may be assigned from time to time by the Board of Directors as may be required. In addition, if no Chairman of the Board is elected by the Board, the President shall perform all the duties required of such office by these By-Laws.

Section 7.3 - Executive Vice President.

The Executive Vice President, if any, shall perform such duties as shall be assigned by the Board of Directors, and in the case of absence, disability or death of the President, the Executive Vice President shall perform and be vested with all the duties and powers of the President, until the President shall have resumed such duties or the President's successor is elected.

Section 7.4 - Secretary.

The Secretary shall keep a record of the proceedings at the meetings of the Board of Directors and shall give notice as required in these By-Laws of all such meetings; have custody of all the books, records and papers of the corporation, except such as shall be in charge of the Treasurer or some other person authorized to have custody or possession thereof by the Board of Directors; sign all notes, deeds, mortgages, contracts, bonds and other instruments of this Corporation authorized by the Board of Directors of this Corporation and from time to time make such reports to the Officers and Board of Directors as may be required and shall perform such other duties as the Board of Directors may from time to time delegate. In addition, if no Treasurer is elected by the Board, the Secretary shall perform all the duties required by the Office of Treasurer by statute and these By-Laws.

Section 7.5 - Treasurer (Chief Financial Officer).

The Treasurer shall keep accounts of all monies of the Corporation received or disbursed; from time to time make such reports to the Officers and Board of Directors as may be required, perform such other duties as the Board of Directors may from time to time delegate.

Section 7.6 - Assistant Secretary.

The Assistant Secretary, if any, shall assist the Secretary in all duties of the Office of Secretary. In the case of absence, disability or death of the Secretary, the Assistant Secretary will perform and be vested with all duties and powers of the Secretary, until the Secretary shall have resumed such duties or the Secretary's successor is elected.

ARTICLE 8

Seal

The corporate seal of the Corporation shall be a circular seal with the name of the Corporation and the state of incorporation around its border, a true impression of which is affixed below. The use of the seal of the Corporation is optional and no action of the Corporation shall be deemed void for failure to affix the seal.

FORM OF CORPORATE SEAL:

ARTICLE 9

Waiver of Notice

Whenever any notice is required to be given to any Director of this Corporation, a waiver signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE 10

Borrowing and Special Corporate Acts

Section 10.1 - Authority.

Notwithstanding any other provision in these By-Laws, no Officer, Director or agent of this Corporation shall have authority to borrow any funds in behalf of the Corporation or to hypothecate any assets thereof, for corporate purposes or otherwise, except as expressly stated in a resolution by a majority of Directors, duly entered in the Minutes of the Board.

Section 10.2 - Contracts.

Contracts, deeds, documents and instruments shall be executed by the two signatures (both) of President and Secretary unless the Board of Directors shall, in a particular situation or in general, designate another procedure for their execution.

Section 10.3 - Checks.

Checks, notes, drafts and demands for money shall be signed by the officer or officers or employees from time to time designated by the Board of Directors.

Section 10.4 - Deposits.

All funds of this Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust

companies or other depositories as the Board of Directors may select.

Section 10.5 - Donations.

The President or Chairman or Treasurer of the Corporation or their designee are authorized to accept donations which support the purpose of this Corporation as set forth in the Articles of Incorporation of the Corporation whether such donation is for a specific project or projects or is for the general support of this Corporation's programs.

ARTICLE 11

Amendments

Any of all of these By-Laws may be altered, amended, repealed or suspended by the affirmative vote of a majority of the Directors at any regular meeting of the Directors or at any special meeting of the Directors called for that purpose. New By-Laws may be adopted in like manner. Notwithstanding the foregoing, Article 6 Section 6.3 (regarding the removal of a Director without cause) may be amended only by the affirmative vote of all of the Directors. In addition, no amendment on the following matters may be adopted except by affirmative vote of the majority of the Directors of the corporation:

- (1) an amendment of Article 4 Section 4.1 changing the authorized maximum or minimum number of Directors of the Corporation; or
- (2) an amendment increasing the quorum at a meeting established by Article 4 Section 4.13.

ARTICLE 12

Indemnification

Section 12.1 - Non-Derivative Actions.

Subject to the provisions of Sections 12.3, 12.5, and 12.6, below, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of or arising from

the fact that he is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, partner or trustee of any other Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if (a) he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, did not know his conduct was unlawful, or (b) his act or omission giving rise to such action, suit or proceeding is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, did not know that his conduct was unlawful, and settlement shall not constitute any evidence of any of the foregoing.

The Corporation, its Officers, Directors, employees or agents shall be fully protected in taking any action or making any payment under this Article 12, Section 12.1, or in refusing to do so upon the advice of counsel.

Section 12.2 - Derivative Actions.

Subject to the provisions of Sections 12.3, 12.5 and 12.6, below, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgement in its favor by reason of or arising from the fact that he is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he (i) acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or (ii) his act or omission giving rise to such action or suit is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation; provided, however, that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have

been adjudged to be liable for gross negligence or deliberate misconduct in the performance of his duty to the Corporation unless, and only to the extent that the court in which the action or suit was brought, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 12.3 - Determination of Right to Indemnification in Certain Cases.

Subject to the provisions of Section 12.5 and 12.6, below, indemnification under Sections 12.1 and 12.2 of this Article automatically shall be made by the Corporation unless it is expressly determined by a majority vote of a quorum of the Board of Directors consisting of Directors who were not parties to such action, suit or proceeding, that indemnification of the person who is or was an Officer or Director, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise, is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Sections 12.1 and 12.2.

Section 12.4 - Indemnification of Persons Other than Officers or Directors.

In the event any person not included within the group of persons referred to in Sections 12.1 and 12.2 of this Article was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding of a type referred to in Sections 12.1 and 12.2 of this Article by reason of or arising from the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, the Board of Directors of the Corporation by a majority vote of a quorum (whether or not such quorum consists in whole or in part of Directors who were the parties to such action, suit or proceeding), may, but shall not be required to, grant to such person a right of indemnification to the extent described in Sections 12.1 or 12.2 of this Article as if he were an Officer or Director referred to therein, provided that such person meets the applicable standard of conduct set forth in such sections.

Section 12.5 - Successful Defense.

Notwithstanding any other provision of Sections 12.1, 12.2, 12.3 or 12.4 of this Article, but subject to the provisions of Section 12.6 below, if a Director, Officer, employee or agent is

successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 12.1, 12.2, 12.3 or 12.4 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney fees and cost, including fees and costs on appeal) actually and reasonably incurred by him in connection therewith.

Section 12.6 - Condition Precedent to Indemnification Under Sections 12.1, 12.2 or 12.5.

Any person who desires to receive the benefits otherwise conferred by Sections 12.1, 12.2, or 12.5 of this Article shall notify the Corporation reasonably promptly that he has been named a defendant to an action, suit or proceeding of a type referred to in Sections 12.1 or 12.2 and that he intends to rely upon the right of indemnification described in Sections 12.1, 12.2 or 12.5 of this Article. The notice shall be in writing and mailed via registered or certified mail, return receipt requested, to the President of the Corporation at the Principal Office of the Corporation or, in the event the notice is from the President, to the registered agent or to the Executive Vice President of the Corporation. Failure to give the notice required hereby shall entitle the Board of Directors of the Corporation by a majority vote of a quorum (consisting of Directors who, insofar as indemnity of Officers or Directors is concerned, were not parties to such action, suit or proceeding, but who, insofar as indemnity of employees or agents is concerned, may or may not have been parties) to make a determination, in their sole discretion, that such failure was prejudicial to the Corporation in the circumstances and that, therefore, the right to indemnification referred to in Sections 12.1, 12.2 and 12.5 of this Article shall be denied in its entirety or reduced in amount.

Section 12.7 - Insurance.

At the discretion of the Board of Directors, the Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Section.

Section 12.8 - Former Officers and Directors.

At the discretion of the Board of Directors, the indemnification provisions of this Article 12 or each of any of said provisions individually may be extended to a person who has ceased to be a Director, Officer, employee or agent and may inure to the benefit of the heirs, executors and administrators of such a person.

Section 12.9 - Purpose and Exclusivity.

The indemnification referred to in the various sections of this Article shall be deemed to be in addition to and not in lieu of any other rights to which those indemnified may be entitled under any statute, rule of law or equity, agreement, vote of the Board of Directors or otherwise.

ARTICLE 13

Fiscal Year

The fiscal year for this Corporation shall begin on January 1 and end on December 31.

ARTICLE 14

Records and Reports

Section 14.1 - Minute Book - Maintenance and Inspection.

The Corporation shall keep a minute book, in written form at its principal office in the State of Washington, which shall contain: (a) the original or a copy of its Articles of Incorporation and By-Laws as amended to date, which shall be open to inspection by Directors at all reasonable times during regular office hours of the Corporation; (b) a record of all proceedings of the Board of Directors and Executive Committee; and (c) the names, addresses and phone numbers of all Directors.

Section 14.2 - Books and Records of Account - Maintenance and Inspection.

The Corporation shall keep accurate and correct books and records of account in written form or in any other form capable of being converted into written form.

Subject to the provisions of the Washington Nonprofits Law regarding access to Directors' names, addresses and voting rights,

any Director of this Corporation may: (a) inspect and copy the records of Directors' names and addresses and voting rights during usual business hours of the Corporation on five (5) days' prior written demand on this Corporation, stating the purpose for which the inspection rights are requested and (b) obtain from the Secretary of the Corporation, on written demand and on the tender of the Secretary's usual charges for such a list, if any, a list of the names and addresses of Directors who are entitled to vote for the election of Directors and their voting rights, as of the most recent record date for which that list has been compiled, or as of a date specified by the Director after the date of demand. The demand shall state the purpose for which the list is requested. This list shall be made available to any such Director by the Secretary on or before the later of ten (10) days after the demand is received or the date specified in it as the date by which the list is to be compiled.

All other books and records of the Corporation may be inspected by any Director, or his agent or attorney for any proper purpose at any reasonable time.

Any right of inspection includes the right to copy and make extracts.

Section 14.3 - Annual Report to Directors.

The Board of Directors shall cause an annual reports to be sent to each Director of the Corporation within one hundred and twenty (120) days after the close of the Corporation's fiscal year. Such report shall contain at least the following information:

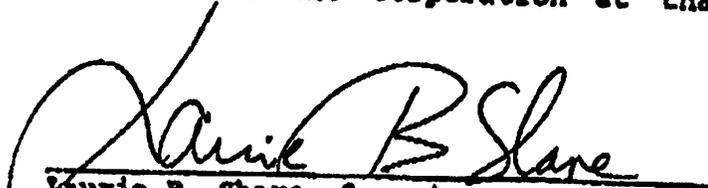
- (1) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;
- (2) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (3) The revenue and receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year; and
- (e) Any statement required to be given concerning (1) any indemnification by the Corporation of any Director, Officer, employee or agent; or (2) any transaction between the Corporation and any Director or Officer required to be

disclosed under the Washington Nonprofit Corporation Law.

TOTAL P.01

CERTIFICATE OF SECRETARY

I hereby certify that am the Secretary of Shelter America Group and that I was present at the meeting of Shelter America Group held on March 24, 1995 and that the foregoing Amended and Restated By-Laws in twenty one typewritten pages numbered consecutively from 1 to 21 were and are the Amended and Restated By-Laws adopted by the Directors of the Corporation at that meeting.


Laurie B. Share, Secretary

Dated: March 24, 1995

Corporate Seal:



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Shelter America Group
Amended and Restated By-Laws
Page 22



SHELTER AMERICA GROUP

9620 SW Bank Road Vashon, WA 98070

MISSION STATEMENT

Our mission is to serve the affordable housing needs of both families and seniors through the sponsorship, development, acquisition, construction/rehabilitation, operation and ownership of affordable housing in the Pacific Northwest, and select housing markets across the country. We pursue the fulfillment and expansion of our mission through a multitude of affordable housing endeavors, including forging strategic partnerships with other experienced housing development organizations for the benefit of low and very-low income households, including housing for the homeless, housing for individuals with disabilities, workforce housing for families, and housing for the elderly.

SHELTER AMERICA GROUP AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shelter America Group and Subsidiaries
Vashon, Washington

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Shelter America Group and Subsidiaries "the Organization" (a nonprofit organization), which comprise the consolidated statements of financial position as December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shelter America Group and Subsidiaries as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shelter America Group and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelter America Group and Subsidiaries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shelter America Group and Subsidiaries's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelter America Group and Subsidiaries's ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shelter America Group and Subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit of Shelter America Group and Subsidiaries. We remain solely responsible for our audit opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT - (CONTINUED)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional information shown on pages 28 to 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Lovridge Hunt + Co., P.A.C.
Bellevue, Washington
August 10, 2022

SHELTER AMERICA GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,315,438	\$ 1,237,732
Prepaid expenses	10,617	-
Investments	635,684	528,811
Accrued interest receivable	53,887	43,240
Accounts receivable	14,013	14,772
	2,029,639	1,824,555
Restricted deposits:		
Replacement reserve	190,304	29,285
Tenant trust - security deposits	43,740	43,744
	234,044	73,029
Investment in real estate, at cost:		
Land held for lease	125,000	125,000
Land	370,928	252,928
Buildings, furnishings, and equipment	4,944,718	3,473,393
Accumulated depreciation	(2,743,746)	(2,015,103)
	2,696,900	1,836,218
Other assets:		
Investment in partnerships/LLCs	2,045,565	2,020,556
Due from related parties	549,763	669,821
Notes receivable, net of current portion	437,075	437,075
	3,032,403	3,127,452
	\$ 7,992,986	\$ 6,861,254

Continued on page 5.

SHELTER AMERICA GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 113,526	\$ 142,984
Deferred rent revenue	5,706	5,571
Accrued expenses	22,519	7,703
Accrued interest payable	35,979	32,679
Current portion of long-term debt	<u>21,280</u>	<u>4,272</u>
	199,010	193,209
Other liabilities:		
Deferred lease revenue	83,630	85,278
Tenant security deposits payable	<u>43,455</u>	<u>43,743</u>
	127,085	129,021
Long-term debt:		
Notes payable, net of current portion	<u>1,493,321</u>	<u>554,524</u>
Total liabilities	1,819,416	876,754
Net assets:		
Net assets without donor restrictions	<u>6,173,570</u>	<u>5,984,500</u>
	<u>\$ 7,992,986</u>	<u>\$ 6,861,254</u>

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

SHELTER AMERICA GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET
ASSETS

	<u>Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Unrestricted net assets</u>		
Revenues:		
Rental revenue, net (See note 3)	\$ 413,700	\$ 743,541
Lease income	2,148	2,149
Contributions (without restrictions)	53,500	-
Administrative and asset management fee income	210,752	133,200
Interest income	11,210	13,725
Dividend income	32,930	28,815
Miscellaneous	<u>9,669</u>	<u>14,727</u>
Total revenues	733,909	936,157
Expenses:		
Program services:		
Rental Housing services	740,526	1,044,364
Supportive services:		
Management and general	<u>167,850</u>	<u>207,454</u>
Total expenses	<u>908,376</u>	<u>1,251,818</u>
Increase (decrease) in unrestricted net assets before gain on investments and debt forgiveness	(174,467)	(315,661)
Gain (loss) on investments:		
Gain on investments in partnerships/LLCs	84,260	369,514
Unrealized gain on investments	79,628	33,156
Realized gain (loss) on investments	<u>24,232</u>	<u>(2,033)</u>
Total gain on investments	188,120	400,637
Debt forgiveness	<u>-</u>	<u>1,222,264</u>
Increase in net assets without donor restrictions	<u>\$ 13,653</u>	<u>\$ 1,307,240</u>

Continued on page 7.

SHELTER AMERICA GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - (CONTINUED)

	<u>Net assets without donor restrictions</u>
Balance - January 1, 2020	\$ 4,677,260
Change in unrestricted net assets	<u>1,307,240</u>
Balance - December 31, 2020	5,984,500
Other adjustment (see Note 4)	175,417
Change in unrestricted net assets	<u>13,653</u>
Balance - December 31, 2021	<u>\$ 6,173,570</u>

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

SHELTER AMERICA GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 13,653	\$ 1,307,240
Adjustments to reconcile increase in net assets to net cash used by operating activities -		
(Gain) loss on investments in partnerships/LLCs	(38,921)	(377,676)
Unrealized (gain) loss on investments	(79,628)	(33,156)
Debt forgiveness	-	(1,222,264)
Depreciation	104,485	92,545
Changes in certain assets and liabilities -		
Prepaid expenses	(2,953)	2,114
Accrued interest receivable	(10,647)	(7,483)
Accounts receivable	23,922	7,379
Decrease in due from related parties	120,058	248,709
Accounts payable	(48,031)	(36,730)
Deferred rent revenue	135	5,571
Accrued expenses	14,816	(7,761)
Accrued interest payable	3,300	(836)
Deferred lease revenue	(1,648)	(1,649)
Tenant security deposits payable	<u>(10,241)</u>	<u>188</u>
Net cash used by operating activities	88,300	(23,809)
Cash flows from investing activities:		
Purchase of fixed assets	-	(11,410)
Proceeds from sale of marketable securities	(3,013)	40,613
Realized (loss) gain on investments	(24,232)	2,033
Cash received due to consolidation of Coolidge Pinal	212,581	-
Proceeds from notes receivable	-	39,846
Proceeds (payments) on investments in partnerships	<u>(25,009)</u>	<u>447,499</u>
Net cash provided by investing activities	160,327	518,581
Cash flows from financing activities:		
Principal payments on notes payable	<u>(9,906)</u>	<u>(28,772)</u>
Net increase in cash	238,721	466,000
Cash, restricted cash and cash equivalents - beginning of year	<u>1,310,761</u>	<u>844,761</u>
Cash, restricted cash and cash equivalents - end of year	<u>\$ 1,549,482</u>	<u>\$ 1,310,761</u>

Continued on page 9.

SHELTER AMERICA GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)

	<u>Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 25,283	\$ 26,605
 Supplemental schedule of noncash investing and financing activities:		
Through the transfer of ownership interest of Coolidge-Pinal III (See Note 4):		
Prepaid expenses	\$ (7,664)	-
Accounts receivable	(23,163)	-
Land	118,000	-
Buildings, furnishings, and equipment	1,471,325	-
Accumulated depreciation	624,158	-
Accounts payable	18,573	-
Tenant security deposits payable	9,953	-
Notes payable	965,711	-

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

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PURPOSE

Shelter America Group (SAG) (the Organization) was incorporated in 1994 under the nonprofit laws of the state of Washington and Section 501(c)(3) of the Internal Revenue Code. SAG is a tax-exempt nonprofit housing development organization whose mission is to develop, acquire, construct, rehabilitate and operate housing for very low or low-income families and senior citizens, and homes for the aging in Washington, Oregon, Colorado and Arizona.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

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

Property and Equipment

Property and equipment are recorded at cost on the date of acquisition. Fixed assets are stated at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets as follows.

Buildings	40 years
Land improvements	15-20 years
Furniture and equipment	5-7 years

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less are considered to be cash equivalents. As of December 31, 2021 and 2020, there were no cash equivalents.

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

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 1,315,438	\$ 1,237,732
Replacement reserve	190,304	29,285
Tenant trust - security deposits	<u>43,740</u>	<u>43,744</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 1,549,482</u>	<u>\$ 1,310,761</u>

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Concentration of Credit

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

Credit risk for amounts due from related parties (see Note 3) and related party notes receivable (see Note 6) is concentrated as well because the balances are receivable from entities engaged in low income housing activities.

Principles of Consolidation

The consolidated financial statements include the accounts of Shelter America Group and also Grotto Housing LLC, SAG Alder Ridge, LLC, Kulshan, LLC, Shelter America Group-Ruby, LLC and SAG - College Glen GP LLC, and Coolidge-Pinal III Associates LP (as of September 1, 2021) in which SAG is the sole managing member. All material intercompany transactions have been eliminated.

SAG is the Sole Member of Kulshan, LLC (the Company). SAG accounts for Kulshan, LLC using the consolidation method and a full year of Kulshan, LLC's operations are presented for 2021 and 2020.

SAG is the Sole Partner of Coolidge-Pinal III Associates LP (the Partnership). SAG accounts for Coolidge-Pinal III Associates LP using the consolidation method and four months of Coolidge-Pinal III Associates LPs operations are presented for 2021.

Investments in Partnerships/Limited Liability Companies

In entities where SAG is the sole general partner or managing member, its investments are accounted for under the equity method, even though its investments are less than 20 percent. The initial investment in each entity has been adjusted for capital contributions and withdrawals and for SAG's share of rental gains, losses and interest income from the date of investment. SAG's potential exposure to loss with respect to its investments in limited partnerships and limited liability companies is generally limited to its positive investments and advances, since the underlying assets of these entities are financed on a non-recourse basis. SAG does not have controlling interest as the general partner or managing member in its investments. Therefore, the financial statements of the different partnerships and limited liability companies are not consolidated (ASC 810-20).

Investments

Investments are recorded at fair value based on market prices.

Allocation of Expenses

Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Developer Fees

SAG earns developer fees on projects developed for related entities (limited partnerships and limited liability companies in which SAG is general partner or managing member). The developer fee is earned as certain milestones in the development and construction of the project are met and is considered earned in full when a certificate of occupancy is obtained. No developer fees were earned for the years ended December 31, 2021 and 2020. Developer fee receivable at December 31, 2021 and 2020, totaled \$192,190 and \$310,559, respectively.

The Organization's developer fee revenue is due entirely from related entities owning low-income, multifamily housing. Developer fees receivable are to be paid from capital contributions from investor limited partners and investor members in the related entities and/or cash flow.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the statements of financial position as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense in accordance with ASU 2015-03. See Note 8 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

Federal and State Income Tax

The Organization is exempt from federal and state income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal and state income taxes in these consolidated financial statements and no federal and state income taxes were paid. Management believes that the Organization has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, the Organization's tax returns remain open for three years for federal and state income tax examination.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management of the Organization has evaluated events and transactions occurring after December 31, 2021 through August 10, 2022, the date the consolidated financial statements were available for issuance, for recognition or disclosure in the consolidated financial statements. There were no events and transactions that required recognition and disclosures in the consolidated financial statements.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

NOTE 3 - RELATED PARTY TRANSACTIONS

SAG is one of the co-general partners/managing members in the following real estate limited partnerships and limited liability companies which have been formed to own, develop, construct or rehabilitate affordable housing projects:

Eastgate Senior Housing Associates, A Washington Limited Partnership

Eastgate is a 51-unit project in Bellevue, Washington. As of December 31, 2021 and 2020, SAG's cost basis was zero. No management fee was earned and received during the year ended December 31, 2020. Eastgate had leased the project to SAG under an operating lease for a term of 20 years beginning December 18, 2000. SAG operated the project and paid rent to Eastgate totaling 94 percent of tenant rental collections (as reduced by payroll and property management fees). In December 2020, the operating lease agreement expired. Rental income from the lease during 2020 totaled \$440,599. Rental payments due under the lease during 2020 totaled \$334,952. Eastgate paid all other operating expenses.

As of December 31, 2020, the security deposit account for Eastgate totaled \$16,618 and the security deposit liability for Eastgate totaled \$16,618.

As of December 31, 2021 and 2020, lease amounts due from Eastgate totaled \$136,632, each year. These amounts are included in due from related parties.

Oak Bay Station Associates, A Washington Limited Partnership

Oak Bay is an 81-unit project in Oak Harbor, Washington. The project was sold on December 10, 2018 to SAG Preservation Portfolio 1 LLLP, a related party. In connection with the sale, SAG executed a note receivable in the amount of \$290,250 bearing compound interest at 3.31 percent per annum. The note receivable was issued to Shelter Resources Inc., an unrelated third party. As of December 31, 2021 and 2020, accrued interest receivable totaled \$30,404 and \$19,758, respectively.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Riverside Landing Associates, A Washington Limited Partnership

Riverside is a 50-unit project in Bothell, Washington. As of December 31, 2021 and 2020, SAG's cost basis was zero.

As of December 31, 2021 and 2020, amounts due from Riverside totaled \$31,774 and \$25,524, respectively, and were included in due from related parties.

SAG owns the land, with a book value of \$125,000, which is leased to Riverside for a term of 75 years (see Note 6). The annual lease payments were reduced to \$500 beginning in 2014. During 2021 and 2020 land lease income earned and received totaled \$2,148 each year.

During 1997, SAG loaned the partnership \$225,000 for development costs (see Note 7). The partnership paid off the loan on October 29, 2020. During 2020, interest earned on the note totaled \$1,467.

During 2020, SAG received \$405,117 distribution income from the partnership.

SIR Columbia Knoll Associates Limited Partnership

Columbia Knoll is a 326-unit project located in Portland, Oregon. Construction began in 2004 and was completed in 2006. As of December 31, 2021 and 2020, SAG's cost basis was zero.

The general partners and guarantors and the lender restructured the first mortgage loan. During 2014, a bifurcation of the first mortgage loan occurred, under which the Tier 1 portion ("must pay") would be re-amortized at \$17,500,000, to correspond to supportable debt under current and projected property operations. The Tier 2 and 3 portions of the loan, \$3,460,000 and \$2,723,822, respectively, require payments subject to available cash flow.

