

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

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

A. SCOPE OF PROGRAM:

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

Additional Conditions for Rental Properties:

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

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

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

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

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

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

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

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

a. **Grant Draws**

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

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

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

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

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

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

2) Construction Grant Draw Process

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

All invoices shall be sent to:

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

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

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

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

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

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

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

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

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

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

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

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

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

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

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

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

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

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

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

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

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

Metro:

For contract-related matters and enquiries regarding invoices:

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

Recipient:

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

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

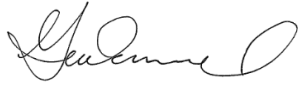
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal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

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

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Affordable Housing Resources, Inc.

By: 

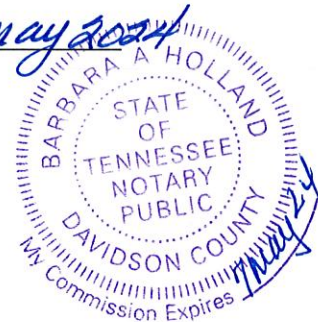
Title: Executive Director

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

Notary Public



My Commission
expires 7 May 2024



BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

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

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

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

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

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

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

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

ARTICLE I.

Name

The name of this corporation shall be:

AFFORDABLE HOUSING OF NASHVILLE, INC.

ARTICLE II.

Purposes

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

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

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

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

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

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

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

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

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

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

ARTICLE III.

Not for Profit

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

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

ARTICLE IV.

Dissolution

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

ARTICLE V.

Public Benefit

This shall be a public benefit corporation.

ARTICLE VI.

Perpetual

The period of duration of this corporation shall be perpetual.

ARTICLE VII.