Note Receivable

The Company has a note receivable from SIR Columbia Knoll Associates Limited Partnership in the original amount of \$35,000 dated October 15, 2007. The loan bears zero percent interest. Principal payments are deferred until loan maturity. Payments are to be made from net cash flow as provided in the operating agreement. As of December 31, 2021 and 2020, the note receivable totaled \$35,000 each year. As of December 31, 2021 and 2020, no payments had been received as there was no cash flow available for this purpose. The loan maturity date is October 15, 2022.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Alder Ridge Senior Apartments, Limited Liability Limited Partnership

Alder Ridge Senior Apartments is a 116-unit project located in Milton, Washington. SAG, acting through SAG - Alder Ridge, LLC, a Washington limited liability company, became the Managing General Partner of Alder Ridge Senior Apartments, LLLP effective November 1, 2013 and will receive a cumulative managing general partner services fee in accordance with the terms of the partnership agreement from net cash flow as defined in the agreement. As of December 31, 2021 and 2020, SAG had a cost basis of \$32,021 and \$32,013, respectively. For the years ended December 31, 2021 and 2020, managing general partner services fees earned by SAG totaled \$9,224 and \$8,956, respectively. As of December 31, 2021 and 2020, managing general partner services fee receivable totaled \$9,224 and \$17,651, respectively.

BOH Portfolio Preservation Associates, LLLP

BOH acquired 166 apartment units in 26 buildings (the "projects") located in Burlington and Oak Harbor, Washington during 2015. As of December 31, 2021 and 2020, SAG's cost basis was \$92 and \$95, respectively. SAG, acting through Shelter America Group-Ruby, LLC as the managing general partner, earns an annual partnership administrative fee of \$15,000, increasing at the rate of 2 percent per year. During the years ended December 31, 2021 and 2020, administrative fees earned totaled \$16,892 and \$16,561, respectively. As of December 31, 2021 and 2020, partnership administration fee receivable totaled \$16,892 and \$16,561, respectively.

The Adriana Senior Apartments, LLLP

The Adriana Senior Apartments, LLLP, concurrently closed its partnership, financing and acquisition of land on December 21, 2015, for the purpose of developing and owning a 119-unit apartment building for rental to low-income individuals 62 years of age and older, known as The Adriana Senior Apartments located in Des Moines, Washington. Construction commenced at the end of the 2015. In December 2017, the Partnership received temporary certificates of occupancy for 20 units in the Project. As of December 31, 2021 and 2020, SAG's cost basis was zero each year. SAG, acting through Shelter America Group-Adriana, LLC, is the charitable general partner. Beginning in 2017, SAG earns an annual cumulative charitable general partner management fee is equal to \$10,000 increasing by 3 percent per year. During 2021 and 2020, the charitable general partner management fee earned totaled \$10,927 and \$10,609 respectively. As of December 31, 2020, charitable general partner management fee receivable totaled \$10,609. No amount was due as of December 31, 2021.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

SAG Preservation Portfolio 1, LLLP

SAG Preservation Portfolio 1, LLLP acquired 299 apartment units in 7 projects (the "projects") located in Oak Harbor, Port Orchard, Silverdale and Arlington, Washington during on December 10, 2018. As of December 31, 2021 and 2020, SAG had a cost basis of zero.

Partnership management fee

SAG earns a cumulative annual partnership management fee of \$4,200. During the year ended December 31, 2021 and 2020, the partnership management fee earned totaled \$4,200 each year. As of December 31, 2021 and 2020, partnership management fee receivable totaled \$16,800 and \$12,600, respectively.

Development fee

SAG is able to earn 12 percent of the developer fee as the co-developer up to \$664,069. All the developer fee was earned as of December 31, 2019. During 2019, the developer fee earned totaled \$531,394. As of December 31, 2021 and 2020, the developer fee receivable totaled \$177,528 and \$291,469, respectively.

Karl's Farm Apartments, LLLP

During April 2021, SAG, acting through Sheltering Neighborhoods, a Washington Nonprofit Corporation, entered into Karl's Farm Apartments, LLLP as the Administrative General Partner. Karl's Farm Senior Apartments, located in Northglenn, Colorado, is to be a 164-unit affordable apartment homes for seniors. Construction is scheduled to begin in 2022. As of December 31, 2021, SAG's cost basis was \$100. During 2021, \$50,000 was received as a closing fee. Beginning in 2022, SAG is to receive \$20,000 each year as a cumulative CGP Administration fee, increasing by 3 percent per year. The fee will be paid from cash flow with priority over development fee payments.

SAG is the only general partner/managing member in the following real estate entities which have been formed to own, develop, construct or rehabilitate low-income housing projects:

Country Run Associates, A Washington Limited Partnership

Country Run is a 100-unit project located in Kelso, Washington. As of December 31, 2021 and 2020, SAG's cost basis was \$812,250 and \$812,275, respectively. SAG may be paid a non-cumulative partner administration fee in the amount equal to \$22,500, solely from the Net Cash Flow available for distribution as defined in the partnership agreement. For the year ended December 31, 2021 and 2020, no partnership administration fee was earned or received.

Elma Gardens of Grays Harbor Limited Partnership

Elma Gardens is a 36-unit project located in Grays Harbor, Washington. Rehabilitation of the project was completed during 2004. As of December 31, 2021 and 2020, SAG's cost basis was \$601,953 each year. During the years ended December 31, 2021 and 2020, SAG earned and was paid \$1,700 for partnership administrative fees each year.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Harvest Ridge Limited Partnership

Harvest Ridge is a 26-unit project located in Grandview, Washington. As of December 31, 2021 and 2020, SAG's cost basis was zero each year. During the years ended December 31, 2021 and 2020, SAG earned and received \$1,605 of incentive management fees each year.

Lauren Heights LLC

Lauren Heights Family Apartments is a 50-unit project located in Issaquah, Washington. As of December 31, 2021 and 2020, SAG's cost basis was \$212,795 and \$208,827, respectively.

Compliance & Management Oversight Fee

Pursuant to the operating agreement, the company is to pay SAG a cumulative annual compliance and management oversight fee in the amount of \$15,000. The amount is payable only to the extent of cash flow available for distribution. During 2021 and 2020, fees earned totaled \$15,000 each year. As of December 31, 2021 and 2020, the fee receivable totaled \$15,000 and \$37,542, respectively.

Norwegian Wood of Gig Harbor Limited Partnership

Norwegian Wood is a 36-unit project located in Gig Harbor, Washington. As of December 31, 2021 and 2020, SAG's cost basis was \$247,376, each year. During 2021 and 2020, SAG earned and received a partnership management fee of \$6,500, each year.

Rainier Glen, LLC

Rainier Glen Apartments is a 42-unit project located in Enumclaw, Washington. The Project was acquired in December 2007 and rehabilitation was completed in September 2008. As of December 31, 2021 and 2020 SAG's cost basis was zero each year. During the year ended December 31, 2021 and 2020, SAG earned and received \$31,956 and \$4,740 as the supervisory management fee and incentive management fee, respectively, and \$395 as a distribution each year.

Ridgeview Mount Vernon Limited Partnership

Ridgeview is an 80-unit project located in Mt. Vernon, Washington. As of December 31, 2021 and 2020, SAG's cost basis was zero. During 2021 and 2020, partnership administration fees earned and paid to SAG totaled \$10,999 each year.

Sea Breeze Sequim Associates Limited Partnership

Sea Breeze Apartments is a 42-unit project located in Sequim, Washington. As of December 31, 2021 and 2020 SAG's cost basis was \$30,920 and \$26,438, respectively. SAG has entered into a development oversight agreement with Sea Breeze Sequim Associates, LP. During 2021 and 2020, no fee was paid to SAG. As of December 31, 2021 and 2020, the balance of the development fee receivable totaled \$12,555, each year.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Pioneer Lane Omak Associates, LP

Pioneer Lane Apartments is a 36-unit project located in Omak, Washington. As of December 31, 2021 and 2020, SAG's cost basis was \$12,311 and \$9,743, respectively. SAG has entered into a development oversight agreement with Pioneer Lane Omak Associates, LP. During 2021 \$3,000 was received by SAG. During 2020, no development fees were received by SAG. As of December 31, 2021 and 2020, the balance of the development fee receivable totaled \$2,107 and \$5,107 respectively.

Summerwind Ephrata Associates, LP

Summerwind Apartments is a 28-unit project located in Ephrata, Washington. The Project was acquired in June 2006 and construction was completed in September 2007. As of December 31, 2021 and 2020, SAG's cost basis was \$7,357 and \$7,373. SAG has entered into a development oversight agreement with Summerwind Ephrata Associates, LP as of July 2007 and earned a fee of \$79,769. During 2021, the remaining balance of \$1,428 was received. No payment was received during 2020. The development fee receivable at 2020 totaled \$1,428.

Compliance & Management Oversight Fee

Pursuant to the operating agreement dated July 2007, the partnership is to pay SAG a cumulative annual compliance and management oversight fee in the amount of \$5,000. The amount is payable only to the extent of cash flow available for distribution. As of December 31, 2021 and 2020, compliance and management oversight fee receivable totaled \$62,500 and \$57,500, respectively. During 2021 and 2020 compliance and management oversight fee charged totaled \$5,000 each year. No payment was received during 2021 and 2020.

Casino-Westmont Affordable Housing Partners, LLLP

During April 2017, SAG entered into Casino-Westmont Affordable Housing Partners, LLLP as the Managing General Partner. The partnership owns and manages Avaire Apartments, a 96-unit affordable housing apartment community located in Everett, Washington and the property was rehabilitated during 2017 and construction was completed before year end. As of December 31, 2021 and 2020, SAG's cost basis was zero each year. During the years ended December 31, 2021 and 2020, the MGP administration fee earned and receivable totaled \$16,883 and \$16,391, respectively.

Accounting and Management Services

Beginning 2011, Accounting and Management Services was provided by Continental Management. A member of SAG's Board is affiliated with Continental Management. During 2021 and 2020, accounting and management services paid to Continental Management totaled \$121,492 and \$122,300, respectively.

MHT Housing, Inc.

SAG rents office space from a building owned by MHT Housing, Inc. The President of SAG and a member of SAG's Board are affiliated with MHT Housing, Inc. During 2021 and 2020, rental revenue paid totaled \$6,000, each year.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - CONSOLIDATED ENTITIES

Kulshan, LLC

Effective June 30, 2018, the investor limited member and special limited member in Kulshan, LLC (the Company) assigned their interest in the Company to SAG Holding Company, LLC, in which SAG is the sole member. As a result of the assignment, SAG holds a 100 percent interest in the Company. The operations of the Company have been reported as part of SAG. All material inter-company receivables, payables, revenues and expenses have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021 and 2020.

Coolidge-Pinal III Associates, LP

Effective September 1, 2021, the investor limited partner and special limited partner in Coolidge-Pinal III Associates, LP (the Partnership) assigned their interest in the Partnership to SAG Holding Company, LLC, in which SAG is the sole member. As a result of the assignment, SAG holds a 100 percent interest in the Partnership. The operations of the Partnership have been reported as part of SAG after September 1, 2021. Due to the assignment of interest, net assets without donor restrictions has an other adjustment of \$175,417 to bring in net assets as of the transfer date. All material inter-company receivables, payables, revenues and expenses have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

NOTE 5 - FAIR VALUE MEASUREMENT

In September 2006, the Financial Accounting Standards Board issued a Statement on Financial Accounting Standards (FASB) ASC 820 (formerly SFAS No. 157), Fair Value Measurement. This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. SAG has adopted ASC 820, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observation of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENT - (CONTINUED)

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value to such assets or liabilities.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on quoted price in active markets for identical asset which are classified as Level 1.

As required by ASC 820, the Organization's portfolio investments were classified as follows, based on fair values:

As of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ <u>635,684</u>	\$ <u>635,684</u>	\$ <u>-</u>	\$ <u>-</u>
Total	\$ <u>635,684</u>	\$ <u>635,684</u>	\$ <u>-</u>	\$ <u>-</u>

As of December 31, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ <u>528,811</u>	\$ <u>528,811</u>	\$ <u>-</u>	\$ <u>-</u>
Total	\$ <u>528,811</u>	\$ <u>528,811</u>	\$ <u>-</u>	\$ <u>-</u>

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - LAND HELD FOR LEASE

SAG owns and leases land to Riverside under a 75-year lease that expires on December 31, 2072. The lease calls for annual payments of \$3,189. The annual payments were reduced to \$500 during 2014, when the Riverside paid SAG a lump sum payment of \$95,579, which was used to payoff the King County CDBG loan. The payment from Riverside is recorded as deferred revenue and will be amortized into income over the remaining 58 years of the lease. Lease income charged and received by SAG for years ended December 31, 2021 and 2020, totaled \$2,148 each year.

Future minimum rentals on noncancellable leases for each of the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 500
2023	500
2024	500
2025	500
2026	500

NOTE 7 - NOTES RECEIVABLE

As of December 31, 2021 and 2020, notes receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
SRI - notes receivable	\$ 290,250	\$ 290,250
SIR Columbia Knoll - note receivable	35,000	35,000
Masi Enterprises LLC - note receivable	<u>111,825</u>	<u>111,825</u>
	<u>\$ 437,075</u>	<u>\$ 437,075</u>

As of December 31, 2021 and 2020, it is not practicable to make a reasonable estimate of fair value for the notes receivable.

SRI - Notes receivable

On December 10, 2018, SAG executed a promissory note with Shelter Resources, Inc. ("SRI") in the amount of \$290,250. Payments are deferred until December 31, 2035 when it matures. The Note accrues interest at 3.31 percent per annum. As of December 31, 2021 and 2020, \$10,646 and \$9,599 interest was charged, respectively. As of December 31, 2021 and 2020, accrued interest receivable totaled \$30,404 and \$19,758 respectively.

On August 1, 2014, SAG executed a promissory note with Shelter Resources, Inc. ("SRI") in the amount of \$210,000. The note is receivable in annual installments of \$42,037, beginning August 1, 2015, including interest at 5.5 percent per annum. The note is due in August 2020. The note is secured by certain sources of funding as identified in the loan agreement. During 2020, the note and accrued interest on the note was paid in full. As of December 31, 2020, the note and accrued interest on the note totaled \$39,846 and \$913, respectively.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES RECEIVABLE - (CONTINUED)

SIR Columbia Knoll - Note receivable - Related party

The note is receivable under terms described in Note 3.

Masi Enterprises LLC

On November 2, 2015, SAG executed a promissory note, through Vashon Housing, LLC, with Masi Enterprises LLC in connection with a Development Agreement. SAG has a 50 percent member interest in Vashon Housing, LLC. SAG has recorded 50 percent of the note, in the original amount of \$223,650, as a note receivable. Simple interest of 1 percent may be charged from time to time on the unpaid principal beginning in November, 2015. Principal or interest shall be due the earlier of (i) November, 2020, (ii) closing of the transfer of the property following SAG's option to purchase the property, (iii) one year after termination of the Development Agreement. As of June 12, 2020, the Development Agreement was amended to extend the purchase option to on or before December 31, 2022. The note is secured by a Deed of Trust. The principal balance of the note receivable totaled \$111,825 as of December 31, 2021 and 2020. No interest was charged for the years ended December 31, 2021 and 2020. Accrued interest receivable totaled \$23,483 as of December 31, 2021 and 2020.

NOTE 8 - NOTES PAYABLE

Proceeds from notes payable are required to be used in the provision of affordable housing to low-income and very-low income tenants. As of December 31, 2021 and 2020, notes payable consisted of the following:

King County Note - Riverside Development Costs

The King County note is payable in annual installments of \$5,740 including interest at one percent. The note is due in December 2048. The note is secured by a mortgage and related deed of trust from Riverside Landing Associates, A Washington Limited Partnership. On October 29, 2020, the note was paid in full.

Mortgage Notes Payable - Kulshan, LLC (Consolidated entity)

Substantially all of the rental property and equipment are pledged as collateral on the mortgage notes. No member is individually liable on the mortgages. As of December 31, 2021 and 2020, it is not practicable to make a reasonable estimate of the fair value for the mortgage notes payable. Mortgage notes payable, listed according to seniority, consist of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Banner Bank (first mortgage note)	\$ 420,775	\$ 431,618
State of Washington	<u>141,055</u>	<u>141,055</u>
	561,830	572,673
Debt issuance costs	<u>(10,540)</u>	<u>(13,877)</u>
	<u>\$ 551,290</u>	<u>\$ 558,796</u>

SHELTER AMERICA GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - NOTES PAYABLE- (CONTINUED)

Banner Bank

Effective June 2006, the first mortgage note, in the original amount of \$750,000, was payable in monthly installments of \$4,792 and interest at 6.5 percent per annum through January, 2011. On the fifth and tenth anniversaries thereof, the interest rate was to automatically adjust such that interest would accrue at a rate which was 248 basis points greater than the 5 year Federal Home Loan Bank rate in effect on the fifth and tenth anniversaries thereof; provided, however, that interest would never accrue at a rate higher than 7.75 percent or lower than 6 percent per annum through an original maturity date of January 2018. As of August 14, 2020, it was further lowered to a fixed rate of 3.75% per annum. The monthly principal and interest payments due commencing September 15, 2020 and on the 14th of each month thereafter are to be recalculated using this new rate, the current principal balance of the note and the remaining period of a 25 year amortization period (which commenced January 15, 2001). The note maturity date is August 14, 2025.

As of December 31, 2021 and 2020, accrued interest payable totaled \$1,315 and \$1,349, respectively. During 2021 the Company did maintain a debt service coverage ratio of 1.05 to 1 as required by the Loan and Regulatory Agreement.

A second mortgage note, in the original amount of \$878,100, accrued interest at 3 percent per annum. Principal and interest payments were subject to net cash flow as provided in the company agreement.

Both notes had a maturity date of January 15, 2018. On April 2, 2018, an extension of modification agreement was signed by the Company and Skagit Bank to extend the maturity date of both notes to January 15, 2020. On January 30, 2020, an extension was signed to extend the maturity date to May 14, 2020. On June 1, 2020 another loan modification extension agreement was signed by the Organization and Banner Bank to extend the maturity date of both notes to August 14, 2020. On August 14, 2020, the first mortgage was refinanced. On June 1, 2020, the second mortgage was forgiven for approximately \$873,377 in principal and \$348,887 in accrued interest.

State of Washington

The third mortgage note, in the original amount of \$165,000, accrues interest at 1 percent per annum through 2015. Beginning in 2016, the loan is payable in annual installments of \$6,514 including interest at 1 percent per annum through 2051. For the years ended December 31, 2021 and 2020, annual payments have been deferred until January 1, 2023. As of December 31, 2021 and 2020, accrued interest payable totaled \$32,046 and \$30,630, respectively.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - NOTES PAYABLE - (CONTINUED)

Principal Payments

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

<u>Year</u>	<u>Amount</u>
2022	\$ 11,257
2021	16,812
2024	17,313
2025	390,932
2026	5,285
2027 and later years	<u>120,231</u>
	<u>\$ 561,830</u>

Mortgage Notes Payable - Coolidge-Pinal III Associates LP (Consolidated entity)

Substantially all of the rental property and equipment are pledged as collateral on the mortgage notes. No partner is individually liable on the mortgages. As of December 31, 2021 and 2020, it is not practicable to make a reasonable estimate of the fair value for the mortgage notes payable. Mortgage notes payable consist of the following:

Two mortgage notes, executed with Rural Development (RD), in the original amounts of \$788,500 and \$300,000 were entered into on June 23, 1987 and September 11, 2000, respectively. The notes are payable, in total, to RD in monthly installments of \$6,328 for a period of 50 and 30 years, respectively. The stated rate of 6.875 percent varies from the effective rate of 1 percent due to mortgage interest subsidies provided by RD. The mortgage interest subsidy totaled \$48,739. The mortgage notes are non-recourse and secured by the rental property and equipment. As of December 31, 2021, interest paid on the Rural Development notes totaled \$17,840. No interest was accrued for the year ended December 31, 2021.

Principal payments on the mortgage note for the next 5 years are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 10,023
2022	10,735
2024	11,496
2025	12,312
2026	13,186
2027 and later years	<u>905,559</u>
	<u>\$ 963,311</u>

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows:

	<u>December 31, 2021</u>
Cash and cash equivalents	\$ 1,315,438
Investments	635,684
Accounts receivable - current	<u>14,013</u>
	<u>\$ 1,965,135</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Where developer fees are deferred, SAG has entered into agreements with other partners to make capital contributions sufficient to pay deferred fees after a period of time has elapsed. In such an instance, the remaining fee will be paid to SAG.

SAG has also agreed to refund a portion of developer fees in the event of tax credit shortfalls. No fees have been foregone under such arrangements. No estimate of potential future payments under these guarantees can be made due to the multiple factors involved in such shortfalls.

SAG, as general partner/managing member has made certain guarantees with respect to construction completion and funding operating deficits as needed to the investor limited partners/investor members of those entities. SAG in turn has in each instance obtained third party guarantors.

SAG, as the charitable general partner in the Adriana Senior Apartments, LLLP, has made certain guarantees with respect to providing funds to the Partnership in the event that the actual proceeds of the Permanent Loans or any other loan source are less than the anticipated amount of the Permanent Loan.

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - RESTRICTED FUNDS

Replacement Reserve - Kulshan, LLC (Consolidated entity)

In accordance with provisions in the company agreement, Kulshan, LLC is required to maintain a replacement reserve. The initial deposit of \$45,000 was funded during 2001, when the investment member was admitted to the Company. Subsequent to initial funding, monthly deposits of \$633, increasing by 3 percent annually, are required. As of December 31, 2021 and 2020, the replacement reserve totaled \$44,164 and \$29,285, respectively.

Replacement Reserve - Coolidge-Pinal III Associates, LP (Consolidated entity)

The loan agreements between the Partnership and RD requires the Partnership to deposit \$10,885 annually into a separate reserve account until the account reaches \$108,850. Withdrawals from the reserve account require RD approval. As of December 31, 2021, the replacement reserve totaled \$146,140.

Tax and Insurance Escrow - Coolidge-Pinal III Associates, LP (Consolidated entity)

In accordance with the loan agreement, the property is required to make monthly deposits to the real estate tax and insurance escrow. As of December 31, 2021, the tax and insurance escrow totaled \$18,443.

NOTE 12 - EXPENSES BY FUNCTION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated includes office rent and salaries, which are allocated on the basis of estimates of time and effort. The cost of providing the various programs and other activities has been allocated to the program and supporting services benefits as follows:

	<u>For the year ended December 31, 2021</u>		
	<u>Rental Housing Services</u>	<u>Management and General</u>	<u>Total</u>
Asset Management Fees	\$ 121,492	\$ -	\$ 121,492
Payroll	151,402	122,341	273,743
Interest Expense	28,583	-	28,583
Administrative	41,803	30,501	72,304
Maintenance	73,766	-	73,766
Property Management Fees	127,935	-	127,935
Utilities	57,533	1,693	59,226
Taxes and Insurance	33,527	8,721	42,248
Depreciation	104,485	-	104,485
Other Expenses	-	4,594	4,594
Total	<u>\$ 740,526</u>	<u>\$ 167,850</u>	<u>\$ 908,376</u>

SHELTER AMERICA GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - EXPENSES BY FUNCTION - (CONTINUED)

	<u>For the year ended December 31, 2020</u>		
	<u>Rental Housing Services</u>	<u>Management and General</u>	<u>Total</u>
Asset Management Fees	\$ 122,300	\$ -	\$ 122,300
Payroll	90,315	155,867	246,182
Interest Expense	25,769	-	25,769
Operating Lease Expense	340,763	-	340,763
Administrative	83,346	40,925	124,271
Maintenance	100,612	-	100,612
Property Management Fees	106,447	-	106,447
Utilities	53,171	1,473	54,644
Taxes and Insurance	29,096	2,406	31,502
Depreciation	92,545	-	92,545
Other Expenses	<u>-</u>	<u>6,783</u>	<u>6,783</u>
Total	<u>\$ 1,044,364</u>	<u>\$ 207,454</u>	<u>\$ 1,251,818</u>

NOTE 13 - SUBSEQUENT EVENT

Effective May 2022, Shelter America Group, acting through Shelter Uptown LLC, entered into a partnership agreement to be the managing general partner with 0.025 percent interest in Uptown Tower Apts Limited Partnership (the "partnership"). The partnership owns Uptown Tower Apartments, which is a 72-unit apartment project located in Portland, Oregon.

ADDITIONAL INFORMATION

SHELTER AMERICA GROUP AND CONSOLIDATED ENTITIES

STATEMENTS OF FINANCIAL POSITION

	December 31, 2021				2020	
	SAG	Kulshan, LLC	Coolidge- Pinal III Assoc. LP	Eliminating Entries	Total	Total
Current assets:						
Cash and cash equivalents	\$ 1,213,326	\$ 47,337	\$ 54,775	\$ -	\$ 1,315,438	\$ 1,237,732
Prepaid expenses	-	4,898	5,719	-	10,617	-
Investments	635,684	-	-	-	635,684	-
Accrued interest receivable	53,887	-	-	-	53,887	43,240
Accounts receivable	-	11,940	2,073	-	14,013	14,772
	1,902,897	64,175	62,567	-	2,029,639	1,824,555
Restricted deposits:						
Replacement reserve	-	44,164	146,140	-	190,304	29,285
Tenant trust - security deposits	-	34,553	9,187	-	43,740	43,744
	-	78,717	155,327	-	234,044	73,029
Investment in real estate, at cost:						
Land held for lease	125,000	-	-	-	125,000	125,000
Land	-	252,928	118,000	-	370,928	252,928
Buildings, furnishings, and equipment	-	3,473,393	1,471,325	-	4,944,718	3,473,393
Accumulated depreciation	-	(2,108,077)	(635,669)	-	(2,743,746)	(2,015,103)
	125,000	1,618,244	953,656	-	2,696,900	1,836,218

Continued on page 30.

SHELTER AMERICA GROUP AND CONSOLIDATED ENTITIES

STATEMENTS OF FINANCIAL POSITION - CONTINUED

	December 31, 2021				2020	
	SAG	Kulshan, LLC	Coolidge-Pinal III Assoc. LP	Eliminating Entries	Total	Total
Other assets:						
Investment in partnerships/LLCs	\$ 2,045,565	\$ -	\$ -	\$ -	\$ 2,045,565	\$ 2,020,556
Due from related parties	696,124	-	-	(146,361)	549,763	669,821
Notes receivable, net of current portion	437,075	-	-	-	437,075	437,075
	<u>3,178,764</u>	<u>-</u>	<u>-</u>	<u>(146,361)</u>	<u>3,032,403</u>	<u>3,127,452</u>
Total assets	\$ <u>5,206,661</u>	\$ <u>1,761,136</u>	\$ <u>1,171,550</u>	\$ <u>(146,361)</u>	\$ <u>7,992,986</u>	\$ <u>6,861,254</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current liabilities:						
Accounts payable	\$ 104,471	\$ 1,352	\$ 7,703	\$ -	\$ 113,526	\$ 142,984
Deferred rent revenue	-	5,670	36	-	5,706	5,571
Accrued expenses	-	115,228	15,291	(108,000)	22,519	7,703
Accrued interest payable	-	35,979	-	-	35,979	32,679
Current portion of long-term debt	-	11,257	10,023	-	21,280	4,272
	<u>104,471</u>	<u>169,486</u>	<u>33,053</u>	<u>(108,000)</u>	<u>199,010</u>	<u>193,209</u>
Other liabilities:						
Deferred lease revenue	83,630	-	-	-	83,630	85,278
Tenant security deposits payable	-	34,552	8,903	-	43,455	43,743
	<u>83,630</u>	<u>34,552</u>	<u>8,903</u>	<u>-</u>	<u>127,085</u>	<u>129,021</u>

Continued on page 31.

SHELTER AMERICA GROUP AND CONSOLIDATED ENTITIES

STATEMENTS OF FINANCIAL POSITION - CONTINUED

	December 31, 2021				2020	
	SAG	Kulshan, LLC	Coolidge- Pinal III Assoc. LP	Eliminating Entries	Total	Total
Long-term debt:						
Operating deficit loan	\$ -	\$ 38,361	\$ -	\$ (38,361)	\$ -	\$ -
Notes payable, net of current portion	-	540,033	953,288	-	1,493,321	554,524
	\$ -	\$ 578,394	\$ 953,288	\$ (38,361)	\$ 1,493,321	\$ 554,524
Total liabilities	188,101	782,432	995,244	(146,361)	1,819,416	876,754
Net assets:						
Net assets without donor restrictions	5,018,560	978,704	889	-	5,998,153	5,984,500
Other adjustments (see Note 4)	-	-	175,417	-	175,417	-
	5,018,560	978,704	176,306	-	6,173,570	5,984,500
Total liabilities and net assets	\$ 5,206,661	\$ 1,761,136	\$ 1,171,550	\$ (146,361)	\$ 7,992,986	\$ 6,861,254

SHELTER AMERICA GROUP AND CONSOLIDATED ENTITIES

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2021

	SAG	Kulshan, LLC	Coolidge- Pinal III Assoc. LP *	Eliminating Entries	Total	Total
Unrestricted net assets						2020
Revenues and contributions:						
Rental revenue, net	\$ -	\$ 332,268	\$ 81,432	\$ -	\$ 413,700	\$ 743,541
Lease income	2,148	-	-	-	2,148	2,149
Contributions (without restriction)	53,500	-	-	-	53,500	-
Administrative and asset management fee income	225,792	-	-	(15,040)	210,752	133,200
Interest income	11,210	-	-	-	11,210	13,725
Dividend income	32,930	-	-	-	32,930	28,815
Miscellaneous	-	6,848	2,821	-	9,669	14,727
Total revenues and contributions	325,580	339,116	84,253	(15,040)	733,909	936,157
Expenses:						
Program services:						
Rental Housing Services	295,776	376,426	83,364	(15,040)	740,526	1,044,364
Support services:						
Management and general	167,850	-	-	-	167,850	207,454
Total expenses	463,626	376,426	83,364	(15,040)	908,376	1,251,818

Continued on page 33.

SHELTER AMERICA GROUP AND CONSOLIDATED ENTITIES

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

	For the year ended December 31, 2021				2020
	SAG	Kulshan, LLC	Coolidge- Pinal III Assoc. LP *	Eliminating Entries	Total
Unrestricted net assets					
Increase (decrease) in net assets before gain on investments and debt forgiveness	\$ (138,046)	\$ (37,310)	\$ 889	\$ -	\$ (174,467)
Gain (loss) on investments					
Gain (loss) on investments in partnerships/LLCs	84,260	-	-	-	84,260
Unrealized gain (loss) on investments	79,628	-	-	-	79,628
Realized gain (loss) on investments	24,232	-	-	-	24,232
Gain (loss) on sale of investment in partnerships	-	-	-	-	-
Total gain (loss) on investments	188,120	-	-	-	188,120
Debt forgiveness	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	\$ 50,074	\$ (37,310)	\$ 889	\$ -	\$ 13,653
					\$ 1,307,240

* For the period September 1, 2021 to December 31, 2021

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
HOUSING SERVICES ALLIANCE, 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 Housing Services Alliance, 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." Housing Services Alliance, Inc. will be adding 50 affordable housing units located at 2122 Buena Vista Pike, Nashville, TN 37218. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will use funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be granted by Metro to the Recipient and thereafter loaned to Leasehold Property Owner, and used by Leasehold Property Owner to construct the affordable housing on the property using tax exempt bonds and low-income housing tax credits to develop up to 50 affordable rental units. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,000,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.

3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

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 Dollars (\$2,000,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

a. **Grant Draws**

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

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

- 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
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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 notwithstanding that Bordeaux Crossing Limited Partnership will own the improvements.

- 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 July 1, 2024 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.

- 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

Rasheedah.Pardue@Nashville.Gov

Recipient:

Housing Services Alliance, Inc.
1265 Drummers Lane, Ste. 203
Wayne, PA 19087
(937) 651-1100
Liam@coventrycg.com

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:


Jim Schmitz, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

DocuSigned by:


Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:


Macy Amos
Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:

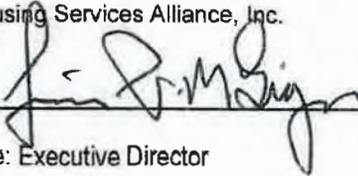

Thomas Cross
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

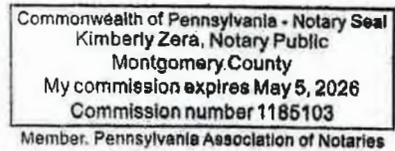
RECIPIENT:

Housing Services Alliance, Inc.

By: 
Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 26 day
of April, 2023. Commonwealth of Pennsylvania
By Liam P. McGaughey Notary Public
County of Montgomery

Notary Public



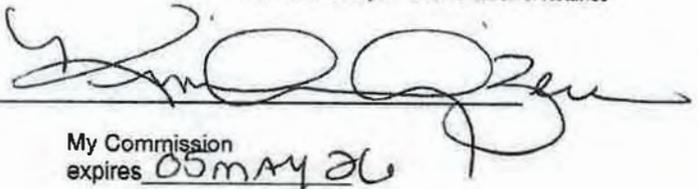

My Commission
expires 05 May 26

Exhibit G



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Housing Services Alliance

Development Type: Rental

Development Address: 2122 Buena Vista Pike, Nashville, TN 37218

Amount Awarded: \$2,000,000

Number of Barnes-funded Units: 50

Target Populations Served: All income-eligible tenants

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
	50	

BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	2122 Buena Vista Pike, Nashville, TN 37218				
Development Type	New Construction				
Accessible Bus Line Routes	MTA Route 22				
Number of Studios	0				
Number of 1 Bedrooms	19				
Number of 2+ Bedrooms	31				
Square Feet	56,530				
Number of Stories	4				
Acquisition Costs					
Vacant Land	\$ 2,100,000				
Land with Structure					
Title & Recording	\$ 60,000				
Legal	\$ 140,000				
Total	\$ 2,300,000				
Predevelopment Costs					
Appraisal	\$ 5,000				
Survey	\$ 35,000				
Relocation (if applicable)	\$ -				
Insurance	\$ 70,000				
Architect	\$ 290,969				
Engineering	\$ 90,000				
Planning/Zoning					
Other: Financing fees, tax credit fees, market study, environmental	\$ 1,107,004				
Total	\$ 1,597,973				
Construction Costs					
Structure					
Footer/Foundation	\$ 1,275,000				
Framing	\$ 1,500,880				
Electrical	\$ 537,000				

BARNES HOUSING TRUST FUND RENTAL BUDGET

Plumbing	\$	490,000			
Roofing	\$	367,000			
HVAC	\$	385,000			
Drywall/Insulation	\$	717,000			
Paint/Stain	\$	250,000			
Windows/Doors	\$	290,000			
Floor Coverings	\$	60,000			
Cabinets	\$	182,000			
Brick/Siding	\$	654,000			
Sub-Total	\$	6,707,880			
Other					
Site Work	\$	465,000			
Appliances	\$	90,500			
Decks/Porches	\$	50,000			
Side Walks/Driveways	\$	521,000			
Landscaping	\$	135,000			
Utility Hookups	\$	489,000			
Building Permits/Fees	\$	150,000			
Demolition	\$	-			
Fees	\$	680,630			
Materials and Labor Market Contingency Cost Overrun	\$	140,000			
Sub-Total	\$	2,721,130			
Construction Contingency	\$	425,394			
Profit (if organization has own construction crew)	\$	510,473			
Sub-Total	\$	935,867			
Total Construction Cost	\$	14,262,850			
Cost per Unit	\$	285,257			

BARNES HOUSING TRUST FUND RENTAL BUDGET

Developer's Fee (capped at 20%)	\$ 1,395,986				
Total Cost/Unit	\$ 313,177				

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

DEPARTMENT OF THE TREASURY

Date: **JAN 23 2008**

HOUSING SERVICES ALLIANCE INC
229 HUBER VILLAGE BLVD STE 100
WESTERVILLE, OH 43081-8075

Employer Identification Number:
43-2036255
DIN:
17053005771048
Contact Person: ID# 31392
GREGORY K OLWINE
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
509 (a) (2)

Dear Applicant:

Our letter dated August 2004, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

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

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

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

Please keep this letter in your permanent records.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (D/C)

AUG-31-04 12:11 From: SQUIRE SANDERS & DEMPSEY L.L.P. FL 48

2164798786

Y-838 P.02/08 Job-417

INTERNAL REVENUE SERVICE
P. O. BOX 2308
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: AUG 23 2004

HOUSING SERVICES ALLIANCE INC
C/O MICHAEL G. MEISSNER
SQUIRE, SANDERS & DEMPSEY LLP
4900 KEY TOWER, 127 PUBLIC SQUARE
CLEVELAND, OH 44114-1304

Employer Identification Number:
43-2036255
DLN:
17053009020014
Contact Person:
BRENDA WILKINS ID# 52638
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b) (1) (A) (vi)
Form 990 Required:
Yes
Effective Date of Exemption:
November 21, 2003
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
December 31, 2007

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c) (3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c) (3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Information for Exempt Organizations Under Section 501(c) (3) for some helpful information about your responsibilities as an exempt organization.

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

Letter 1045 (DO/03)

**SECOND AMENDED AND RESTATED
BYLAWS OF
HOUSING SERVICES ALLIANCE, INC.
(An Ohio 501(c)(3) nonprofit corporation)**

**ARTICLE I:
NAME**

The name of this nonprofit corporation is: **Housing Services Alliance, Inc.** (hereinafter referred to as the “Corporation”).

**ARTICLE II:
OFFICE**

The Corporation shall maintain an office in a place determined by the Board. The Corporation shall have a registered agent as required by law.

**ARTICLE III:
PURPOSE**

Section 1: General Objectives & Purposes.

The Corporation is organized to conduct any lawful business and engage in any lawful act or activity consistent with Federal and State law, including Section 1702 of the Ohio Revised Code (the “Act”), and such other laws governing not-for-profit, Ohio corporations exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

Section 2: Specific Objectives & Purposes.

A special purpose of the Corporation is to develop, own, and operate affordable housing projects and to provide services to the residents of any affordable housing projects. It is to be operated in accordance with these regulations, and shall have the authority to provide elderly and handicapped persons, and low and lower income persons and their families with housing facilities and services specially designed to meet their physical, social, and psychological needs, to promote: their health, security; happiness; to improve their understanding of their rights under federal, state and local housing laws and regulations; and to obtain the assistance and cooperation of governmental agencies responsible for providing financial and/or other services for such persons and their families on a nonprofit basis, revitalize neighborhoods and communities primarily through the creation and retention of affordable housing, economic development, and job creation primarily for the benefit of low to moderate income persons.

**ARTICLE IV:
MEMBERSHIP**

The Corporation will not have members.

**ARTICLE V:
BOARD OF TRUSTEES**

Section 1. General Powers. The property, affairs and business of the Corporation shall be managed and controlled by its Board of Trustees. The Board of Trustees may, by general resolution, delegate to officers of the Corporation and to committees, such powers as provided for in these Bylaws.

Section 2. Number and Composition. The number of Trustees shall be not less than three (3) or such other number as may be determined by the Board of Trustees from time to time.

Section 3. Regular Meetings. The Board of Trustees may provide by resolution the time and place for holding regular meetings of the Board. The meetings of the Board of Trustees shall be closed except to those persons invited by the President.

Section 4. Special Meetings. Special meetings of the Board of Trustees may be called by the President or by a majority vote of the Board of Trustees.

Section 5. Notice. Notice of any meeting of the Board of Trustees shall be sent to each Trustee by either U.S. mail, overnight courier, facsimile, electronic mail or other mode of written transmittal. For a regular meeting, notice shall be sent not less than five (5) days before the time set for such a regular meeting, and must include the time, date, and place of such meeting. With respect to any special meeting of the Board, notice shall be provided at least twenty-four (24) hours in advance specifying the time, date, place and purpose of any such meeting. Any Trustee may waive notice of any meeting before, at or after such meeting.

Section 6. Quorum. A presence of a majority of the voting members of the Board of Trustees in office shall constitute a quorum for the transaction of business at any meeting of the Board. If a majority of the Board of Trustees is unable to attend, any decisions made at such board meetings must be approved by a majority of the total Board of Trustees before said decisions become official.

Section 7. Manner of Acting. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except as otherwise provided by law or by these Bylaws.

Section 8. Teleconferencing. Meetings of the Board may be conducted by conference call, teleconference, or other electronic means, as permitted by law, provided that all persons can communicate with one another, and all persons are otherwise able to fully participate in the

meeting. Votes of the members of the Board of Trustees received in such manner shall have the same force and effect as votes at a meeting at which the members of the Board of Trustees are physically congregated.

Section 9. Action by Unanimous Written Consent. Where permitted by law, any action required to be taken at a meeting of the Board of Trustees or any action which may be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees entitled to vote with respect to the subject matter thereof.

Section 10. Vacancies. The Board of Trustees may fill any vacancy occurring caused by the death, resignation, removal, disqualification, or otherwise in the Board of Trustees. A Trustee selected to fill a vacancy shall serve the remaining, unexpired term of his or her predecessor in office. Vacancies may be filled at any meeting of the Board of Trustees.

Section 11. Removal. Any Trustee of the Board may be removed from service as a Trustee of the Corporation at any time with or without cause, by resolution adopted by the Board of Trustees at any meeting of the Board of Trustees, the notice of which specifying that such removal action is to be considered.

Section 12. Term of office. The term of office for all elected Trustees shall be three (3) years, and shall serve until their successors have been duly elected.

ARTICLE VI OFFICERS

Section 1. Officers. The Officers of the Corporation shall be a President, Vice President, Secretary, and Treasurer and such other officers as may be determined by the Board of Trustees. In addition, the President may designate additional offices in accordance with these by-laws, including up to three (3) ex-officio positions to be occupied by staff members of the Corporation. The Board of Trustees may decide not to fill all offices and they may elect such other officers as it shall deem necessary and proper, such officers to be vested with such authority and to be obligated to perform such duties as shall be prescribed by the Board of Trustees.

DUTIES OF PRESIDENT

1. Direct and be responsible for the overall operation of the organization and the strategic plan.
2. Serve as the organization's official representative and spokesperson on matters of policy and positions.
3. Call, preside and set agenda at meetings.
4. Designate committees and supervise their activities.

DUTIES OF VICE PRESIDENT

1. Preside in the absence of the President.
2. Assist the President as requested.
3. Assume the office of the President, should vacancy occur, for un-expired term only.

DUTIES OF SECRETARY

1. Record and maintain organizational documents and minutes of all meetings.
2. Assist the President as requested.

DUTIES OF TREASURER

1. Maintain or cause to be maintained the financial records.
2. Assist the President as requested.

Section 2. Election and Term of Office. The Officers shall be elected by the Board of Trustees for a one (1) year term, and shall serve until a successor is elected and qualified or until such earlier resignation or removal. Notwithstanding the foregoing, the one (1) year term of office shall not apply to the ex-officio positions. Any officer may resign at any time upon written notice to the Corporation. Such election of officers shall be by the affirmative vote of a majority of the Board of Trustees.

Section 3. Removal. Any Officer may be removed from office at any time by the affirmative vote of two-thirds of the Board of Trustees, whenever in their judgment the best interests of the Corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Trustees for the unexpired portion of the term. Vacancies may be filled or new offices created and filled at any meeting of the Board of Trustees.

ARTICLE VII

ADVISORY BOARDS AND STANDING COMMITTEES

Section 1. Advisory Boards. The Board of Trustees may establish an advisory board comprised of elected officials, representatives of the owner of any property management firm, national housing experts or technical program and policy advisors.

Section 2. Standing Committees. Standing committees for the Corporation may be appointed by the President from time to time for specific projects and functions.

ARTICLE VIII

IRC 501(C)(3) TAX EXEMPTION PROVISIONS

Section 1. Limitations on Activities.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501 (h) of the Internal Revenue Code), and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal revenue Code, or (b) by Section 170(c)(2) of the Internal Revenue Code.

Section 2. Prohibition Against Private Inurement.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to, its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the Corporation.

Section 3. Distribution of Assets.

Upon the dissolution of this Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of the State of Ohio.

ARTICLE IX

AMENDMENTS

These Bylaws may be amended by a majority vote of the Board of Trustees present and voting at a general meeting, provided notice of such submission of such amendment is given in writing at least ten (10) days in advance of the meeting at which action is to be taken.

ARTICLE X

MISCELLANEOUS

Section 1. Grants, Contracts, Etc., How Executed. The Board of Trustees may authorize any officer or officers, agent or agents, to make, enter into, execute and deliver any grant, contract or

other instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless authorized so to do by these Bylaws or the Board of Trustees, no officer, agent or employee shall have any power or authority to bind the Corporation by any grant, contract or engagement, or to pledge its credit or to render it liable pecuniary for any purpose or in any amount.

Section 2. Checks, Drafts, Etc. All checks, drafts or other evidences of indebtedness issued in the name of the Corporation shall be signed or endorsed by such one or more officers, agents or employees of the Corporation as shall from time to time be determined by resolution of the Board of Trustees.

Section 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, mutual funds, or other depositories as the Board of Trustees, may from time to time designate, or as may be designated by any officer, agent or employee of the Corporation to whom such power may be delegated by the Board of Trustees, and for the purpose of any such deposit, all checks, drafts, and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer of the Corporation authorized by, or in such other manner as may from time to time determined by resolution of, the Board of Trustees.

Section 4. Indemnification. The Corporation shall, and hereby does, indemnify each of its present and former Trustees and officers and agents and any other person who may serve or have served, against expenses actually and necessarily incurred by her or him in connection with the defense of any action, suit or proceeding in which he or she is made a party by reason of being or having been a Trustee, officer or agent of the Corporation, provided the Trustee, officer or agent acted in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and provided further that if such indemnity is with respect to a criminal proceeding, the Trustee, officer or agent had no reasonable cause to believe the conduct was unlawful.

Section 5. Insurance. Corporation may purchase and maintain insurance on behalf of the Board of Trustees, officers, former board members and former officers and all persons who have served at its request or by its election as a Trustee or officer of another association, organization or corporation or in a fiduciary capacity with respect to any employee benefit plan against any liability, or settlement based on asserted liability, incurred by them by reason of being or having been board members or officers of the corporation or Trustees or officers of such other association, corporation, organization or corporation, or in a fiduciary capacity with respect to any employee benefit plan of the corporation, whether or not corporation would have the power to indemnify them against such liability or settlement under the provisions of this section.

Section 6. Fiscal Year. The fiscal year of the Corporation shall commence on January 1 and end on December 31. Alteration of the fiscal year shall not require amendment of these Bylaws.

Section 7. Annual Audit. The books and records of the Corporation shall be audited annually by a Certified Public Accountant appointed by the President with the approval of the Board of Trustees.

Section 8. Financial Statements. Shall be issued on an annual basis for its operation as of the close of the fiscal year to such persons the Board in its discretion prescribes.

Section 9. Counterpart Signatures. These Bylaws may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same.

ARTICLE XI

CONFLICTS OF INTEREST

Section 1. Fiduciary Duty. Trustees, officers and other persons engaged in the management of the Corporation occupy positions of fiduciary trust and are obligated to discharge their duties in good faith and with undivided loyalty to the Corporation. They shall act in the course of their duties solely in the Corporation's best interests without regard to the interests of any other organization or person with which they are related or associated and shall refrain from taking part in any transaction or exploiting any opportunity if they cannot act with undivided loyalty to the corporation.

Section 2. Disclosure. Any possible conflict of interest shall be disclosed to the Board of Trustees by the person concerned if that person is a Trustee or an officer of the Corporation, or to the President or such person or persons as he or she may designate if the person is not a Trustee or officer of the Corporation. Trustees, officers and other persons engaged in the management of the Corporation shall disclose the material facts regarding (i) any financial or other interest, or any financial or other interest of an immediate family member, in any grantee of the Corporation or in any organization or person furnishing property, goods or services to the Corporation or otherwise engaged in a transaction with the Corporation, (ii) any financial or other transaction involving the Corporation that would benefit themselves, their immediate families, or any organization in which they have an interest, (iii) any opportunity within the scope of the Corporation's activities that they or members of their immediate families wish to exploit, and (iv) any interest in any organization having a mission directly or indirectly in conflict with the Corporation's mission.

Section 3. Approval Required and Prohibitions. The Corporation shall not enter into any transaction in which there exists a conflict of interest required to be disclosed under Article XI, subsection 2 unless it is approved by the Board of Trustees. No Director, officer or other person engaged in the management of the Corporation shall exploit any opportunity within the scope of the Corporation's activities without the approval of the Board of Trustees.

Section 4. Abstention. Any Trustee, officer or other person engaged in the management of the Corporation with a conflict and seeking the approval required by Article XI, section 3, shall abstain from the consideration of, and voting on, the transaction or opportunity presented to the

Board of Trustees for approval, except to disclose the transaction or opportunity and answer questions about it. Any Director so abstaining may be counted in determining the presence of a quorum. The minutes of the meeting of the Board or Committee shall reflect that the conflict of interest was disclosed and that the interested person appropriately abstained.

Section 5. Definitions.

- (a) The term “organization” includes, without limitation, any agency, entity, company, association, firm or other group, whether governmental or nongovernmental, and whether operated on a for-profit or nonprofit basis.
- (b) The term “interest” includes, without limitation, any position as owner, officer, board member, partner, member, employee, contractor, consultant, or beneficiary, but shall not include the ownership of less than five percent (5%) of the outstanding voting securities of a publicly held company.
- (c) The term “immediate family” means (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

[Remainder of page intentionally left blank.]

Audit Reports

Housing Services Alliance, Inc
&
Woda Cooper Companies, Inc.

**HOUSING SERVICES ALLIANCE, INC.
DBA HOUSING SERVICES ALLIANCE**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

HOUSING SERVICES ALLIANCE, INC.

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Notes to Financial Statements.....	7-12



Stemen, Mertens, Stickler, CPAs & Associates
(A Limited Liability Company)
Certified Public Accountants

(614) 224-0955 FAX (614) 224-0971 • 370 South 5th Street, The Americana, Suite 1 • Columbus, OH 43215

Member American Institute of
Certified Public Accountants

Member The Ohio Society of
Certified Public Accountants

Independent Auditor's Report

**To the Board of Trustees
Housing Services Alliance, Inc.
DBA Housing Services Alliance**

Opinion

We have audited the accompanying financial statements of Housing Services Alliance, Inc., DBA Housing Services Alliance, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Services Alliance, Inc., DBA Housing Services Alliance, as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Services Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Services Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Housing Services Alliance, Inc.
Independent Auditor's Report
Page two

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housing Services Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Services Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Stemen, Mertens, Stickler, CPAs & Associates

Stemen, Mertens, Stickler, CPAs & Associates
Certified Public Accountants
Columbus, Ohio
June 17, 2022

HOUSING SERVICES ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

<u>ASSETS</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,196,513
Investments	1,612,249
Accounts Receivable	3,909,025
Notes Receivable - net of allowance	13,091,993
<u>TOTAL ASSETS</u>	<u>\$ 19,809,780</u>
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>	
Accounts Payable	\$ 5,988
Notes Payable	11,940,650
Total Liabilities	<u>11,946,638</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	<u>7,863,142</u>
<u>TOTAL LIABILITIES AND NET</u>	
<u>ASSETS (DEFICIT)</u>	<u>\$ 19,809,780</u>

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

HOUSING SERVICES ALLIANCE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>REVENUES WITHOUT DONOR RESTRICTIONS</u>	<u>2021</u>
Developer Fees	\$ 3,072,994
Supportive Services Fees	112,247
Contributions	500
Grant Income	18,797
Interest Income	347,584
Unrealized Gain (Loss) on Investments	42,900
Total Revenue	<u>3,595,022</u>
<u>EXPENSES WITHOUT DONOR RESTRICTIONS</u>	
Program Services	486,321
Management and General	184,393
Other Non-Operating Expense	342,082
Total Expenses	<u>1,012,796</u>
<u>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	\$ 2,582,226
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR</u>	<u>5,280,916</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</u>	<u>\$ 7,863,142</u>

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

HOUSING SERVICES ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management & General
Salaries	\$ 61,003	\$ 30,047
Payroll Taxes	4,737	2,333
Advertising	3,230	-
Bad Debt	177,918	-
Conferences and Education	-	575
Director Fees	-	125,000
Development Costs and Related Expenses	39,671	-
Insurance	-	5,800
Interest	169,666	-
Legal and Professional	-	13,795
Office and Miscellaneous	3,692	3,692
Rent	3,618	1,782
Supportive Services	12,960	-
Taxes	1,541	-
Telephone	1,368	1,369
Travel	6,917	-
Total Expenses	<u>486,321</u>	<u>184,393</u>

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

HOUSING SERVICES ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>
<u>Cash Flows From Operating Activities</u>	
Net Income (Loss)	\$ 2,582,226
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Deferred Interest on Notes Receivable	(347,318)
Deferred Interest on Notes Payable	169,667
Bad Debt Expense	520,000
Unrealized Gain on Investments	(42,900)
Change In:	
Prepaid Expenses	1,350
Accounts Receivable	(2,487,284)
Accounts Payable	790
Net Cash Provided by (Used in) Operating Activities	<u>396,531</u>
<u>Cash Flows From Investing Activities</u>	
Payments on Notes Receivable	84,596
Investments	(60,100)
Net Cash Provided by (Used in) Investing Activities	<u>24,496</u>
<u>Cash Flows From Financing Activities</u>	
Payments on Notes Payable	(84,596)
Net Cash Provided by (Used in) Financing Activities	<u>(84,596)</u>
<u>Net Increase (Decrease) In Cash</u>	\$ 336,431
<u>Cash, (Beginning)</u>	<u>860,082</u>
<u>Cash, (Ending)</u>	<u>\$ 1,196,513</u>

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

HOUSING SERVICES ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1. Summary of Significant Accounting Policies and Organization

Organization

Housing Services Alliance, Inc. (the "Organization") was formed on November 21, 2003 as a tax exempt 501(c)(3) organization. The Organization was organized to develop, own and operate affordable housing projects and to provide services to the residents of the affordable housing projects and to engage in any lawful act or activity for which Organizations may be organized under the Ohio Non-Profit Organization Act. The Organization is also registered in and performs services in Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Pennsylvania, South Carolina, and West Virginia.

The management of the Organization is vested in the Board of Directors. Compensation for such services is as determined under the bylaws.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted by the United States of America. Support and revenue are recorded when earned rather than when monies are received, and expenses are recorded when incurred rather than when monies are paid.

As required by the Presentation of Financial Statements for Not-for-Profit Entities topic of the FASB Accounting Standards Codification, the Organization must report, where applicable, 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

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term investments with an original maturity of three months or less, cash on deposit, unrestricted petty cash, money market funds and certificates of deposit.

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Fair Value Measurements

The Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification requires the Organization to disclose its fair value measurements at the reporting date and the inputs used to develop those measurements. The Organization is in the process of determining the impact of adopting the topic.

Investments

The Organization's investments consist solely of ownership interests as an owner of various Organizations established to be managing members or general partners in owners of affordable housing projects. The Organization accounts for these investments by establishing a market value for the interest based on the current market value of these interests being sold.

Note 1. Summary of Significant Accounting Policies and Organization (cont.)**In-kind Donations**

The FASB Accounting Standards Codification states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a nonfinancial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Organization receives services from a variety of unpaid volunteers assisting with its programs and supporting services. In-kind services were excluded from the financial statements because they did not meet this recognition criteria.

Income Taxes

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Accordingly, no provision for federal income tax has been made on the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Functional Expenses

The cost of providing program services and management and general services have been summarized on the accompanying Statement of Functional Expenses. Program services include those costs that are directly identifiable with the primary program of the Corporation of providing affordable housing and supportive services to low income and special needs families. Management and general services include all other costs not directly identifiable with the Corporation's primary program.

Note 2. Investments

The Organization has investments in the following entities that are managing members or general partners of affordable housing projects:

Devon Housing Member	\$	19,600
Quail Housing Member	\$	24,500
Gables Housing Member	\$	10,800
Seneca Coventry Partners	\$	14,700
H.S.A. Housing Corp.	\$	1,019,579
Stableford Housing Partners	\$	13,500
Sycamore Housing Corp.	\$	200,000
H.S.A. Project Corp.	\$	196,070
Arlington Terrace	\$	57,000
Norwood Greene Housing Corp.	\$	30,000
Meridian Greene Housing Corp.	\$	26,500

The investments are valued based on the entity's percentage of managing member or general partner interest at \$1,000 per apartment unit in the affordable housing project or the actual cash investment, whichever is greater. The Organization believes this is a conservative estimate of the market value of these investments based on the current market in the affordable housing industry.

Note 3. Notes Receivable

The Organization has the following notes receivable as of December 31, 2021:

The Organization has entered into a note receivable with Clover Ridge, LLC totaling \$550,000. The note bears interest at 4.55% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2054. Accrued and unpaid interest totaled \$440,184 as of December 31, 2021.

The Organization has entered into a note receivable with Luke's Crossing Limited Partnership totaling \$550,000. The note bears interest at 4.55% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2049. Accrued and unpaid interest totaled \$398,255 as of December 31, 2021.

The Organization has entered into a note receivable with Norwood Greene, LLC totaling \$550,000. The note bears interest at 4.53% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2039. Accrued and unpaid interest totaled \$442,555 as of December 31, 2021.

The Organization has entered into a note receivable with Pembroke Greene, LLC totaling \$550,000. The note bears interest at 4.27% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2054. Accrued and unpaid interest totaled \$402,621 as of December 31, 2021.

The Organization has entered into a note receivable with Orchard Glen, LLC totaling \$550,000. The note bears interest at 4.50% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2054. Accrued and unpaid interest totaled \$386,811 as of December 31, 2021.

The Organization has entered into a note receivable with Fairway Crossing, LLC totaling \$550,000. The note bears interest at 2.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2054. Accrued and unpaid interest totaled \$73,580 as of December 31, 2021.

The Organization has entered into a note receivable with Stableford Crossing, LLC totaling \$550,000. The note bears interest at 4.53% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2054. Accrued and unpaid interest totaled \$437,038 as of December 31, 2021.

Note 3. Notes Receivable (Cont.)

The Organization has entered into a note receivable with Junction City Associates, LP totaling \$610,000. The note bears interest at 2.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on March 30, 2047. Accrued and unpaid interest totaled \$112,291 as of December 31, 2021.

The Organization has entered into a note receivable with Clough Commons, LP totaling \$670,000. The note bears interest at 2.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on March 30, 2047. Accrued and unpaid interest totaled \$94,722 as of December 31, 2021.

The Organization has entered into a note receivable with Crawford Place, LP totaling \$220,000. The note bears interest at 2.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on March 30, 2047. Accrued and unpaid interest totaled \$17,980 as of December 31, 2021.

The Organization has entered into a note receivable with Patrick Place, LP totaling \$652,000. The note bears interest at 2.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2051. Accrued and unpaid interest totaled \$995,469 as of December 31, 2021.

The Organization has entered into a note receivable with Gables at Countryside Lane II, LP totaling \$550,000. The note bears interest at 4.84% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2047. Accrued and unpaid interest totaled \$572,211 as of December 31, 2021.

The Organization has entered into a note receivable with Cadiz Homes, LP totaling \$560,000. The note bears interest at 5.0% per annum, compounded semi-annually. Principal and interest are payable to the extent of 50% of net cash flow exceeding \$10,000. The entire unpaid principal and accrued interest are due and payable on December 31, 2048. Accrued and unpaid interest totaled \$629,276 as of December 31, 2021.

The Organization has entered into a note receivable with Peebles Village Square, LP totaling \$1,000,000. The note bears interest at 2% per annum, compounded semi-annually. Principal and interest are payable to the extent of 25% of net cash flow exceeding \$1. The entire unpaid principal and accrued interest are due and payable on December 31, 2047. Accrued and unpaid interest totaled \$10,000 as of December 31, 2021.

The Organization has entered into a note receivable with Peebles Village Square, LP totaling \$475,000. The note bears interest at 0% per annum. The entire unpaid principal and accrued interest are due and payable on December 31, 2047. There was no accrued and unpaid interest as of December 31, 2021.

Note 3. Notes Receivable (Cont.)

The Organization has entered into an interest free note receivable with Capital Crossing Senior Affordable Housing, Inc., totaling \$25,000. The note is payable only from residual receipts and with HUD approval. The balance on the note as of December 31, 2021 is \$12,000.

In conjunction with the Ohio Housing Finance Agency, the Organization has written agreements with the entities noted above regarding use of the HDAP Funds, repayment structure, affordability requirements as well as project and housing quality standards. If the funds are not expended in accordance with the terms of the agreements, the funds are required to be returned to the Ohio Housing Finance Agency. Management has established an allowance for doubtful accounts for any portions of the notes or accrued interest that is believed to be uncollectible.

Note 4. Notes Payable

The Organization has entered into several notes payable with the Ohio Housing Finance Agency totaling \$7,112,000. The notes bear interest at a rate between 1% and 6% per annum. Principal and interest are due and payable on the 30th day of April each year based on the affordable housing project's net cash flow, therefore maturities for the notes cannot be ascertained. The notes are secured by the Organization's assignment of the Notes Receivable identified above. Accrued and unpaid interest totaled \$4,828,650 as of December 31, 2021. There has been no significant change in the interest rates available to the Organization. Therefore the fair value of the notes payable approximates the book value.

Note 5. Related Party Transactions

During 2021, a significant portion of the Organization's support and revenue was generated from housing projects in which the Organization or subsidiaries of the Organization had a general partnership or membership interest.

Note 6. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through June 17, 2022 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Note 7. Concentration of Credit Risk

The Organization maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization maintains cash balances at Huntington National Bank, which are insured by The Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the Organization's uninsured cash balance at Huntington National Bank totaled \$946,513.

Note 8. Other Non-Operating Expense

The amounts included in Other Non-Operating Expense on the accompanying Statement of Activities and Changes in Net Assets represent interest accrued on Notes Receivable from prior years that has since been determined to be uncollectible. The amount expensed for the year ended December 31, 2021 totaled \$342,082.

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

YEARS ENDED DECEMBER 31, 2021 AND 2020

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Management of
Woda Cooper Companies, Inc.
(An Ohio Corporation)

Management is responsible for the accompanying consolidated financial statements of Woda Cooper Companies, Inc., which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Supplementary Information

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

October 17, 2022
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 7,401,174	\$ 6,759,898
Accounts receivable, net of allowance	116,467,883	67,445,478
Costs and estimated earnings in excess of billings on contracts in process	13,390,881	6,014,920
Land held for investment	349,124	1,680,124
Aircraft and equipment, net	3,681,501	1,067,418
Goodwill, net	1,347,220	1,684,024
Investments in real estate and other	4,127,658	4,376,395
	<u>\$ 146,765,441</u>	<u>\$ 89,028,257</u>
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable	\$ 42,497,933	\$ 26,779,912
Billings in excess of costs and estimated earnings on contracts in process	542,759	4,230,563
Accrued expenses	9,837,743	4,839,376
Line of credit - FCB	-	2,005
Notes payable and accrued interest	69,731,611	31,082,675
ESOP note payable and accrued interest	1,920,558	2,428,482
Total liabilities	<u>124,530,604</u>	<u>69,363,013</u>
Equity		
Retained earnings	19,155,873	18,280,168
Additional paid-in capital	2,487,567	1,694,043
Less: unallocated ESOP shares	(895,725)	(1,397,250)
Total parent shareholder's equity	<u>20,747,715</u>	<u>18,576,961</u>
Noncontrolling interest in Operating Partnerships	<u>1,487,122</u>	<u>1,088,283</u>
Total equity	<u>22,234,837</u>	<u>19,665,244</u>
	<u>\$ 146,765,441</u>	<u>\$ 89,028,257</u>

See notes to consolidated financial statements and independent accountant's compilation report

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**
**CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Construction revenue	\$ 137,483,585	\$ 123,737,687
Consulting and management fee revenue	28,676,642	25,426,543
Development fee revenue	16,093,085	12,189,499
Other revenue	3,423,746	1,486,569
Interest and investment income	3,291,054	5,924,706
Total revenues	188,968,112	168,765,004
Cost of earned revenue		
Cost of earned revenue	135,282,945	121,364,203
Gross profit (loss)	53,685,167	47,400,801
Operating expenses		
Payroll and employee benefits	41,449,990	37,768,650
Development expenses	4,907,604	2,340,387
Administrative expenses	6,153,860	2,956,401
Rent	1,570,674	602,822
Taxes and insurance	-	252,378
Total operating expenses	54,082,128	43,920,638
Net operating income (loss)	(396,961)	3,480,163
Other (income) and expenses		
(Gain) loss on investments	645,316	819,880
Interest expense	3,113,973	942,480
Amortization of goodwill	336,804	336,804
Depreciation	129,071	103,213
ESOP compensation expense	1,295,049	643,062
Loan forgiveness	(6,714,500)	-
(Income) loss on subsidiaries	(621,455)	(618,900)
Total other (income) and expenses	(1,815,742)	2,226,539
Net income (loss)	1,418,781	1,253,624
Less: Income (loss) attributable to non-controlling interest in operating partnerships	(68,924)	-
Net income (loss) attributable to controlling interest	\$ 1,487,705	\$ 1,253,624

See notes to consolidated financial statements and independent accountant's compilation report

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

	Number of Shares	Additional Paid-in Capital	Retained Earnings	Unallocated ESOP Shares	Total Woda Cooper Companies, Inc. Equity	Non-controlling Interest in Operating Partnerships	Total
Balance, January 1, 2020	20,000	\$ 1,339,206	\$ 15,988,495	\$ (1,685,475)	\$ 15,642,226	\$ 1,088,283	\$ 16,730,509
Allocation of ESOP shares to participants	-	354,837	-	288,225	643,062	-	643,062
Contributions	-	-	1,680,124	-	1,680,124	-	1,680,124
Distributions	-	-	(642,075)	-	(642,075)	-	(642,075)
Net income (loss)	-	-	1,253,624	-	1,253,624	-	1,253,624
Balance, December 31, 2020	20,000	1,694,043	18,280,168	(1,397,250)	18,576,961	1,088,283	19,665,244
Allocation of ESOP shares to participants	-	793,524	-	501,525	1,295,049	-	1,295,049
Contributions	-	-	-	-	-	467,763	467,763
Distributions	-	-	(612,000)	-	(612,000)	-	(612,000)
Net income (loss)	-	-	1,487,705	-	1,487,705	(68,924)	1,418,781
Balance, December 31, 2021	20,000	\$ 2,487,567	\$ 19,155,873	\$ (895,725)	\$ 20,747,715	\$ 1,487,122	\$ 22,234,837

See notes to consolidated financial statements and
independent accountant's compilation report

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities		
Net income (loss)	<u>\$ 1,418,781</u>	<u>\$ 1,253,624</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of goodwill	336,804	336,804
Depreciation	129,071	103,213
ESOP compensation expense	1,295,049	643,062
Loan forgiveness	(6,714,500)	-
Changes in:		
Accounts receivable, net of allowance	(49,022,405)	(7,083,370)
Prepaid expenses, deposits, and other current assets	-	94,456
Costs and estimated earnings in excess of billings on contracts in process	(7,375,961)	(1,258,504)
Accounts payable and accrued expenses	20,716,388	(1,891,359)
Billings in excess of costs and estimated earnings on contracts in process	(3,687,804)	2,726,314
Net cash provided by (used in) operating activities	<u>(42,904,577)</u>	<u>(5,075,760)</u>
Cash flow from investing activities		
Purchase of equipment	(2,275,391)	(49,483)
Purchase of land held for investment	-	(1,680,124)
Proceeds from sale of land held for investment	1,331,000	-
Investments in real estate and other	248,737	661,216
Net cash provided by (used in) investing activities	<u>(695,654)</u>	<u>(1,068,391)</u>
Cash flow from financing activities		
Payments made on ESOP note payable and accrued interest	(507,924)	(449,387)
Payments of notes payable and accrued interest	(1,955,475)	(2,108,129)
Proceeds from notes payable	47,318,911	9,732,170
Contributions	-	1,680,124
Proceeds from line of credit borrowings	-	2,500,000
Payments on line of credit	(2,005)	(2,497,995)
Distributions	(612,000)	(642,075)
Net cash provided by (used in) financing activities	<u>44,241,507</u>	<u>8,214,708</u>
Net change in cash and cash equivalents	<u>641,276</u>	<u>2,070,557</u>
Cash and cash equivalents, beginning	<u>6,759,898</u>	<u>4,689,341</u>
Cash and cash equivalents, ending	<u><u>\$ 7,401,174</u></u>	<u><u>\$ 6,759,898</u></u>
Supplemental schedule of cash flow information		
Cash paid during the period for interest	<u><u>\$ 933,420</u></u>	<u><u>\$ 664,837</u></u>

See notes to financial statements and independent accountant's compilation report

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Woda Cooper Companies, Inc. (the "Corporation") owns land, develops rental housing properties (the "Communities"), provides construction services to the Communities, owns Communities, and provides management and administrative services to the Communities located in various markets throughout the United States of America. These Communities are related to the Corporation through common control of their respective entities ("Operating Partnerships").

SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of presentation

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

New accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheets. The standard is effective for year-ends beginning after December 15, 2021 and early adoption is permitted. The lease standard is not expected to have a material impact on the financial statements.

In March 2020, FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The standard is effective from March 2020 through December 31, 2022 and will allow the Corporation to adopt other reference rates without applying the contract modifications provisions of accounting standards generally accepted in the United States of America. During the year ended December 31, 2021, ASU 2020-04 did not have a material impact on the Corporation. Management expects to apply the provisions of ASU 2020-04 once the LIBOR reference rate related to the debt in Note 4 is discontinued.

Principles of consolidation

At December 31, 2021 and 2020, the consolidated financial statements include the accounts of the Corporation, Valhalla Equities, LLC ("VEL"), C&W Holdings, LLC ("C&W"), Valhalla Mortgage Company, Inc. ("VMCI"), Woda Cooper Development, Inc. ("WCDI"), Valhalla Housing Properties, Ltd. ("VHPL"), Newark Building Supply, LLC ("NBS"), Woda Construction, Inc. ("WCI"), Woda Personnel, Inc. ("WPI"), and Woda Management & Real Estate, LLC ("WMRE").

In accordance with ASC 810, the consolidated financial statements include the accounts of the Corporation and its wholly-owned operating entities, after elimination of all intercompany accounts, transactions and profits, including the Operating Partnerships.

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020****NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Use of estimates**

The preparation of the consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the estimated final costs and gross profit on uncompleted contracts.

Revenue recognition

Revenue is earned by providing services to the Communities based on the following:

Management Fees - Management fee income is based on either a negotiated percentage (between 6- 10%) of gross revenue collected by individual apartment communities or by a per-occupied-unit fee and is recognized monthly.

Development Fees - Development fees are negotiated between the Corporation and the Operating Partnerships based on the services rendered per the development agreements, the partnership operating agreements and state agency Qualified Allocation Plan ("QAP") limits. Revenue related to development fees are recognized when earned. The Corporation's fee arrangements do not include terms or conditions that require the Corporation to perform any service or fulfill any obligation once the transaction closes and revenue is recognized. However, the Corporation could be named as a guarantor of various obligations of the Operating Partnerships in the transaction.

Long-term Construction Contracts - The Corporation is subject to the provisions of Revenue from Contracts with Customers topic of the FASB ASC 606. The Corporation earns revenue from construction contracts in connection with the construction of real estate properties.

The Corporation recognizes revenues on construction contracts pro rata with the completion of individual contracts (the "percentage-of-completion" method), which was determined to be the only performance obligation. The Corporation determined this performance obligation is satisfied over time because the Corporation's services create or enhance an asset that the customer controls. The revenue earned by the Corporation under the construction contracts is equal to an agreed upon percentage of the cost of the work. Under this method, the earned portion of the revenue from individual contracts is based on the percentage-of-completion as computed from a comparison of total costs incurred to date to total projected costs of the contract. The percentage-of-completion method was selected as the method of measurement as management considers total cost to be the best available measure of progress on the contracts.

Management estimates the amount of costs to complete a given contract based on information available at each balance sheet date. Estimates of costs to complete certain contracts could change significantly in the near term and other contracts are subject to cost reviews by the contractor. The ultimate outcome of these estimates and contracts subject to customer review is not known. Because of these inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue recognition (continued)

At the time a loss on a contract becomes probable, the entire estimated loss is accrued.

For contracts that extend over more than one fiscal year, changes in job performance, job conditions, estimated profitability, and final contract settlements which result in revisions to costs and income, are recognized in the accounting period when these matters become known. Claims for additional contract revenue are recognized when realization of the claim is assured and the amount can reasonably be determined. When realization is probable but the amount cannot be reasonably determined, revenue is recognized to the extent of costs incurred.

Individual contract costs include direct material, subcontract, direct labor, and labor fringe costs. Indirect costs are those related to contract performance such as indirect labor, supplies, tools, repairs, and maintenance costs. General and administrative costs are expensed as incurred. The Corporation expenses certain costs of obtaining contracts, which is a practical expedient permitted by the FASB ASC 606.

The Corporation is typically paid for services provided under the construction contracts on a monthly basis as the construction is completed. Performance obligations which are completed, but are not contractually due at the time of completion are recognized as contract assets until they are contractually due, at which time they are recognized as contract receivables. Cash received for contracts with customers in advance for which performance obligations have not been satisfied are recognized as contract liabilities until the underlying performance obligation is satisfied. In accordance with normal practice in the construction industry, the Corporation includes asset and liability accounts relating to construction contracts in current assets and liabilities even when such amounts are realizable or payable over a period in excess of one year.

The asset, "Costs and estimated earnings in excess of billings on contracts in progress," represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on contracts in progress," represents billings in excess of revenues recognized. The liability, "Accrued losses on contracts in progress," represents the full loss anticipated on projects in progress where the estimated cost to complete exceeds the estimated contract value, when necessary.

Cash

For the statements of cash flows, all unrestricted investments with original maturities of three months or less is cash.

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2021, deposits held at one financial institution exceeded the federally insured limits. The Corporation has not experienced losses in such accounts. Management believes the Corporation is not exposed to any significant credit risk on cash and cash equivalents.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Marketable securities

Effective in a prior year, the Corporation adopted the FASB ASU 2016-01 which requires equity securities to be reported at fair value with unrealized holding gains or losses and dividend income from investments in equity securities be recognized in net income (loss) in the statements of operations (loss). See Note 9.

Accounts receivable

Accounts receivables are receivables arising from transactions with customers for the transactions described above. The outstanding balance on related party accounts and notes receivable at December 31, 2021 and 2020 was \$116,467,883 and \$67,445,478, respectively. At December 31, 2021 and 2020, the allowance for doubtful accounts on related party accounts and notes receivable totaled \$10,399,105 and \$21,031,242, respectively.

Accounts receivable related to WCI at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Contract receivables	\$ 26,113,859	\$ 27,556,218
Retainage due on contracts	<u>8,797,290</u>	<u>7,004,302</u>
	<u>\$34,911,149</u>	<u>\$34,560,520</u>

Contract receivables and retainage due on contracts at December 31, 2021 are as follows:

	<u>Contract Receivables</u>			<u>Retainage</u>
	<u>Less Than</u>	<u>More Than</u>	<u>Total</u>	<u>Due on</u>
	<u>90 Days Aged</u>	<u>90 Days Aged</u>		<u>Contracts</u>
Completed contracts	\$ 4,777,420	\$ 1,695,913	\$ 6,473,333	\$ 4,221,324
Contracts in process	<u>17,032,478</u>	<u>2,608,048</u>	<u>19,640,526</u>	<u>4,575,966</u>
	<u>\$21,809,898</u>	<u>\$ 4,303,961</u>	<u>\$26,113,859</u>	<u>\$ 8,797,290</u>

Substantially all of the Corporation's accounts receivable were with Operating Partnerships.

Aircraft and equipment

Aircraft, computer equipment, and furniture and fixtures are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which is generally five to twenty five years. Replacements and significant improvements are capitalized; maintenance and repairs are charged to expense as incurred. Upon sale or retirement of equipment, the costs and related accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are included in the determination of net income.

**WODA COOPER COMPANIES, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020****NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Goodwill**

Goodwill represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. The Corporation adopted ASC 2016-06, Intangibles-Goodwill and Other (Topic 350). Goodwill is being amortized on a straight-line basis over 10 years. Amortization of goodwill was \$336,804 during each of the years ended December 31, 2021 and 2020.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment. Should facts and circumstances indicate that the carrying value of intangibles and long-lived assets or other assets may not be recoverable, an evaluation of recoverability would be performed. If an evaluation were required, the estimated future undiscounted cash flow associated with the asset would be compared to the asset's carrying amount to determine if a write-down was required. No impairment of long-lived assets occurred in 2021 and 2020.

Investments in real estate and other

Investments consist of investments in real estate developments and other financial concerns, including Operating Partnerships. All material intercompany accounts, transactions and profits are eliminated in consolidation.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. See Note 9.

Income taxes

The Corporation has elected, with the consent of its shareholder, to be taxed as an S corporation under Section 1362 of the Internal Revenue Code, and a similar section of the state income tax law which provides that, in lieu of corporate income taxes, the shareholder will be taxed on its proportionate share of the Corporation's taxable income. The shareholder is an employee stock ownership plan, as such, the Corporation pays no corporate income tax. Therefore, no provision for federal or state income taxes is included in the financial statements. The Corporation pays income taxes to a certain city that does not recognize S corporation status.

**WODA COOPER COMPANIES, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income taxes (continued)

The Corporation follows FASB guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more-likely-than-not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

The Corporation recognizes any interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Corporation has no amounts accrued for interest or penalties as of December 31, 2021 and 2020.

Due to its pass-through status, the Corporation is not subject to U.S. federal income tax or state income tax. The Corporation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Employee stock ownership plan

The cost of common shares acquired by the Employee Stock Ownership Plan ("ESOP"), but not yet allocated to participants, is reported as a reduction to shareholder equity. Compensation expense is based on the average fair value of common shares as they are allocated, or committed to be released, to participants' accounts.

Subsequent events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended December 31, 2021. Management has performed their analysis through October 17, 2022, the date the consolidated financial statements were available to be issued, and has concluded that there were no significant subsequent events requiring disclosure through the date these financial statements were available to be issued, except as described in Note 4.

NOTE 2-CONTRACTS IN PROCESS AND BACKLOG

Contracts in process

Costs, estimated earnings, and billings on contracts in process related to WCI at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Costs incurred on contracts in process	\$ 96,499,671	\$ 73,436,464
Estimated earnings on contracts in process	<u>502,955</u>	<u>3,208,028</u>
	97,002,626	76,644,492
Billings to date	<u>(84,154,504)</u>	<u>(74,860,135)</u>
	<u>\$12,848,122</u>	<u>\$ 1,784,357</u>

WODA COOPER COMPANIES, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2-CONTRACTS IN PROCESS AND BACKLOG (CONTINUED)

Contracts in process (continued)

Contracts in process are included in the consolidated balance sheets at December 31, 2021 and 2020 under the following captions:

	<u>2021</u>	<u>2020</u>
Costs and estimated earnings in excess of billings on contracts in process	\$ 13,390,881	\$ 6,014,920
Billings in excess of costs and estimated earnings on contracts in process	<u>(542,759)</u>	<u>(4,230,563)</u>
	<u>\$12,848,122</u>	<u>\$ 1,784,357</u>

Backlog

Backlog represents the amount of revenue WCI expects to realize from work to be performed on uncompleted contracts in process at year end and from contractual agreements on which work has not yet begun. The following summarizes changes in backlog during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Backlog balance, beginning	\$ 202,553,840	\$ 196,275,208
New contracts and adjustments	<u>199,550,213</u>	<u>128,909,040</u>
	402,104,053	325,184,248
Less: Contract revenue earned during the year	<u>(136,351,215)</u>	<u>(122,630,408)</u>
Backlog balance, ending	<u>\$ 265,752,838</u>	<u>\$ 202,553,840</u>

NOTE 3-AIRCRAFT AND EQUIPMENT

Aircraft and equipment at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 275,563	\$ 275,563
Furniture and fixtures	456,360	93,097
Aircraft	3,350,000	1,082,355
Vehicles	39,172	48,218
Leasehold improvements	-	56,165
Accumulated depreciation	<u>(439,594)</u>	<u>(487,980)</u>
Aircraft and equipment, net	<u>\$ 3,681,501</u>	<u>\$ 1,067,418</u>

Depreciation totaled \$129,070 and \$103,213 for the years ended December 31, 2021 and 2020, respectively.

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020****NOTE 4-NOTES PAYABLE**

In connection with the acquisition of WCI, the Corporation has notes payable in the amount of \$7,715,634 and \$8,406,480 as of December 31, 2021 and 2020, respectively, to the former shareholders of WCI. The notes bear interest at 2.49% per an allonge for each note executed on August 1, 2017. The notes mature in July of 2032.

In connection with the acquisition of C&W, the Corporation has notes payable in the amount of \$260,164 and \$376,325 as of December 31, 2021 and 2020, respectively, to the former members of C&W. The notes bear interest at 7% and the notes mature on January 1, 2025, per an allonge for each note executed on December 31, 2019.

The Corporation has a note payable in the amount of \$1,851,265 as of December 31, 2021 and 2020, due and payable to The Woda Group, Inc. The Woda Group, Inc.'s, shareholders are directors of the Corporation. The note bears interest at 4% and the note matures on January 1, 2025, per an allonge executed on December 31, 2019.

The Corporation has an additional note payable due to The Woda Group, Inc. in the amount of \$1,612,694 and \$-0- as of December 31, 2021 and 2020, respectively. The note was funded in November 2021, bears interest at 5%, and matures on December 31, 2026.

The Corporation has a note payable in the amount of \$1,025,245 as of December 31, 2021 and 2020, due and payable to Woda Cooper Holdings, LLC. Woda Cooper Holdings, LLC's, members are directors of the Corporation. The note bears interest at 4% and the note matures on January 1, 2040, per an allonge executed on January 1, 2019.

The Corporation had a note payable in the amount of \$-0- and \$238,180 as of December 31, 2021 and 2020, respectively, due and payable to Woda Cooper Communities, LLC. Woda Cooper Communities, LLC's, members are directors of the Corporation. The note bore interest at 4.5% and the note matured on November 23, 2021.

The Corporation has a notes payable in the amount of \$11,714,052 and \$7,039,674 as of December 31, 2021 and 2020, respectively, due and payable to Safe Mortgage Co., LLC. Safe Mortgage Co., LLC's, sole member is Woda Cooper Holdings, LLC. The notes bear interest at 5% and the notes mature on January 1, 2025, per an allonge executed on December 31, 2019.

The Corporation has an additional note payable due to Safe Mortgage Co., LLC in the amount of \$1,629,371 and \$-0- as of December 31, 2021 and 2020, respectively. The note was funded in July 2021, bears interest at 5%, and matures on December 31, 2026.

The Corporation entered into a revolving line of credit agreement with CF Bank, National Association. The agreement and subsequent note modifications provide for, among other things, the following:

- 1) Maximum loan amount up to \$5,500,000, amended below*;
- 2) An annual interest rate to the Prime Rate;
- 3) Monthly interest payments; and
- 4) All outstanding principal and interest due at maturity.

*Effective April 30, 2022, the revolving line of credit agreement was amended to increase the revolving loan commitment to \$7,500,000 and to extend the maturity date to April 30, 2024.

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4-NOTES PAYABLE (CONTINUED)

At December 31, 2021 and 2020, the Corporation has an outstanding balance of \$5,483,043 and \$5,000,000 due and payable on the revolving line of credit.

Future maturities of principal and interest due on the promissory notes as of December 31, 2021, are as follows:

2022	\$ 690,847
2023	750,194
2024	6,005,185
2025	399,662
2026	399,662
Thereafter	<u>24,255,561</u>
	<u>\$32,501,111</u>

Interest expense on the notes payable was \$830,923 and \$942,480 during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, accrued interest was \$1,209,644 and \$431,006, respectively.

WCI Line of Credit

On January 13, 2020, WCI entered into a loan agreement for a line of credit with First Commonwealth Bank. This First Commonwealth Bank line of credit was repaid in full with a new line of credit with Ohio State Bank, which has a maximum amount of \$5,000,000 and expires December 9, 2023. The Ohio State Bank line of credit is secured by all assets of WCI and the personal guarantees of two principals of the Corporation. Advances from the line of credit bear interest at a variable rate equal to the one month ICE LIBOR rate plus 2.50%. At December 31, 2021 and 2020, outstanding borrowings on the line of credit total \$-0- and \$2,005, respectively.

Interest expense was \$88,807 and \$31,890 for the years ended December 31, 2021 and 2020, respectively, which is included in interest expense on the Statements of Operations. At December 31, 2021 and 2020, no interest remains payable.

VMCI Notes Payable

Erie Ohio Capital CDFI Fund, LLC ("Erie"), a wholly owned subsidiary of VMCI, has five various notes payable in the amount of \$35,096,242 and \$-0- as of December 31, 2021 and 2020, respectively. The notes were funded at various dates during the year ended December 31, 2021, bear various interest rates, and mature during the year ending December 31, 2026. The notes payable have the maximum principal balances as shown below:

<u>Name of Lender</u>	<u>Maximum Principal</u>	<u>Balance at 12/31/2021</u>
CF Bank	\$ 7,500,000	\$ 7,479,501
Merchants Bank	25,000,000	19,072,908
Mutual Federal Bank	4,444,000	4,424,758
Riverside Bank of Dublin	3,056,000	3,043,075
Tiffin Land Co.	<u>1,076,000</u>	<u>1,076,000</u>
	<u>\$41,076,000</u>	<u>\$35,096,242</u>

WODA COOPER COMPANIES, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4-NOTES PAYABLE (CONTINUED)

VMCI Notes Payable (continued)

Future maturities of principal due on the VMCI notes payable as of December 31, 2021, are as follows:

2022	\$	313,909
2023		325,601
2024		337,815
2025		350,575
2026		<u>33,768,342</u>
		<u>\$35,096,242</u>

NBS Note Payable

On August 10, 2021, NBS entered into a loan as evidenced by a promissory note with The Huntington National Bank to finance the purchase of an aircraft. The loan is for the maximum principal balance of \$2,177,500, bears interest at a rate of 3.38%, and matures On August 10, 2026. At December 31, 2021, \$2,134,258 remains payable.

Future maturities of principal due on the NBS note payable as of December 31, 2021, are as follows:

2022	\$	132,939
2023		137,567
2024		142,179
2025		147,306
2026		<u>1,574,267</u>
		<u>\$ 2,134,358</u>

NOTE 5-PPP LOANS

In April 2020, the Corporation, WCI, and WPI each entered into a loan agreement through the Paycheck Protection Program ("PPP loans") with the U.S. Small Business Administration, as authorized in the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act"), for maximum amounts of \$2,828,800, \$1,521,000, and \$2,364,700, all respectively. The PPP loans were serviced by First Commonwealth Bank. Pursuant to the CARES Act, the PPP loans were utilized to fund payroll. The principal and accrued interest were eligible for forgiveness if conditions were met, as provided in the CARES Act.

Management applied for forgiveness in December 2020. In 2021, the Corporation, WCI and WPI each received forgiveness of its PPP loan and recognized debt forgiveness income of \$6,714,500, which is reported in loan forgiveness on the Statements of Operations.

During the years ended December 31, 2021 and 2020, no interest was expensed or paid. At December 31, 2021 and 2020, no interest remains payable.

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020****NOTE 6-RISKS AND UNCERTAINTIES**

Financial instruments which potentially subject the Corporation to significant concentrations of credit risk consist primarily of cash and property receivables. The Corporation places its cash with high credit quality financial institutions. At times, such deposits may be in excess of the FDIC insurance limit. The concentration of credit risk with respect to property receivables is, in management's opinion, limited due to their large number and geographic dispersion.

NOTE 7-401(k) RETIREMENT PLAN

The eligible employees of the Corporation can participate in a 401(k) plan. Employees become eligible to participate in the plan when they have completed one year of service (defined as 1,000 hours during that 12-month period) and are age twenty-one or older. At its discretion, the Corporation may make a discretionary profit sharing contribution to the plan. The Corporation made a discretionary match in 2020.

NOTE 8-EMPLOYEE STOCK OWNERSHIP PLAN

On January 1, 2008, the Corporation established the Valhalla Holdings, Inc. Employee Stock Ownership Plan and Trust ("ESOP"), which is a leveraged employee stock ownership plan that covers eligible employees (those employees who meet certain eligibility service requirements may elect to participate in the plan) and is intended to enable participating employees of the Corporation to share in the risks and rewards of equity ownership. On January 1, 2009, the ESOP purchased all 20,000 shares of the Corporation's common stock for \$4,500,000 from former shareholders through the issuance of four (4) secured, non-recourse promissory notes.

The investment in common stock of the Corporation, sponsor of the plan, is valued annually by an independent valuation. As of December 31, 2021 and 2020, the valuation of the shares in the ESOP was \$558 and \$604 per share, respectively.

The Corporation recognizes ESOP compensation expense equal to the average fair value of the shares allocated (or committed to be released for allocation) to participants each year. The Corporation recognized \$1,295,049 and \$643,062 of ESOP compensation expense in 2021 and 2020, respectively, based on the average fair value of shares determined by the independent valuation.

The shares held by the ESOP will be released for allocation to the participants' accounts over the term of the promissory notes as the Corporation makes contributions and dividend payments to the ESOP. The Corporation's contributions to the ESOP, and any dividends on unallocated shares in the ESOP, are used to pay principal and interest due on the promissory notes. The Corporation paid dividends to the ESOP of \$-0- during 2021 and 2020. During the years ended December 31, 2021 and 2020, \$1,281 and \$1,627 shares were allocated, respectively.

During each of the years ended December 31, 2021 and 2020, \$531,630 was contributed to the ESOP to make payments on the notes and \$483,750 and \$565,700 of payments were made on the notes, all respectively.

WODA COOPER COMPANIES, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8-EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

Participants in the plan are entitled to a total distribution of their account upon the first to occur of retirement, disability, death, or other termination of employment. The value of a participant's account is determined as of the last day of the plan year in which termination of employment occurs, except for a special valuation date designated by the plan sponsor's Board of Directors. Thereafter, the participant will not be entitled to any plan sponsor contributions, forfeitures, income or loss, appreciation or depreciation. A participant who terminates employment for reasons other than retirement, death or disability is entitled to a distribution based upon a three-year vesting schedule. The Corporation is obligated to make contributions in cash to the plan which equal an amount sufficient to enable the plan to make any required benefit payments to terminated participants.

Shares held by the ESOP as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Allocated shares	\$ 13,790	\$ 12,509
Unallocated shares	3,981	6,210
Shares committed to be released	<u>2,229</u>	<u>1,281</u>
Total shares in ESOP	<u>20,000</u>	<u>20,000</u>
Fair value of unallocated shares	<u>\$ 2,221,398</u>	<u>\$ 3,750,840</u>

The Corporation is obligated by the ESOP agreement and federal income tax regulations to purchase vested allocated shares from plan participants who have terminated service with the Corporation. The plan provisions provide for the benefit payments to be made within one year after termination of service because of retirement, death or disability, or within five years for any other reason. In addition, benefit payments for those participants falling within the five-year category may be deferred until the ESOP notes payable are retired. At December 31, 2021 and 2020, the Corporation was not obligated to repurchase any shares.

On January 1, 2009, the ESOP issued secured, non-recourse promissory notes totaling \$4,500,000 to former shareholders for the purchase of all 20,000 shares of the Corporation's common stock. The loan agreement provides for the loans to be repaid over fifteen (15) years in fifteen annual installments of principal and interest commencing December 31, 2009. The loans bear interest at 5.0% and are secured by the unallocated common shares. At December 31, 2021 and 2020, accrued interest was \$90,261 and \$114,435, respectively. Future maturities of principal due on the promissory notes as of December 31, 2021 are as follows:

2022	\$ 542,325
2023	603,511
2024	667,706
2025	<u>16,755</u>
	<u>\$ 1,830,297</u>

The promissory notes are subject to a Seller Financing and Pledge Agreement which sets forth that the promissory notes are collateralized by all 20,000 shares purchased by the ESOP. Shares of common stock will be released from the pledge of collateral as principal payments are made on the promissory notes. The ESOP may prepay amounts due in accordance with the terms of the promissory notes in whole or in part at any time without premium or penalty.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9-FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Accounting guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of plan investments, if applicable, that fall under each category, and the value methodologies used to measure these investments at fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of marketable securities are determined by obtaining quoted prices on nationally recognized securities exchange.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or model-derived valuations or other inputs that are observables or can be corroborated by observable market data substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Plan's own assumption about the assumptions a market participant would use in pricing the asset or liability.

Common stock - these unallocated shares are valued at fair value, which includes considerations for the Corporation's cash flows, investments in its subsidiaries, cash and other assets, and interest-bearing debt, coupled with the lack of marketability for the Corporation's shares held by the ESOP.

The Plan's policy for determining the timing of significant transfers between the three levels of inputs is at the end of the reporting period.

The assets fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9-FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the Corporation's assets measured at fair value on a recurring basis at December 31, which are included in cash and cash equivalents on the Balance Sheets:

<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>2021</u>	<u>2020</u>
Equity securities	\$ 350,964	\$ 242,654
Mutual funds	<u>75,037</u>	<u>92,280</u>
	<u>\$ 426,001</u>	<u>\$ 334,934</u>

The fair value of all marketable securities at December 31, 2021 and the related unrealized holding gains (losses) for the year ended December 31, 2021, which are included in other income (expense), net on the Statements of Operations, are as follows:

<u>2021</u>	<u>Cost</u>	<u>Net Unrealized Gain/(Loss)</u>	<u>Fair Value</u>
Equity securities	\$ 178,873	\$ 172,091	\$ 350,964
Mutual funds	<u>63,408</u>	<u>11,629</u>	<u>75,037</u>
	<u>\$ 242,281</u>	<u>\$ 183,720</u>	<u>\$ 426,001</u>

The fair value of all available-for-sale marketable securities at December 31, 2020 and the related unrealized gains (losses) for the year ended December 31, 2020, which are included in other income (expense) on the Statements of Operations, are as follows:

<u>2020</u>	<u>Cost</u>	<u>Net Unrealized Gain/(Loss)</u>	<u>Fair Value</u>
Equity securities	\$ 130,243	\$ 112,411	\$ 242,654
Mutual funds	<u>86,173</u>	<u>6,107</u>	<u>92,280</u>
	<u>\$ 216,416</u>	<u>\$ 118,518</u>	<u>\$ 334,934</u>

Net gains (losses) recognized during the years ended December 31, 2021 and 2020 on marketable securities, including realized gains (losses) from the sale of marketable securities and unrealized holding gains (losses), were as follows:

	<u>2021</u>	<u>2020</u>
Total net gain (loss) on equity securities	\$ 281,060	\$ 125,273
Less: net (gain) loss recognized on equity securities sold	<u>(97,340)</u>	<u>(6,755)</u>
Unrealized gain (loss) on equity securities Still held at December 31	<u>\$ 183,720</u>	<u>\$ 118,518</u>

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9-FAIR VALUE MEASUREMENTS (CONTINUED)

Unobservable inputs for the common stock (Level 3)

Unallocated Shares at Fair Value as of December 31, 2021:

	<u>Level 3</u>	<u>Total</u>
Unallocated common stock, at fair value	\$ 2,221,398	\$ 2,221,398
Total unallocated shares at fair value	<u>\$ 2,221,398</u>	<u>\$ 2,221,398</u>

Unallocated Shares at Fair Value as of December 31, 2020:

	<u>Level 3</u>	<u>Total</u>
Unallocated common stock, at fair value	\$ 3,750,840	\$ 3,750,840
Total unallocated shares at fair value	<u>\$ 3,750,840</u>	<u>\$ 3,750,840</u>

NOTE 10-RELATED PARTY TRANSACTIONS

Subsidiaries of the Corporation are Operating Partnerships to which the Corporation provides management services. Accounts receivable from these management services totaled \$8,541,304 and \$7,517,299 at December 31, 2021 and 2020, respectively. Revenue from these management services to these other properties totaled \$11,220,591 and \$9,061,016 for the years ended December 31, 2021 and 2020, respectively, and is included in consulting and management fee revenue on the statements of operations.

The Corporation is also involved in the construction or development projects for Operating Partnerships. The projects have multiple sources of funding including federal and state governmental agencies, financial institutions, and third-party owners and investors. For the year ended December 31, 2021 and 2020, construction revenues of \$137,483,585 and \$123,737,687, respectively, were for those projects. For the years ended December 31, 2021 and 2020, development fee revenues of \$16,093,085 and \$12,189,499, respectively, were for those projects.

Notes payable - see Note 4.

**WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020****NOTE 10-RELATED PARTY TRANSACTIONS (CONTINUED)****Guarantees**

At December 31, 2021, WCI provided guarantees for certain pre-development and construction loans of affiliated entities up to approximately \$211,000,000. WCI provides debt guarantees in lieu of obtaining performance and payment bonds on certain construction contracts. The guarantee agreements provide that WCI, along with other affiliates, fully guarantee the construction loans to the related entity, the proceeds of which are utilized to pay WCI for construction services performed. Once a project is complete, which typically is considered to have occurred once a certificate of occupancy is awarded on each project, the construction loan is replaced with permanent financing for which WCI is not a guarantor. In the unlikely event WCI would be required to honor the guarantee, the arrangements provide the Corporation the ability to foreclose on the related properties to reduce any loss that may be incurred. The outstanding balances of the guaranteed construction loans at December 31, 2021 and 2020 was approximately \$77,300,000 and \$67,710,000, respectively. The Corporation does not believe it will incur any loss related to these guarantees and, accordingly, has not recorded any provision for loss in its financial statements.

NOTE 11-COMMITMENTS AND CONTINGENCIES**Economic conditions**

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and, as such, the Corporation is unable to determine if it will have a material impact to its operations.

SUPPLEMENTARY INFORMATION

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)
SUPPLEMENTARY INFORMATION
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2021

	Woda Cooper Companies, Inc.	C&W Holdings, LLC	Newark Building Supply, LLC	Valhalla Equities, LLC	Valhalla Housing Properties, Ltd.	Woda Management & Real Estate, LLC	Valhalla Mortgage Co., Inc.	Woda Personnel, Inc.	Woda Construction, Inc.	Woda Cooper Development, Inc.	Eliminations	Consolidated Total
ASSETS												
Cash and cash equivalents	\$ 3,408,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,634,359	\$ -	\$ 2,216,778	\$ 142,003	\$ -	\$ 7,401,174
Accounts receivable, net of allowance	524,519	-	-	-	530,000	8,541,304	39,811,562	-	34,911,149	32,149,349	-	116,467,883
Costs and estimated earnings in excess of billings on contracts in process	-	-	-	-	-	-	-	-	13,390,881	-	-	13,390,881
Land held for investment	-	-	-	-	349,124	-	-	-	-	-	-	349,124
Aircraft and equipment, net	311,540	-	3,350,000	-	-	-	-	-	19,961	-	-	3,681,501
Goodwill, net	1,347,220	-	-	-	-	-	-	-	-	-	-	1,347,220
Investments in real estate and other	64,445,358	161,677	-	3,665,058	-	-	-	-	426,001	-	(64,570,436)	4,127,658
	<u>\$ 70,036,671</u>	<u>\$ 161,677</u>	<u>\$ 3,350,000</u>	<u>\$ 3,665,058</u>	<u>\$ 879,124</u>	<u>\$ 8,541,304</u>	<u>\$ 41,445,921</u>	<u>\$ -</u>	<u>\$ 50,964,770</u>	<u>\$ 32,291,352</u>	<u>\$ (64,570,436)</u>	<u>\$ 146,765,441</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)												
Liabilities												
Accounts payable	\$ 6,953,373	\$ -	\$ -	\$ -	\$ -	\$ 815,663	\$ -	\$ 955,556	\$ 33,773,341	\$ -	\$ -	\$ 42,497,933
Billings in excess of costs and estimated earnings on contracts in process	-	-	-	-	-	-	-	-	542,759	-	-	542,759
Accrued expenses	6,780,523	-	-	-	-	1,245,543	-	897,879	433,801	479,997	-	9,837,743
Line of credit - FCB	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable and accrued interest	32,501,111	-	2,134,258	-	-	-	35,096,242	-	-	-	-	69,731,611
ESOP note payable and accrued interest	1,920,558	-	-	-	-	-	-	-	-	-	-	1,920,558
Total liabilities	<u>48,155,565</u>	<u>-</u>	<u>2,134,258</u>	<u>-</u>	<u>-</u>	<u>2,061,206</u>	<u>35,096,242</u>	<u>1,853,435</u>	<u>34,749,901</u>	<u>479,997</u>	<u>-</u>	<u>124,530,604</u>
Equity (deficit)												
Retained earnings	20,090,889	161,677	814,547	3,665,058	879,124	6,480,098	6,349,679	(1,853,435)	14,252,535	26,615,400	(58,299,699)	19,155,873
Additional paid-in capital	2,010,748	-	-	-	-	-	-	-	-	5,195,955	(4,719,136)	2,487,567
Allocation of ESOP shares to participants	675,194	-	-	-	-	-	-	-	-	-	(675,194)	-
Common stock	-	-	-	-	-	-	-	-	1,962,334	-	(1,962,334)	-
Less: unallocated ESOP shares	(895,725)	-	-	-	-	-	-	-	-	-	-	(895,725)
Total parent shareholder's equity	<u>21,881,106</u>	<u>161,677</u>	<u>814,547</u>	<u>3,665,058</u>	<u>879,124</u>	<u>6,480,098</u>	<u>6,349,679</u>	<u>(1,853,435)</u>	<u>16,214,869</u>	<u>31,811,355</u>	<u>(65,656,363)</u>	<u>20,747,715</u>
Noncontrolling interest in Operating Partnerships	<u>-</u>	<u>-</u>	<u>401,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,085,927</u>	<u>1,487,122</u>
Total equity (deficit)	<u>21,881,106</u>	<u>161,677</u>	<u>1,215,742</u>	<u>3,665,058</u>	<u>879,124</u>	<u>6,480,098</u>	<u>6,349,679</u>	<u>(1,853,435)</u>	<u>16,214,869</u>	<u>31,811,355</u>	<u>(64,570,436)</u>	<u>22,234,837</u>
	<u>\$ 70,036,671</u>	<u>\$ 161,677</u>	<u>\$ 3,350,000</u>	<u>\$ 3,665,058</u>	<u>\$ 879,124</u>	<u>\$ 8,541,304</u>	<u>\$ 41,445,921</u>	<u>\$ -</u>	<u>\$ 50,964,770</u>	<u>\$ 32,291,352</u>	<u>\$ (64,570,436)</u>	<u>\$ 146,765,441</u>

See notes to financial statements and
independent accountant's compilation report

WODA COOPER COMPANIES, INC.
(AN OHIO CORPORATION)
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2021

	Woda Cooper Companies, Inc.	C&W Holdings, LLC	Newark Building Supply, LLC	Valhalla Equities, LLC	Valhalla Housing Properties, Ltd.	Woda Management & Real Estate, LLC	Valhalla Mortgage Co., LLC	Woda Personnel, Inc.	Woda Construction, Inc.	Woda Cooper Development, Inc.	Eliminations	Consolidated Total
Revenues												
Construction revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,483,585	\$ -	\$ -	\$ 137,483,585
Consulting and management fee revenue	-	-	-	-	-	11,220,591	-	17,456,051	-	-	-	28,676,642
Development fee revenue	-	-	-	-	-	-	-	-	-	16,093,085	-	16,093,085
Other revenue	2,961,177	-	1,795,369	-	-	-	462,569	-	-	-	(1,795,369)	3,423,746
Interest and investment income	-	-	-	-	-	-	3,291,054	-	-	-	-	3,291,054
Total revenues	2,961,177	-	1,795,369	-	-	11,220,591	3,753,623	17,456,051	137,483,585	16,093,085	(1,795,369)	188,968,112
Cost of earned revenue												
Cost of earned revenue	-	-	-	-	-	-	-	-	135,282,945	-	-	135,282,945
Total cost of sales	-	-	-	-	-	-	-	-	135,282,945	-	-	135,282,945
Gross profit (loss)	2,961,177	-	1,795,369	-	-	11,220,591	3,753,623	17,456,051	2,200,640	16,093,085	(1,795,369)	53,685,167
Operating expenses												
Payroll and employee benefits	11,057,304	-	-	-	-	12,352,541	-	17,748,165	291,980	-	-	41,449,990
Development expenses	-	-	-	-	-	-	-	-	-	4,907,604	-	4,907,604
Administrative expenses	3,297,653	-	1,632,154	-	-	1,559,216	-	1,255,858	204,348	-	(1,795,369)	6,153,860
Rent	1,533,712	-	-	-	-	-	-	-	36,962	-	-	1,570,674
Taxes and insurance	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	15,888,669	-	1,632,154	-	-	13,911,757	-	19,004,023	533,290	4,907,604	(1,795,369)	54,082,128
Net operating income (loss)	(12,927,492)	-	163,215	-	-	(2,691,166)	3,753,623	(1,547,972)	1,667,350	11,185,481	-	(396,961)
Other (income) and expenses												
(Gain) loss on investments	-	(22,025)	303,913	571,685	(200,000)	-	-	-	(8,257)	-	-	645,316
Interest expense	830,923	-	24,758	-	-	-	2,169,485	-	88,807	-	-	3,113,973
Amortization of goodwill	336,804	-	-	-	-	-	-	-	-	-	-	336,804
Depreciation	61,225	-	41,337	-	-	-	-	-	26,509	-	-	129,071
ESOP compensation expense	1,295,049	-	-	-	-	-	-	-	-	-	-	1,295,049
Loan forgiveness	(2,828,800)	-	-	-	-	-	-	(2,364,700)	(1,521,000)	-	-	(6,714,500)
(Income) loss on subsidiaries	(621,455)	-	-	-	-	-	-	-	-	-	-	(621,455)
Total other (income) and expenses	(926,254)	(22,025)	370,008	571,685	(200,000)	-	2,169,485	(2,364,700)	(1,413,941)	-	-	(1,815,742)
Net income (loss)	(12,001,238)	22,025	(206,793)	(571,685)	200,000	(2,691,166)	1,584,138	816,728	3,081,291	11,185,481	-	1,418,781
Less: Income (loss) attributable to non-controlling interest in operating partnerships	-	-	(68,924)	-	-	-	-	-	-	-	-	(68,924)
Net income (loss) attributable to controlling interest	\$ (12,001,238)	\$ 22,025	\$ (137,869)	\$ (571,685)	\$ 200,000	\$ (2,691,166)	\$ 1,584,138	\$ 816,728	\$ 3,081,291	\$ 11,185,481	\$ -	\$ 1,487,705

See notes to financial statements and
independent accountant's compilation report

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The Housing Services Alliance

Housing Service Alliance is dedicated to expanding opportunities by providing households with decent, affordable, and safe housing through strategic partnerships. HSA was founded in 2003 as a 501(c)3 non-profit agency with the intent of providing housing services to low-income communities.

The diverse Board of Directors was assembled to create a team that wanted more than to build buildings—HAS's goal is to create strong communities and enrich lives. With experts in the affordable housing industry, an attorney, and community planners/developers at the helm, the board believes that housing is the most basic physical need to be addressed in any community. With a genuine care for human life, HSA pursues every possible avenue to create affordable housing for low-income and special needs families.

To date, Housing Services Alliance has been involved in 82 affordable housing projects with a total of 3,059 units. HSA has participated in these projects in various capacities ranging from full or partial ownership interests to being the independent developer and coordinating tenant services. This extensive experience in the development of affordable housing includes projects financed with the Low-Income Housing Tax Credit Program, HUD 202, HUD 811, and other HUD Programs, Rural Development Housing Finance Programs, and numerous state and local housing finance and supportive services resources. Housing Services Alliance holds the controlling interest in and/or is the managing partner in 42 projects involving 1,455 rental housing units.

Housing Services Alliance's housing production and tenant services experience includes:

- Tenant Service Coordination:
 - 47 Projects with 1702 Units
- Low Income Housing Tax Credit Program:
 - 72 Projects with 2793 Units
- Rural Development Housing Finance Program:
 - 56 Projects with 2114 Units
- HUD 202:
 - 3 Projects with 38 Units
- Controlling Interest in Development Entity:
 - 42 Projects with 1455 Units

HSA is currently looking for development partners to creatively seek new opportunities and to respond to the needs of low income and special needs families in our region. HSA offers tremendous experience from a non-profit agency standpoint and the capability to be a facilitating partner in multiple scenarios.

Housing Services Alliance, Inc. is a 501(c)3 nonprofit housing corporation.
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1265 Drummers Lane
Suite 203
Wayne, PA 19087

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

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 League of Middle Tennessee, 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 League of Middle Tennessee will be adding 116 affordable housing units located at 590 Joseph Avenue, TN 37207. The recipient's budget request is incorporated herein by reference. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 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 work scope, which is incorporated herein as Exhibit A and attached hereto, and any of its amendments and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in the work scope outlined in Exhibit A. These funds shall be expended consistent with the Grant Budget, included in Exhibit B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,000,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

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

4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during the initial lease term, but such prohibition shall not apply to any renewal of the lease, nor shall it affect the portion of rent paid by another federal, state, or local program with respect to the tenant or units benefitting from the grant funds.

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 Dollars (\$2,000,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

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

a. Grant Draws

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

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

- 30% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 20% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 15% - cabinets, counters, drywall, trim and doors are installed (75% complete)

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

All draw requests except for the first 30% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 30% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

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

All invoices shall be sent to:

Barnes Housing Trust Fund
 Planning Department – Housing Division
 800 2nd Avenue South
 Nashville, TN 37210
 (615) 862-7190
 rasheedah.pardue@nashville.gov

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

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

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of project completion in conjunction with the submission of the final draw on the award. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- 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.9. 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. 10. Procurement. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 11. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 12. 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 July 1, 2024 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.

- 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

Rasheedah.Pardue@Nashville.Gov

Recipient:

Urban League of Middle Tennessee
c/o Aron Thompson
50 Vantage Way, Ste. 201
Nashville, TN 37228
615-254-0525
athompson@ulmt.org

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

RECIPIENT:

Urban League of Middle Tennessee

APPROVED AS TO PROGRAM SCOPE:

By: Clifton E. Harris
Title: Executive Director

Jim Schimtz
Jim Schimtz, Chair,
Metropolitan Housing Trust Fund
Commission

Sworn to and subscribed to before me a
Notary Public, this 29th day
of April, 2023. Clifton E. Harris

APPROVED AS TO AVAILABILITY OF
FUNDS:

Notary Public

DocuSigned by:
Kelly Flannery
GF513D4B905F4EB
Kelly Flannery, Director
Department of Finance

Carolyn R Coleman
My Commission
expires 03/22/2026

APPROVED AS TO FORM AND
LEGALITY:

DocuSigned by:
Macy Amos
122C3A9A0E944DA
Assistant Metropolitan Attorney



APPROVED AS TO RISK AND
INSURANCE:

DocuSigned by:
Thomas Cross
10566002011147D
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

EXHIBIT H



Barnes Housing Trust Fund Round 11 Work Scope

Organization: Urban League of Middle Tennessee

Development Type: Rental

Development Address: 590 Joseph Avenue, Nashville, TN 37207

Amount Awarded: \$2,000,000

Number of Barnes-funded Units: 116

Target Populations Served: All income-eligible tenants including persons with disabilities and larger families

AMI Targets:

Below 30% AMI	31-60% AMI	61-80% AMI
	116	

Unit Address	721 Madison Square, Madison, TN 37115				
Development Type	New Construction				
Accessible Bus Line Routes	56				
Number of Studios	0				
Number of 1 Bedrooms	145				
Number of 2+ Bedrooms	95				
Square Feet	230,120				
Number of Stories	4 to 5				
Acquisition Costs					
Vacant Land	\$ 7,500,000				
Land with Structure					
Title & Recording	\$ 182,589				
Legal					
Total	\$ 7,682,589				
Predevelopment Costs					
Appraisal	\$ 12,000				
Survey	\$ 30,000				
Relocation (if applicable)					
Insurance					
Architect	\$ 2,095,167				
Engineering	\$ 200,000				
Planning/Zoning					
Other	\$ 24,000	Geotech			
Total	\$ 2,361,167				
Construction Costs					
Structure	\$ 33,600,000	We do not have individual bids at this time. However, LDG's experience in the market suggests that the building cost per unit would be \$140,000/unit.			
Footer/Foundation					
Framing					
Electrical					
Plumbing					
Roofing					
HVAC					
Drywall/Insulation					
Paint/Stain					
Windows/Doors					
Floor Coverings					
Cabinets					
Brick/Siding					
Sub-Total	\$ 33,600,000				
Other					
Site Work	\$ 10,508,878	We're estimating \$25,000/space for structured parking plus additional infrastructure			
Appliances					
Decks/Porches					
Side Walks/Driveways					
Landscaping					
Utility Hookups					
Building Permits/Fees	\$ 840,000	estimating \$3,500/unit in impact fees			
Demolition	\$ 100,000				
Fees					
Materials and Labor Market Contingency Cost Overrun					
Sub-Total	\$ 11,448,878				
Construction Contingency	\$ 2,514,201				
Profit (if organization has own construction crew)					
Sub-Total	\$ 2,514,201				
Total Construction Cost	\$ 57,606,835				
Cost per Unit	\$ 240,028				
Developer's Fee (capped at 20%)	\$ -	100% of developer fee will be covered by LIHTC program.			
Total Cost/Unit	\$ 240,028	* This per/unit cost does not include financing, legal, THDA fees, or other soft costs. See LDG's sources and uses tab that includes additional projected soft costs.			

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE	3%										
Gross Rent		\$ 3,180,996	\$ 3,276,426	\$ 3,374,719	\$ 3,475,960	\$ 3,580,239	\$ 3,687,646	\$ 3,798,276	\$ 3,912,224	\$ 4,029,591	\$ 4,150,478
Vacancy Rate	5%	\$ 159,050	\$ 163,821	\$ 168,736	\$ 173,798	\$ 179,012	\$ 184,382	\$ 189,914	\$ 195,611	\$ 201,480	\$ 207,524
Adjusted Gross Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income		\$ 73,333	\$ 75,533	\$ 77,799	\$ 80,133	\$ 82,537	\$ 85,013	\$ 87,563	\$ 90,190	\$ 92,896	\$ 95,683
Operational Subsidies		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Income		\$ 3,095,279	\$ 3,188,138	\$ 3,283,782	\$ 3,382,295	\$ 3,483,764	\$ 3,588,277	\$ 3,695,925	\$ 3,806,803	\$ 3,921,007	\$ 4,038,637
Operating Expenses	3%										
Administrative		\$ 96,000	\$ 98,880	\$ 101,846	\$ 104,902	\$ 108,049	\$ 111,290	\$ 114,629	\$ 118,068	\$ 121,610	\$ 125,258
Maintenance/Upkeep		\$ 216,000	\$ 222,480	\$ 229,154	\$ 236,029	\$ 243,110	\$ 250,403	\$ 257,915	\$ 265,653	\$ 273,622	\$ 281,831
Utilities/Trash		\$ 216,000	\$ 222,480	\$ 229,154	\$ 236,029	\$ 243,110	\$ 250,403	\$ 257,915	\$ 265,653	\$ 273,622	\$ 281,831
Taxes		\$ 36,000	\$ 37,080	\$ 38,192	\$ 39,338	\$ 40,518	\$ 41,734	\$ 42,986	\$ 44,275	\$ 45,604	\$ 46,972
Insurance		\$ 168,000	\$ 173,040	\$ 178,231	\$ 183,578	\$ 189,085	\$ 194,758	\$ 200,601	\$ 206,619	\$ 212,817	\$ 219,202
Legal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising		\$ 24,000	\$ 24,720	\$ 25,462	\$ 26,225	\$ 27,012	\$ 27,823	\$ 28,657	\$ 29,517	\$ 30,402	\$ 31,315
Supplies		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exterminating		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other		\$ 438,065	\$ 451,207	\$ 464,743	\$ 478,685	\$ 493,046	\$ 507,837	\$ 523,073	\$ 538,765	\$ 554,928	\$ 571,575
Total Operating Expense		\$ 1,194,065	\$ 1,229,887	\$ 1,266,784	\$ 1,304,787	\$ 1,343,931	\$ 1,384,249	\$ 1,425,776	\$ 1,468,549	\$ 1,512,606	\$ 1,557,984
Reserve for Replacement	3%	\$ 72,000	\$ 74,160	\$ 76,385	\$ 78,676	\$ 81,037	\$ 83,468	\$ 85,972	\$ 88,551	\$ 91,207	\$ 93,944
Net Operating Income		\$ 1,829,214	\$ 1,884,091	\$ 1,940,613	\$ 1,998,832	\$ 2,058,797	\$ 2,120,561	\$ 2,184,177	\$ 2,249,703	\$ 2,317,194	\$ 2,386,710
DEBT SERVICE - Sources											
First Mortgage		\$ 1,158,740	\$ 1,158,740	\$ 1,158,740	\$ 1,158,740	\$ 1,158,740	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963
Amazon Hard Debt		\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Total Debt Service		\$ 1,518,740	\$ 1,518,740	\$ 1,518,740	\$ 1,518,740	\$ 1,518,740	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963
Debt Coverage Ratio		1.20	1.24	1.28	1.32	1.36	1.27	1.31	1.35	1.39	1.43
Operating Reserve											
TOTAL CASH FLOW		\$ 310,474	\$ 365,351	\$ 421,873	\$ 480,092	\$ 540,057	\$ 456,598	\$ 520,214	\$ 585,740	\$ 653,231	\$ 722,747
	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUE	2%										
Gross Rent		\$ 4,233,488	\$ 4,318,157.60	\$ 4,404,520.75	\$ 4,492,611.17	\$ 4,582,463.39	\$ 4,674,112.66	\$ 4,767,594.91	\$ 4,862,946.81	\$ 4,960,205.75	\$ 5,059,409.86
Vacancy Rate		\$ 211,674	\$ 215,907.88	\$ 220,226.04	\$ 224,630.56	\$ 229,123.17	\$ 233,705.63	\$ 238,379.75	\$ 243,147.34	\$ 248,010.29	\$ 252,970.49
Adjusted Gross Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income		\$ 97,597	\$ 99,548.52	\$ 101,539.49	\$ 103,570.28	\$ 105,641.69	\$ 107,754.52	\$ 109,909.61	\$ 112,107.80	\$ 114,349.96	\$ 116,636.96
Operational Subsidies		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Income		\$ 4,119,410	\$ 4,201,798.24	\$ 4,285,834.21	\$ 4,371,550.89	\$ 4,458,981.91	\$ 4,548,161.55	\$ 4,639,124.78	\$ 4,731,907.28	\$ 4,826,545.42	\$ 4,923,076.33
Operating Expenses	3%										
Administrative		\$ 129,016	\$ 132,886	\$ 136,873	\$ 140,979	\$ 145,209	\$ 149,565	\$ 154,052	\$ 158,673	\$ 163,434	\$ 168,337
Maintenance/Upkeep		\$ 290,286	\$ 298,995	\$ 307,964	\$ 317,203	\$ 326,719	\$ 336,521	\$ 346,617	\$ 357,015	\$ 367,726	\$ 378,757
Utilities/Trash		\$ 290,286	\$ 298,995	\$ 307,964	\$ 317,203	\$ 326,719	\$ 336,521	\$ 346,617	\$ 357,015	\$ 367,726	\$ 378,757
Taxes		\$ 288,000	\$ 296,640	\$ 305,539	\$ 314,705	\$ 324,147	\$ 333,871	\$ 343,887	\$ 354,204	\$ 364,830	\$ 375,775
Insurance		\$ 225,778	\$ 232,551	\$ 239,528	\$ 246,714	\$ 254,115	\$ 261,739	\$ 269,591	\$ 277,678	\$ 286,009	\$ 294,589
Legal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising		\$ 32,254	\$ 33,222	\$ 34,218	\$ 35,245	\$ 36,302	\$ 37,391	\$ 38,513	\$ 39,668	\$ 40,858	\$ 42,084
Supplies		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exterminating		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other		\$ 588,723	\$ 606,384	\$ 624,576	\$ 643,313	\$ 662,613	\$ 682,491	\$ 702,966	\$ 724,055	\$ 745,776	\$ 768,150
Total Operating Expense		\$ 1,844,343	\$ 1,899,673	\$ 1,956,663	\$ 2,015,363	\$ 2,075,824	\$ 2,138,098	\$ 2,202,241	\$ 2,268,309	\$ 2,336,358	\$ 2,406,449
Reserve for Replacement	3%	\$ 96,762	\$ 99,665	\$ 102,655	\$ 105,734	\$ 108,906	\$ 112,174	\$ 115,539	\$ 119,005	\$ 122,575	\$ 126,252
Net Operating Income		\$ 2,178,306	\$ 2,202,461	\$ 2,226,516	\$ 2,250,454	\$ 2,274,252	\$ 2,297,889	\$ 2,321,344	\$ 2,344,594	\$ 2,367,612	\$ 2,390,375
DEBT SERVICE - Sources											
First Mortgage		\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963	\$ 1,303,963
Amazon Hard Debt		\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Total Debt Service		\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963	\$ 1,663,963
Debt Coverage Ratio		1.31	1.32	1.34	1.35	1.37	1.38	1.40	1.41	1.42	1.44
Operating Reserve											
TOTAL CASH FLOW		\$ 514,343	\$ 538,498	\$ 562,553	\$ 586,491	\$ 610,289	\$ 633,926	\$ 657,381	\$ 680,631	\$ 703,649	\$ 726,412

Interest-Only period ends on first mortgage

MDHA PILOT ends at the end or Y10. Estimating \$1,200/unit in RE taxes beginning in Y11.

SOURCES & USES

Madison Station - Affordable - NASHVILLE, TN

PROJECT SOURCES & USES

USES OF FUNDS	DESCRIPTION	AMOUNT	PER UNIT	ELIGIBLE	INELIGIBLE	AMORTIZABLE	CLASSIFICATION
Land & Construction Costs							
LDG Multifamily, LLC	Land	10.06 Acres	7,500,000 \$	31,250 x	7,500,000	-	Other
Xpert Design & Construction, LLC	Demolition		100,000 \$	417	100,000	-	Other
		SOV:	50,284,017				
Xpert Design & Construction, LLC	Buildings (New Construction)		44,108,787	\$ 140,000	33,600,000	-	Building
Xpert Design & Construction, LLC	On-Site Work		183,786.61	\$ 43,787	10,508,787	-	Site Work
Xpert Design & Construction, LLC	Off-Site Work (Street Improvements)	\$ 209,517	50,284,017	\$ -	-	-	Site Work
Xpert Design & Construction, LLC	Construction Contingency	5.00%	2,514,201	\$ 10,476	2,514,201	-	Building
Xpert Design & Construction, LLC	Contractor Overhead	2.00%	882,176	\$ 3,676	882,176	-	Building
Xpert Design & Construction, LLC	Contractor Profit	6.00%	2,646,527	\$ 11,027	2,646,527	-	Building
Xpert Design & Construction, LLC	Contractor General Requirements	6.00%	2,646,527	\$ 11,027	2,646,527	-	Building
Xpert Design & Construction, LLC	Personal Property: Garages/Carports		-	\$ -	-	-	Personal Prop
Xpert Design & Construction, LLC	FF&E		-	\$ -	-	-	Personal Prop
Interim Construction Costs							
City of NASHVILLE	Permit Fees	3500	840,000 \$	3,500	840,000	-	Building
City of NASHVILLE	Impact Fees		-	\$ -	-	-	Building
[Insert Company Name]	Title Insurance & Recording	0.20%	182,589	\$ 761	45,647	136,942	Building
[Insert Company Name]	Payment & Performance Bond/LOC	0.75%	-	\$ -	-	-	Building
[Insert Company Name]	Real Estate Taxes during Const		31,338	\$ 131	31,338	-	Building
[Insert Company Name]	Construction Inspection Fees	\$1,500	42,000	\$ 175	42,000	-	Building
Sterling Thompson	Hazard & Liability Insurance		75,000	\$ 313	75,000	-	Building
Sterling Thompson	Builders Risk Insurance	1,060,000	985,000	\$ 4,104	985,000	-	Building
Financing - Construction							
[Insert Company Name]	CONSTRUCTION INTEREST	\$ 2,380,805	2,375,000	\$ 9,896	1,484,375	890,625	Building
[Insert Company Name]	Other: Working Capital-Construction	0.00%	-	\$ -	-	-	Building
Reserves							
[Insert Company Name]	OPERATING DEFICIT RESERVE	856,676	845,000	\$ 3,569	845,000	-	Other
HUD	Operating Deficit Reserve (HUD)	977,972	-	\$ -	-	-	Loan Costs
Professional Fees							
Rickhaus Design, LLC	Design Architect Fee	4.750%	2,095,167	\$ 8,730	2,095,167	-	Building
Kelly Grossman Architects	Architect of Record Fee		-	\$ -	-	-	Building
Catalyst Design Group	Civil Engineer(s)		200,000	\$ 833	200,000	-	Building
Genesis	MEP/Structural/Landscape Arch.		85,000	\$ 354	85,000	-	Building
LDG Asset Mgmt, LLC	LDG Asset Management Fee	\$0	-	\$ -	-	-	Building
[Insert Company Name]	Other:		-	\$ -	-	-	Building
[Insert Company Name]	Other:		-	\$ -	-	-	Building
Developer Fee							
LDG Multifamily, LLC	DEVELOPER FEE	16,605,602	16,605,000	\$ 69,188	16,605,000	-	Building
[Insert Company Name]	Consulting		-	\$ -	-	-	Building
Costs of Issuance (Bond Deals Only)							
		2,080,317	HUD? No				
Syndicator	Syndication Cost (Legal, Reports etc) Investor		85,000	\$ 354	-	85,000	Loan Costs
Syndicator	Services		-	\$ -	-	-	Loan Costs
Syndicator	Syndicator Counsel		-	\$ -	-	-	Loan Costs
Syndicator	Other: Tax Opinion		-	\$ -	-	-	Loan Costs
Syndicator	Other: Trustee Fee		9,000	\$ 38	-	9,000	Loan Costs
Syndicator	Equity Financing Fee (HUD Deals Only)		-	\$ -	-	-	Loan Costs
Lender	Origination Fee	\$ 43,000,000	268,750	\$ 1,120	268,750	268,750	Loan Costs
Lender	Construction Fees	\$ 43,000,000	378,750	\$ 1,578	220,656	158,094	Loan Costs
Lender	Application Deposit - Paid 10/11/22		25,000	\$ 104	-	25,000	Loan Costs
Lender	Stabilization Fee - Paid At Stabilization		6,000	\$ 25	-	6,000	6,000
Lender	Other:		-	\$ -	-	-	Loan Costs
Lender	Other:		-	\$ -	-	-	Loan Costs
Lender	Other:		-	\$ -	-	-	Loan Costs
Lender	Other:		-	\$ -	-	-	Loan Costs
Lender	Other:		-	\$ -	-	-	Loan Costs
Lender	Other:		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Issuer		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Administrative		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Bond Counsel		60,000	\$ 250	-	60,000	60,000
Other (Bond Issuer)	General Counsel		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Partnership Counsel		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Financial Advisor		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Closing Fees		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Processing		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Construction Monitoring		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Legal Fees		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Application Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Pre-App Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	2-Yr Admin Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Bond Compliance Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Initial Inspection Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Market Analysis Review Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Construction Inspection Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Credit Allocation Fee		-	\$ -	-	-	Loan Costs
Bond Issuer	Other: Issuer Fees	0.00%	-	\$ -	-	-	Loan Costs
Bond Issuer	Other: PILOT Counsel		5,000	\$ 21	-	5,000	5,000
Bond Issuer	Other: PILOT payment	15.00%	5,400	\$ 23	5,400	-	Loan Costs
Other (Bond Issuer)	Bond/MTBA Application Fee		1,500	\$ 6	-	1,500	1,500
Other (Bond Issuer)	LHFC Application Fee	\$40	9,600	\$ 40	-	9,600	9,600
Other (Bond Issuer)	1/3 Bond Closing Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	2/3 Bond Closing Fee		-	\$ -	-	-	Loan Costs
Other (Bond Issuer)	Incentive Fee (20% of Commitment Fee)	20.00%	86,000	\$ 358	-	86,000	86,000
Other (Bond Issuer)	Other: 42M Fee	6.25%	184,317	\$ 768	-	184,317	184,317
Other (Bond Issuer)	Other: Bond Firm Commitment Fee (90 day = 1%; 120 days =	1.00%	430,000	\$ 1,792	-	430,000	430,000
Other (Bond Issuer)	Other: Income Averaging Fee	\$ 1,200	288,000	\$ 1,200	-	288,000	288,000
Trustee	Bond Reinvestment Fee (\$4k Qtr.)		-	\$ -	-	-	Loan Costs
[Insert Company Name]	Borrower Counsel		80,000	\$ 333	80,000	-	Loan Costs
Adams Law Group	Legal Counsel		-	\$ -	-	-	Loan Costs
BOKF	Trustee Counsel		8,000	\$ 33	8,000	-	Loan Costs
[Insert Company Name]	Lender Counsel		150,000	\$ 625	37,500	112,500	Loan Costs
[Insert Company Name]	Other:		-	\$ -	-	-	Loan Costs
[Insert Company Name]	Other:		-	\$ -	-	-	Loan Costs
[Insert Company Name]	Other:		-	\$ -	-	-	Loan Costs
[Insert Company Name]	Other:		-	\$ -	-	-	Loan Costs

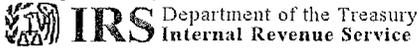
SOURCES & USES

Reports		134,000							
[Insert Company Name]	Appraisal	12,000	\$	50	12,000	-	-	Building	
[Insert Company Name]	Architecture & Cost Review	-	\$	-	-	-	-	Building	
Phase Engineering	Environmental Study/Phase I	30,000	\$	125	30,000	-	-	Building	
ABC Fire Systems, LLC	Fire Flow Test	-	\$	-	-	-	-	Building	
[Insert Company Name]	Geotechnical	30,000	\$	125	30,000	-	-	Building	
[Insert Company Name]	Market Study	12,000	\$	50	12,000	-	-	Building	
[Insert Company Name]	Surveying	30,000	\$	125	30,000	-	-	Building	
KCI	Traffic Impact Analysis	20,000	\$	83	20,000	-	-	Building	
THDA	Utility Allowance Study	-	\$	-	-	-	-	Building	
[Insert Company Name]	Other:	-	\$	-	-	-	-	Building	
[Insert Company Name]	Other:	-	\$	-	-	-	-	Building	
[Insert Company Name]	Other:	-	\$	-	-	-	-	Building	
[Insert Company Name]	Other:	-	\$	-	-	-	-	Building	
Tax Credit Fees									
THDA	Tax Credit Application Fee	-	\$	-	-	-	-	Expense	
THDA	Cost Cert & Carryover Alloc	-	\$	-	-	-	-	Expense	
THDA	Determination Notice Fee	0.00%	\$	-	-	-	-	Expense	
Other Costs									
Asset Management Group	Lease-up Marketing	-	\$	-	-	-	-	Other	
LDG Multifamily, LLC	Soft Cost Contingency	100,000	\$	417	-	100,000	-	Personal Prop	
[Insert Company Name]	Other: Reimbursable Land Deposits	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: ADA consultant	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: Accounting	10,000	\$	42	-	10,000	-	Other	
[Insert Company Name]	Other: COI Cost Contingency	12,481	\$	52	12,481	-	-	Other	
[Insert Company Name]	Other: TEFRA/Publishing/Printing	2,500	\$	10	2,500	-	-	Other	
[Insert Company Name]	Other: Construction Bridge Loan Repay	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: PILOT Application	2,500	\$	10	2,500	-	-	Other	
[Insert Company Name]	Other: Environmental Remediation	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: Mowing During Pre-development Period	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: soil gas control system design report	-	\$	-	-	-	-	Other	
[Insert Company Name]	Other: Amazon Origination Fee	24,000,000	\$	1,250	300,000	-	-	Other	
[Insert Company Name]	Other:	-	\$	-	-	-	-	Other	
TOTAL USES OF FUNDS			\$	87,401,110	\$	364,220	76,089,782	11,311,328	1,476,109
APPLICABLE FRACTION		100.00%					76,089,782	2,154,506	
QCT ADJUSTMENT		100%					76,089,782		

SOURCES OF FUNDS		Amount	Per Unit
Federal TC Equity	Unlocked	27,693,912	115,391
DEFERRED DEVELOPER FEE (@15% Too much DDF)	70%	4,965,802	11,639,198
Other: GP Equity			
Other: Amazon Loan		24,000,000	100,000
Other: Barnes Funds		3,000,000	12,500
Other: TIF			
MORTGAGE LOAN		Loan Amount: Adjusts w Inputs	21,068,000
TOTAL SOURCES		87,401,110	364,171
SURPLUS/(SHORTFALL)		(0)	(0.00)

4.00% LIHTC CREDIT RATE
\$ 3,043,591 MAX. CREDIT on Basis
\$ 3,043,591 CREDIT ALLOCATION
99.99% TO ILP
\$ 3,043,287 ANNUAL CREDIT

Equity Contributions	
Federal Tax Credits	
Federal Investor	99.99% Equity Share
\$ 3,043,287	TC Face Value (Annual)
\$ 30,432,869	TC Deliverable (Total)
0.910	Credit Purchase Price
\$ 27,693,912	Total Equity Contribution



OGDEN UT 84201-0038

In reply refer to: 0437874134
Aug. 24, 2007 LTR 4168C E0
62-0795167 000000 00 000
00021667
BODC: TE

URBAN LEAGUE OF MIDDLE TENNESSEE
2250 METRO CENTER BLVD
NASHVILLE TN 37228



006060

Employer Identification Number: 62-0795167
Person to Contact: G. WYLIE
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Aug. 15, 2007, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in July 1968 that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

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

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

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Deborah Bingham
Accounts Management I



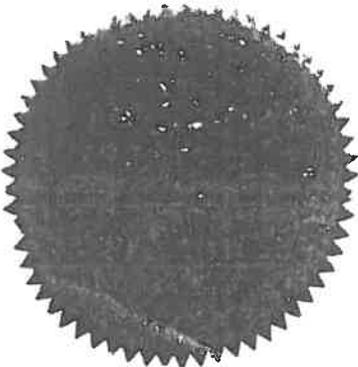
Attachment 12

Department of State

I, **Joe C. Carr**, Secretary of State of the State of Tennessee, do hereby certify that the annexed Instrument with Certificate of Acknowledgment was filed in my office and recorded on the 15th day of April 1968

IN CORPORATION RECORD BOOK VOLUME O-27, PAGE 595

In Testimony Whereof, I have herunto subscribed my Official Signature and by order of the Governor affixed the Great Seal of the State of Tennessee at the Department in the City of Nashville, this 15th day of April A.D. 1968



Secretary of State.

BOOK 1227 PAGE 686

State of Tennessee



Charter of Incorporation

of

THE NASHVILLE URBAN LEAGUE,
INCORPORATED

RECEIVED FEE, \$ 3.00

RECEIVED TAX, \$

TOTAL, \$ 3.00

J. M. ...
Secretary of State.

12057

FILED IN THE REGISTER
OF THE SECRETARY
OF THE STATE

MAR 16 1 42 PM '68
RECORDING NO. 118, 537
DEP. REC. 76

BE IT KNOWN, that J. F. McClellan, Malcolm D. Williams, Hubert B. Croach, Allen M. Steele, Jasper W. Patton, George Collins, David K. Wilson and Bernard Werthan are hereby constituted a body politic and corporate, by the name of and style of The Nashville Urban League, Incorporated, 327 Charlotte Avenue, Nashville, Tennessee.

First. The purposes of this corporation are to carry on a program of social services among Negroes in the Greater Nashville Area; to work in coordination and cooperation with existing agencies and organizations for improving the economic welfare of Negroes and other disadvantaged minorities and to encourage the development of other agencies and services when necessary; to make studies of economic conditions among Negroes and disadvantaged groups to carry on a program of public education among white and Negro persons on these problems; to develop more sympathetic understanding by all; to develop and maintain harmonious race relationships; and, in general to promote, encourage, assist and engage in any and all kinds of work to improve the economic conditions among Negroes and disadvantaged minorities in the Nashville area; and to the end that the foregoing general purposes may be accomplished, but not limited, to engage in:

Section A: The support of any literary or scientific undertaking as, a college or university, with powers to confer degrees; an academy; a debating society; lyceum; the establishment of a library; the support of a historical society; the organization and support of battlefield associations; the promotion of painting, music, or the fine arts; the organization and support of cemetery associations for the purpose of acquiring and maintaining cemeteries or burial places wherein soldiers and sailors or other persons are buried, and for the preservation and maintenance of such cemeteries other than cemetery organizations for profit; the organization of associations for the support of boards of trade, chambers of commerce, community improvement, industrial development, or other objects of like nature.

Section B: The encouragement, support and maintenance of boys' and girls' clubs for the uplift and improvement of the mental, social, moral, physical and economic condition of underprivileged boys and girls.

tion or the objects for which it is created, or may hold any such property and apply the income and profits toward such objects; (4) to establish By-laws and make all rules and regulations not inconsistent with the laws and constitution deemed expedient for the management of corporate affairs; (5) to appoint such sub-ordinate officers and agents in addition to a president and secretary or treasurer as the business or corporation may require; (6) to designate the name of the office and fix the compensation of the officers; (7) to borrow money to be used in payment of property bought by it and for erecting buildings, making improvements and for other purposes germane to the objects of its creation, and secure the repayment of the money thus borrowed by mortgage, pledge or deed of trust upon such property real, personal or mixed as may be owned by it; and it may come in like manner secured by mortgage, pledge, or deed of trust any existing indebtedness which it may have lawfully contracted; and (8) in general, to have and exercise all the powers now or hereafter conferred by the Laws of the State of Tennessee upon corporations organized under the laws under which this corporation is organized and any and all other acts amendatory thereof or supplemental thereto.

Third.

The said eight incorporators shall, within a convenient time after the registration of this charter, elect from their number a president, secretary, and treasurer or the last two officers may be combined into one, said officers and the other incorporators to constitute the first Board of Directors, and by due and proper amendment to the By-laws, the number of directors, may from time to time be increased to not more than 100. In all elections each member shall be entitled to one vote, either in person or by proxy, and the result of elections shall be determined by a majority of the votes cast. Due notice of any election must be given by advertisement in a newspaper, personal notice to the members, or by the statement of a day on the minutes of the Board one month preceding the election. The term of officers may be fixed by the By-laws but said term shall not exceed three years. All officers shall hold office until their successors are duly elected and qualified.

..... in the event of
dissolution shall be allowed as provided by the
Laws of Tennessee.

- Fifth. The Board of Directors shall keep a record of all their proceedings which shall be at all times subject to inspection of any member. The corporation may establish branches in any other county in the State.
- Sixth. Every member shall be entitled to a certificate certifying his membership or rights in the corporation which shall state plainly on its face all restrictions or limitations with respect to its transferability and to what extent, if any, it is redeemable upon dissolution of the corporation. Each such certificate shall expressly state that the owner or holder thereof is entitled to no dividends or profits of the corporation. Unless expressly provided to the contrary in the charter of incorporation or any amendment thereto, all membership certificates shall be nontransferable and shall terminate upon the death of the owner or holder thereof. Expulsion shall be the only remedy for nonpayment of dues by the members, and there shall be no individual liability against said members to the claims of creditors.
- Seventh. The members may at any time voluntarily dissolve the corporation by a conveyance of its assets and property to the State of Tennessee, or county or municipality of the State, or to any other corporation holding a charter from the State of Tennessee for purposes not for individual profit, first providing for corporate debts; provided that the assets and property so conveyed shall be used by the grantee for purposes similar to those of this corporation. The corporation may also be dissolved by any other method which now or hereafter is prescribed by the Laws of Tennessee.
- Eighth. Whenever there has been no meeting of the members for a period of five years or more and because of the death of members or the condition of the corporate records it is impossible to notify sufficient number of members to constitute a quorum, notice of the meeting of the members may be made by publication in some newspaper in county where corporation has its principal location, at least thirty days before such meeting shall be held. The members attending such meeting shall be deemed to constitute a quorum for the purpose of electing directors or trustees and authorizing such directors or trustees to dissolve

the assets and property, after payment of debts are to be conveyed as aforesaid, to some other corporation holding a charter for purposes not connected with individual profit. Acquiescence in any modification thus declared shall be determined in a meeting of the members especially called for that purpose, and only those voting in favor of the modification shall thereafter compose the corporation.

Tenth. The means, assets, income or other property of the corporation shall not be employed directly or indirectly for any other purpose whatever than to accomplish the legitimate objects of its creation, and by no implication shall it engage in any kind of trading operation nor hold any more real estate than is necessary for its legitimate purposes.

We, the undersigned, the incorporators above mentioned hereby shall apply to the State of Tennessee for a Charter of Incorporation for the purposes declared in the foregoing instrument.

Witness our hands this the 15th day of April, 1968.

Wm. W. White
J. F. McQueen
Hubert B. ...
...
...
...
...

Subscribing Witness:

executed the within application for a Charter or incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office in Nashville, Tennessee, this _____ day of _____, 1968.

Notary Public



My commission expires:

1/1/71

4

Urban League of Middle Tennessee, Inc. By-Laws

ARTICLE I

NAME, LEGAL STATUS, PRINCIPLE OFFICE

Section 1

Name of Corporation – The name of the corporation is Urban League of Middle Tennessee, Inc. (the “Urban League”)

Section 2

Legal Status—The Urban League is a non-profit, charitable corporation established and governed by the laws of the State of Tennessee, and Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended from time to time (the “Code”).

Section 3

Principal Office – The principal office of the Urban League shall be located in Nashville, Tennessee. The Urban League may have such other offices, either within or outside Nashville, Davidson County, in an area known as “Middle Tennessee,” as the Board of Directors may designate, or as the business of the Urban League may require from time to time.

ARTICLE II

PURPOSE

The Urban League’s purpose is to empower- African Americans, the disadvantaged and disenfranchised with the opportunity to cultivate and exercise their full potential.

Strategies that the Urban League will use include: ensuring that children are well-educated and properly equipped to achieve economic self-reliance in the 21st century; helping adults attain economic self-reliance through good jobs, homeownership, wealth accumulation and entrepreneurship; ensuring civil rights by eradicating all barriers to equal participation in the economic prosperity and social mainstream of America; and providing analyses of the state of African Americans and people of color in middle Tennessee.

The Urban League will include the following methods to accomplish these task; direct services, advocacy, research, policy analysis, community mobilization, collaboration, and continuous communication.

ARTICLE III

AFFILIATION

The Urban League of Middle Tennessee, as an affiliate of the National Urban League, Inc., shall meet the responsibilities of an affiliation as set forth in the (*National Urban League, Inc.*'s) Terms of Affiliation, Articles I and III.

ARTICLE IV

BOARD OF DIRECTORS

Section 1

General Powers - All business and affairs of the Urban League shall be conducted by its Board of Directors, which shall have the power to perform all acts or functions except as otherwise provided by the State of Tennessee or these bylaws.

Each Director shall be an annual financial member of the Urban League.

Section 2

Composition – The Board of Directors shall be diverse and shall represent a cross section of community interests and leadership. It shall consist of not more than 25 directors, the exact number to be fixed from time to time by the Board. The President is an ex-officio non-voting member of the board.

Section 3

Election and Term – The board itself shall be elected by the Board of Directors for a term of three years, and shall serve for no more than two consecutive terms. After such service, at least one year must elapse before said director shall be eligible for election under the same term as a new board director.

A board director shall not miss three consecutive board meetings without notification to the Urban League prior to those meetings, or five meetings per year for any reason. The secretary shall notify the Board of Directors of the occurrence of three consecutive absences, or missing five meetings during the year. The Board of Directors shall take appropriate action by contacting said board member to discuss non-compliance and to determine if issues related to attendance can be resolved. If resolution is not possible, The Board of Directors shall notify said board member in writing of their termination of service from the Urban League Board.

Section 4

Vacancies the Board of Directors shall fill any vacancy on the Board of Directors after its consideration of recommendations from the Board Development committee.

Section 5

Regular Meetings – The board shall meet a minimum of four months out of the year at times and places as the Board of Directors may direct.

Section 6

Annual Meeting – One meeting of the Board of Directors will be designated the annual meeting for the purpose of election of board members and officers, and the transaction of such other business as may be appropriate. It shall be held at such place and at such time during the month of December as the Board of Directors may specify.

Section 7

Special Meetings – Special meetings of the Board of Directors may be called by the chairperson at any time, and may also be called by the chairpersons upon receipt of a written request by at least five board directors stating the purpose of such meeting. Notice of time, place, and purpose of the meeting shall be sent to each board member not fewer than five days before the meeting. No other business shall be transacted at a special meeting except that for which the meeting was called.

Section 8

Quorum – A quorum for the Transaction of business at meetings of the Board of Directors shall consist of one-third of the then-total board membership.

Section 9

Manner of Acting – Except as a greater number of votes may otherwise be required by law or as hereinafter stated; a decision determined by the affirmative votes of a majority of board directors present at a meeting where a quorum is present shall be the act of the Board of Directors.

Section 10

Informal Action – Any action required or permitted to be taken by the Board of Directors or by a committee thereof at a meeting may be taken without a meeting if a consent in writing, setting forth the action is so taken, shall be signed by all of the board members or all of the committee members entitled to vote with respect to the subject matter thereof.

Section 11

Participation by Electronic Means – Any board director may participate in a meeting of the Board of Directors or any committee by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting and count towards a quorum.

Section 12

Resignation – Any board director may resign at any time by giving written notice to the chairperson or secretary of the Urban League. The resignation of any board director shall take effect upon receipt of notice thereof, or at such later time as shall be specified in such notice. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 13

Compensation – All voting board directors shall serve without compensation for the performance of their duties as board members. By resolution of the Board of Directors, each board director may be paid his or her expenses, if any, for conducting Urban League related business.

Section 14

Presumption of Assent- A board director who is present at a meeting of the Board of Directors at which action on any Urban League matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting, or unless that person shall file written dissent to such action with the secretary of the meeting before the adjournment thereof (or shall forward such dissent by registered mail to the secretary of the Urban League immediately after the adjournment of the meeting).

ARTICLE V

MEMBERSHIP

Section 1

Dues- Any person and/or organization subscribing to the goals of the Urban League may become a member by paying dues annually. An individual member (or one representative from organizations that are members) is entitled to participate in the Annual Meeting of members and special membership meetings, and has the privilege of one vote in said meetings. The Board of Directors shall set the amount of annual dues from time to time, in its discretion.

ARTICLE VI

MEETINGS OF MEMBERS

Section 1

Annual Meeting- The Annual Meeting of the members of the Urban League, members of the Board of Directors, and the transaction of such other business as may properly come before the meeting shall be held at such place and at such time as the Board of Directors may specify.

Section 2

Special Meetings- Special meetings of the members may be called at any time by the board chairperson, or by order of the Board of Directors, or upon the written request of one-third of the members or 20 members, whichever is the lesser number. The purpose of such meeting shall be limited to legitimate business of the membership and shall be stated with

the request. No other business shall be transacted except that for which the meeting has been called. Notice of the time, place and purpose of the meeting shall be mailed not fewer than 10 days before the meeting to each voting member of the membership.

Section 3

Notice of Meeting- Notice of each Annual Meeting shall state the time, place and purpose or purposes thereof, shall be served personally or by mail or email upon each member entitled to vote at such meeting, not fewer than 10 nor more than 30 days before such meeting and, if mailed, such notice shall be addressed to each member entitled to vote at his or her (or organization) address as it appears on the books and records of the Urban League.

Section 4

Quorum- For the purposes of the Annual Meeting or any special meeting of members, a quorum shall consist of 20 members, or one third of the membership, whichever is less.

Agenda- The purpose for which the Annual Meeting is held shall be in accord with the following agenda and order of business:

- (a) Minutes of the previous meeting
- (b) Report of the treasurer
- (c) Report of the Chair (person)
- (d) Report of the President
- (e) report of the Board Development Committee nominations and election of 2 members to the Board Development Committee
- (f) other business as specified in the notice of meetings

Section 5

Voting- Each voting member present shall be entitled to one vote. All matters shall be determined by a majority of voting members present and voting. Proxies shall be permitted, provided that all proxies shall be in writing and filed with the secretary at least seven (7) days prior to the meeting.

Section 6

Quorum- For the purposes of the Annual Meeting or any special meeting of members, a quorum shall consist of 20 members, or one-third of the membership, whichever is less.

ARTICLE VII

OFFICERS

Section 1

Number and Title- of the Board of Directors shall be the board chairperson, vice chairperson, the secretary, the treasurer, and the president, who shall serve without vote. The officers shall be the officers of the Board of Directors of the Urban League.

The chairperson, vice chairperson, secretary, and treasurer shall be elected by the Board of Directors for a two year term to begin at the end of the Annual Meeting of the Board of Directors, which shall be held in December. If a person is elected as an officer during their

last year as a board director, they will continue as an officer during their remaining time. Officers shall not hold the same office for more than two (2) related times.

Section 2

Vacancies- The vacancy in the office of chairperson is to be filled by the vice chairperson until a chairperson is elected at the next annual meeting. The vice chairperson, officer filling the vacancy, may stand for election for the balance of the unexpired term.

Section 3

Duties

Chairperson- The chairperson shall be the chief elected officer and shall preside at all meetings of the Urban League, the Board of Directors, and the Executive Committee. The Chairperson shall be responsible for reporting to the membership and to the Board of Directors on the conduct and management of the Urban League.

The chairperson shall be an ex-officio member of all committees established by the Board of Directors and shall perform such duties as are assigned by the Board of Directors or prescribed elsewhere in the Bylaws.

Vice Chairperson- The vice chairperson shall perform such duties and functions as are assigned by the chairperson of the Board of Directors. The vice chairperson shall act as the chairperson when the chairperson is unavailable to perform her or his duties and functions. The vice chairperson shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Secretary- The secretary shall see that notices are issued of all meetings of the Urban League, the Board of Directors and the Executive Committee; shall see that an accurate recording of the minutes of such meetings are kept on record; shall keep a record containing the names of all persons who are members of the Urban League; and shall have such other duties as may be assigned to or invested in the secretary of the Board of Directors.

Treasurer – The treasurer shall assure that accurate accounts are kept of received and disbursed by the Urban League, shall provide timely written financial reports, shall chair the finance committee, and shall assure that the annual report audit is performed and presented to the Board of Directors. The treasurer shall have such other duties as may be assigned to or invested in the treasurer of the Board of Directors.

President – The president shall be the chief executive officer of the Urban League; shall be responsible for providing advice and assistance to the Urban League, the Board of Directors, the chairperson, and other officers and committees; shall be responsible for administering the total operations of the Urban League; shall implement directives, decisions and policies of the Board of Directors pertaining to administration, personnel, programming, financing and public relations; and shall generally promote, coordinate and supervise the programs of the Urban League. The president shall have the authority to select, employ, evaluate the

performance of, and release all employed staff in accordance with the policies and procedures adopted by the Board of Directors. The president shall have such powers and perform such other duties as may be provided by the Board of Directors. An annual performance review of the president shall be performed by the chairperson, and submitted to the Board of Directors for its approval.

The president shall serve at the pleasure of the Board of Directors, upon such terms in writing as the Board of Directors may determine. The president shall be a non-voting officer of the Urban League Board of Directors. The Board of Directors of the Urban League shall elect its president from among the nominees certified by the National Urban League, Inc. as meeting its standard.

Continued certification by the National Urban League, Inc. of the Urban League president will be determined on the basis of periodic evaluations. In no case shall the president decertified without the approval of the Board of Directors.

Section 4

Removal – Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Urban League will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

Section 5

Partial Terms – A person who has served more than half of a specific term in an office, as that specific term is set forth in the Bylaws, shall be considered to have served the full term for the purpose of determining eligibility to serve additional terms in that office or another position.

Section 6

Compensation – No officer or member of the Board of Directors of the League shall receive any compensation for his/her service as an officer or member of the board.

Section 7

Ex-officio – For the purpose of this document, ex-officio means to serve in an office without vote.

ARTICLE VIII
BOARD COMMITTEES

Section 1

Establishment – The Board of Directors will establish such standing committees and taskforces, as it deems necessary. The Board of Directors shall establish the functions of these committees and taskforces, which shall operate under the general supervision of the Board of Directors.

Section 2

Appointment of Term of Chairperson – A board member shall serve as chairperson of each such standing committee and taskforce, as appointed by the chairperson of the Board of Directors, for a term of one year, and shall be eligible for reappointment.

Section 3

Vacancies – Vacancies in the Membership of any committee and taskforce shall be filled by the Board of Directors.

Section 4

Quorum – The majority of the members of any committee or taskforce shall constitute a quorum authorized to conduct the business of that committee.

Section 5

Manner of Acting – Unless otherwise stated herein, or unless law may otherwise require a greater number of votes, a decision determined by the affirmative votes of a majority of committee members present at a meeting where a quorum is present shall be the act of that committee.

ARTICLE IX
BOARD DEVELOPMENT COMMITTEE

Section 1

The Board Development Committee shall consist of 5 members, at least 3 of whom shall be members of the Board of Directors, and the remainder to be elected by the general

membership. The president shall be a non-voting member of the Board of Development Committee.

Section 2

The board members of the Board of Development Committee shall be chosen by the Board of Directors at the annual board meeting and shall take office, for a term of one year, beginning immediately at the close of this meeting. This committee shall prepare a slate of two Urban League members to be voted onto the Board Development Committee at the annual membership meeting. When this slate is presented to the general membership, members present can also make nominations from the floor. The top two general members receiving the most votes will serve on the Board Development Committee for a term of one year.

Section 3

With respect to these Bylaws, duties of the Board Development Committee shall be to maintain a current list of potential candidates for service on the Board of Directors; to ensure the best possible slate of potential directors for the Urban League, to consider, interview and select such potential candidates, and to present potential candidates to the Board of Directors for election to the Board of Directors and the Board Development Committee at the annual meeting of the Board of Directors. The Board of Directors shall fill vacancies occurring on the Board of Directors between annual meetings after the Board Development Committee presents potential candidates.

The Board Development Committee from the entire membership or any individual or group thereof shall receive suggestions for potential candidates. However, only the Board Development Committee may consider, interview, select, and present candidates to the Board of Directors, and only the voting members of Board of Directors may select board members from those candidates.

ARTICLE X

EXECUTIVE COMMITTEE

Section 1

The Executive Committee shall consist of the officers of the Urban League and the chairpersons of all standing committees.

The Executive Committee shall meet upon the call of the chairperson to transact business or to consider matters, which cannot wait for a regular Board of Directors meeting. It shall exercise the power of the Board of Directors except that it will not have the power to adopt the budget or to take any action which is contrary to the direction established by the Board

of Directors or which represents a major change in the affairs, business, or policy of the Urban League. It shall report all of its actions to the next meeting of the Board of Directors for ratification.

Section 2

Meetings – The Executive Committee shall meet as needed. Notice of times and places of such meetings shall be communicated via e-mail, telephone, and/or mail to each member of the Executive Committee not fewer than seven days before the meeting. The chairperson shall call such meetings.

Special meetings may be called either by the chairperson or upon the written request of three members of the Executive Committee. Notice of the times, places and purposes of special meetings shall be sent not fewer than twenty-four hours before the meeting to each member of the Executive Committee. Notice will be deemed to be duly sent if transmitted by mail, e-mail or fax, except that a notice of a meeting to be held on fewer than five-day' notice shall not be transmitted by mail.

ARTICLE XI

DELEGATE MEMBERS

Section 1

The Delegate Assembly – The Urban League of Middle Tennessee, as an affiliate of the National Urban League, shall be represented at the Delegate Assembly of the National Urban League at its Regional and Annual Meeting, by a delegate member.

Section 2

Delegate Member- The delegate member shall be appointed from among the members of the board directors who are not otherwise voting members of the National Urban League, Inc. His (or her) appointment shall be certified in writing to the credentials committee of the National Urban League board by an authorized officer of the affiliate board, as a hereinafter provider. A delegate member shall be appointed and certified no later than January first each year.

Section 3

Term- The delegate member shall serve for one full calendar year, from January first thru December thirty-first.

Section 4

Alternate Delegate- The board of directors shall appoint, at the same time and in the same manner, an alternate delegate member, who shall serve in the absence of the delegate member of the organization.

Section 5

Instruction of Delegate Members- The delegate member and the alternate delegate member must be fully informed and instructed, so that they can properly represent the affiliate in the deliberations of the National Urban League's Delegate Assembly and its Regional Assemblies.

Section 6

Certification- An authorized officer of the board of the Urban League of Middle Tennessee shall certify in writing to the National Urban League credentials committee, the names of its delegate and alternate delegate members prior to January first, and shall file such certification, written consents to serve of the persons designated.

ARTICLE XII

AUXILIARY GROUPS

Section 1

The policies and programs of all auxiliary groups under the auspices of the Urban League shall be consistent with the objectives and programs of the Urban League.

Section 2

The Urban League shall establish an Advisory Council (hereinafter called the Council) of no more than 10 members for the express purpose to advise and support the organization, board, and/or auxiliary groups. The council will meet no more than twice per year. The Council is advisory in nature and has no vested right to serve, set policy or vote on the governing board. The Council members will be indemnified and included under the Urban League's liability insurance.

ARTICLE XIII

PARLIAMENTARY AUTHORITY

The latest edition of Robert's Rule of Order, Revised shall govern the Urban League, except where it is not consistent with these Bylaws, or governing documents of the National Urban League.

ARTICLE XIV

AMENDMENTS

Except as otherwise provided in the Articles of Incorporation, these Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted, by a majority affirmative vote of the Board of Directors at any meeting at which a quorum is present, provided the notice of the meeting sets forth the proposed alteration, amendment or repeal.

ARTICLE XV

FINANCE

Section 1

Fiscal Year- The fiscal year of the Urban League shall be from July first to June thirtieth.

Section 2

Audit- Financial transactions of the Urban League, and its books and accounts, shall be audited annually by independent certified public accountant or firm of certified public accountants selected by the Board of Directors.

Section 3

Checks- All checks, drafts and orders for the payment of money by the Urban League shall be signed by such officers or agents, with such number of signatures, as the Board of Directors may specify by resolution. All checks and orders for payment shall bear the signature of the president or the chairperson, or such person(s) having been approved by the Board Directors.

Section 4

Bond- All persons having access to, or major responsibility for, the handling of monies and securities of the Urban League shall be bonded.

Section 5

Contracts- Contracts may be entered into or debts incurred only as directed by resolution of the Board of Directors. The chairperson and president shall execute in the name of the Urban League all contracts or other instruments authorized generally or specifically by the Board of Directors.

Section 6

Legal Counsel- Independent legal counsel shall be retained by the Urban League to : (a) ensure compliance with federal and state requirements, (b) review major legal documents

executed on behalf of the League, (c) prepare and review official statements, and (d) assist on any and all other legal matters, as required by the Board of Directors.

Section 7

Property- Title to all property shall be held in the name of the Urban League.

Section 8

Dissolution- In the event of dissolution of the Urban League, assets of the Urban League remaining after the discharge of all liabilities shall be held for the benefit of a new National Urban League, Inc. affiliate in the Middle Tennessee area.

Section 9

Budget and Financial Reporting- An annual budget of estimated income and expenditures shall be approved by the Board of directors. No expense shall be incurred by or on behalf of the Urban League in excess of 5% of the total approved budgetary appropriations without prior approval of the Board of Directors. A summary report of the financial operations of the Urban League shall be made to the membership and to the public at least annually in such form, as the Board of Directors shall provide.

ARTICLE XVI

NONDISCRIMINATION POLICY

The Urban League shall be an affirmative action/equal opportunity employer. The Urban League shall not discriminate in its operations, including employment, election of board members, or the provisions of services, on the basis of race, color, religion, creed, age, sex, national origin, ancestry, veteran's status, disability, or sexual orientation.

ARTICLE XVII

INDEMNIFICATION

Section 1

General Indemnification- The Urban League may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Urban League), by reason of the fact that he or she is or was a director, officer, employee, fiduciary, or agent of the Urban League as a director, officer,

employee, fiduciary, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action suit, or proceeding, if he or she acted in good faith and in a manner he or she believed to be in the best interests of the Urban League and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not itself create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interests of the Urban League, or, with respect to any criminal action or proceeding, did not have reasonable cause to believe his or her conduct was unlawful.

Section 2

Expenses- To the extent that a director, officer, employee, fiduciary, or agent of the Urban League has been successful on the merits in defense of any action, suit or proceeding referred to in Article XVII, Section 1, or in defense of any claim, issue or matter therein, the Urban League may indemnify him or her against expenses (including attorney fees incurred in defending a civil or criminal action, suit or proceeding may be paid by the Urban League in advance of the final disposition of such action, suit or proceeding as authorized in Section 3 or 4 of this Article XVII upon receipt of an undertaking by or behalf of the director, officer, employee, fiduciary or agent to repay such amount unless it is ultimately determined that he is entitled to be indemnified by the Urban League as authorized in this Article XVII.

Section 3

Non-Exclusivity- The indemnification provided by this Article XVII shall not be construed to limit the power of the Urban League to indemnify its directors, officers, employees, fiduciaries, or agents to the full extent permitted by law or to into specific agreements, commitments or arrangements for indemnification permitted by law. The absence of any express provision for indemnification herein shall not limit any right of indemnification existing independently of this Article XVII.

Section 4

Insurance- The Urban League may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the Urban League, or is or was serving at the request of the Urban League as a director, officer, employee, fiduciary, or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Urban League

would have the power to indemnify him or her against such liability under the provisions of this Article XVI.

Certificate

I hereby certify that the foregoing Bylaws, consisting of 14 pages, including this page, constituted the Bylaws of the Urban League of Middle Tennessee, adopted by the Board of Directors of the Urban League of Middle Tennessee as of September 19, 2012.

Amendment: Advisory Council

Article XII, Section 2

Passed by the "Transition Board" August 7, 2002

Amendment: Board of Directors

Article IV, Section 3

Passed by ULMT Board of Directors, September 19, 2012

OUR ADVOCACY AGENDA

The mission of the Urban League of Middle Tennessee is to enable and empower African Americans and others in underserved communities to achieve their highest human potential and to secure economic self-reliance, parity, power, and civil rights. Every day, we strive to promote economic empowerment through education and job training, housing and community development, workforce development, entrepreneurship, health, and quality of life. We've accomplished our mission by offering an extensive range of economic, social, and development services to a diverse group of Middle Tennesseans residing in our nine-county service area of Cheatham, Nashville/Davidson, Dickson, Montgomery, Robertson, Rutherford, Sumner, Williamson, and Wilson counties.



Marcus Whitney, Founding Partner of Jumpstart Health Investors, an established healthcare venture platform that has supported seven funds with over 150 portfolio companies, served as keynote speaker and delivered an impactful, inspiring message on the importance of economic and workforce development efforts in the African American community.



BUILDING BETTER LIVES

EXHIBIT B

URBAN LEAGUE OF MIDDLE TENNESSEE

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

URBAN LEAGUE OF MIDDLE TENNESSEE

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1900 Church Street, Suite 200 ■ Nashville, TN 37203
phone 615.321.7333 ■ fax 615.523.1868

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban League of Middle Tennessee
Nashville, TN

We have audited the accompanying financial statements of Urban League of Middle Tennessee (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, cash flow, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

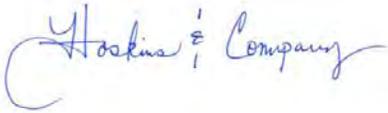
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Urban League of Middle Tennessee as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Urban League of Middle Tennessee's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive style with a large initial "H" and a stylized "C".

Hoskins & Company
Nashville, TN
January 20, 2022

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash	\$ 581,736	\$ 288,190
Accounts receivable (Note 4)	46,099	60,375
Other current assets (Note 5)	17,869	17,785
Total current assets	<u>645,704</u>	<u>366,350</u>
Noncurrent assets		
Property and equipment, net (Note 6)	8,489	11,330
Total noncurrent assets	<u>8,489</u>	<u>11,330</u>
Total assets	<u>\$ 654,193</u>	<u>\$ 377,680</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 69,963	\$ 48,156
Accrued payroll and payroll taxes	7,427	9,973
Line of credit (Note 7)	52,929	71,747
Deferred revenue	236,503	154,157
Short-term loan	149,900	-
PPP Loan (Note 8)	22,800	22,800
Total current liabilities	<u>539,522</u>	<u>306,833</u>
Net assets		
Net Assets Without Donor Restrictions	114,671	70,847
Total net assets	<u>114,671</u>	<u>70,847</u>
Total liabilities and net assets	<u>\$ 654,193</u>	<u>\$ 377,680</u>

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS JUNE 30, 2020)

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2021 Total Net Assets</u>	<u>2020 Total Net Assets</u>
Revenue and support				
Contributions	\$ 22,849	\$ -	\$ 22,849	\$ 8,193
Fundraising	85,665	-	85,665	231,285
Grant programs	730,544	-	730,544	281,738
Membership	125,787	-	125,787	114,224
Other income	60,919	-	60,919	25,292
Total revenue and support	<u>1,025,764</u>	<u>-</u>	<u>1,025,764</u>	<u>660,732</u>
Expenses				
General & administration				
Administration	259,551	-	259,551	275,592
Fundraising	26,605	-	26,605	34,900
Total general & administration	<u>286,156</u>	<u>-</u>	<u>286,156</u>	<u>310,492</u>
Programs				
Education	57,682	-	57,682	27,198
Employment	355,139	-	355,139	172,682
CARES/COVID Fund	259,144	-	259,144	-
Other	23,819	-	23,819	6,956
Total programs	<u>695,784</u>	<u>-</u>	<u>695,784</u>	<u>206,836</u>
Total expenses	<u>981,940</u>	<u>-</u>	<u>981,940</u>	<u>517,328</u>
Increase in net assets	43,824	-	43,824	143,404
Net assets at beginning of fiscal year	70,847	-	70,847	(72,557)
Net assets at end of fiscal year	<u>\$ 114,671</u>	<u>\$ -</u>	<u>\$ 114,671</u>	<u>\$ 70,847</u>

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	2021	2020
Cash flows from operating activities		
Increase in net assets	\$ 43,824	\$ 143,404
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,132	11,920
Increase (decrease) in accounts receivable	14,276	(27,206)
Increase in other assets	(84)	(1,211)
Increase (decrease) in accounts payable	21,807	(18,536)
(Decrease) increase in accrued payroll	(2,546)	5,316
Increase in due to deferred revenue	82,346	66,521
Net cash provided by operating activities	165,755	180,208
 Cash flows from investing activities		
Purchase of property and equipment	(3,291)	-
Net cash used in investing activities	(3,291)	-
 Cash flows from financing activities		
Proceeds from PPP loan	-	22,800
(Payments) Proceeds from line of credit	(18,818)	20,856
Proceeds from short-term loan	149,900	
Net cash provided by financing activities	131,082	43,656
 Net change in cash and cash equivalents	293,546	223,864
Cash and cash equivalents, beginning of fiscal year	288,190	64,326
Cash and cash equivalents, end of fiscal year	\$ 581,736	\$ 288,190
 Interest Paid	\$ 3,561	\$ 4,468

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	Administration	Annual Gala	Golf Tournament	Other Fundraiser	Total Fundraising	Education (Youth dev.)	Employment (Workforce dev.)	CARES/COVID Fund	Programs (other)	Total Program	Total	2020 Total
Advertising	\$ 1,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 2,565	\$ 6,104
Computer technology	35,601	-	450	-	450	100	9,410	953	3,749	14,212	50,263	8,425
Computer lab	-	-	-	-	-	-	-	-	-	-	-	21,640
Conferences & meetings	5,271	-	-	-	-	-	-	-	-	-	5,271	798
Contract labor	12,425	-	-	-	-	7,797	131,983	32,662	13,250	185,692	198,117	73,550
Contribution expenses	1,641	-	-	10,000	10,000	-	-	-	-	-	11,641	200
Depreciation	6,132	-	-	-	-	-	-	-	-	-	6,132	11,920
Fees for services nonemployees	-	-	-	-	-	982	20,154	83,086	5,820	110,042	110,042	-
Fringe benefits	17,822	-	-	-	-	-	24,722	5,506	-	30,228	48,050	27,675
Fundraising food and venue costs	-	300	15,855	-	16,155	-	-	-	-	-	16,155	37,080
Insurance	5,294	-	-	-	-	-	-	-	-	-	5,294	1,937
Interest & finance charges	3,561	-	-	-	-	-	-	-	-	-	3,561	4,924
Miscellaneous	44	-	-	-	-	-	7,000	281	-	7,281	7,325	338
Occupancy	55,090	-	-	-	-	18,363	18,364	18,363	-	55,090	110,180	112,952
Office expenses	18,673	-	-	-	-	-	-	-	-	-	18,673	18,822
Officer's salary	76,672	-	-	-	-	-	-	-	-	-	76,672	67,769
Payroll	10,833	-	-	-	-	-	132,422	36,016	-	168,438	179,271	39,342
Payroll taxes	-	-	-	-	-	-	-	-	-	-	-	72,468
Professional development	1,400	-	-	-	-	-	-	-	-	-	1,400	8,597
Professional services	5,640	-	-	-	-	-	-	-	-	-	5,640	-
Program meals and supplies	1,512	-	-	-	-	21,899	10,890	81,895	-	114,684	116,196	-
Travel	375	-	-	-	-	8,541	194	382	-	9,117	9,492	2,787
TOTAL	\$ 259,551	\$ 300	\$ 16,305	\$ 10,000	\$ 26,605	\$ 57,682	\$ 355,139	\$ 259,144	\$ 23,819	\$ 695,784	\$ 981,940	\$ 517,328

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

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

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

Urban League of Middle Tennessee (the “Organization”) is a not-for-profit agency established to enable African Americans and other minorities to secure economic self-reliance, parity and power, and civil rights. The Urban League is affiliated with the National Urban League through a charter agreement. The Urban League currently operates community development programs such as the Youth and Workforce development programs.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standard Board’s Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

Net Assets without donor restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets with donor restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

At June 30, 2021 and 2020 the Organization had no net assets with donor restrictions

Support and Revenue

Membership fees, individual donations, and the net proceeds from the annual fundraiser are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received in writing. Unconditional promises to give due in the next year are reflected as current promises to give and recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using interest rates estimated to be applicable to the years in which the promises are received to discount the amounts.

**URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Contribution Receivable

The Organization records contributions receivable at their estimated net realizable value. An allowance for doubtful accounts is recorded based upon management's estimate of uncollectible contributions determined by analysis of specific balances and a general reserve based upon aging of outstanding balances. Past due balances are charged against the allowance when they are determined to be uncollectible.

Property and Equipment

Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Leasehold improvements	20 years
Furniture and fixtures	5-7 years
Equipment	3-5 years

**URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is not practicable for the Organization to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code and is currently operating under a determination letter issued by the Internal Revenue Service on July 17, 1968.

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements

NOTE 2—ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. Advertising expenses are expensed as incurred. During 2021, advertising expense totaled \$2,565.

NOTE 3---LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	2021	2020
Cash and cash equivalents	\$ 581,737	\$ 288,190
Accounts receivable	46,099	60,375
Financial assets, at year end	\$ 627,836	\$ 348,565
Less those unavailable for general expenditures within one year, due to:		
	(-)	(-)
Financial assets available to meet cash needs for general expenditures within one year	\$ 627,836	\$ 348,565

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

NOTE 4---ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2021	2020
Contributions receivable	\$ 46,099	\$ 85,955
Allowance of doubtful accounts	-	(28,080)
Total contributions (net)	\$ 46,099	\$ 33,169

NOTE 5---OTHER CURRENT ASSETS

Other current assets consist of the following:

	2021	2020
Prepaid expense	\$ 10,409	\$ 10,324
Security deposit	7,461	7,461
Total	\$ 17,870	\$ 17,785

NOTE 6---PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Computer equipment	\$ 94,578	\$ 91,287
Furniture and fixtures	23,340	23,340
Art Collection	2,000	2,000
Machinery and equipment	6,758	6,758
Less: accumulated depreciation	(118,187)	(112,055)
Total	\$ 8,489	\$ 11,330

Depreciation expense for the years ended June 30, 2021 and 2020 was \$6,132 and \$11,920 respectively.

NOTE 7---LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a financial institution, with a variable interest rate of 6%. The balance outstanding on this line of credit as of June 30, 2021 and June 30, 2020 was \$202,829 and \$71,747 respectively. The balance is due on demand. The assets of the Organization secure the line of credit.

**URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)**

NOTE 8---PPP LOAN

On May 4, 2020, The Organization was granted a loan from Truist Bank in the aggregate amount of \$22,800, pursuant to the Paycheck Protection Program (the “PPP”) under the Division A, Title of the CARES Act, which was enacted March 27, 2020.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

NOTE 9---OPERATING LEASES

The Organization leases space for administrative and program services under the terms of an operating lease. The term of the lease is for five years beginning May 1, 2014 and ending on September 30, 2020. The monthly lease payment as of June 30, 2020 was \$8,704; which began on October 1, 2019. Rent expense for the years ended June 30, 2020 and June 30, 2019, was \$106,664 and \$109,144, respectively.

NOTE 10---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of January 20, 2022, the date management evaluated such events. January 20, 2022, is the date the financial statements were available to be issued.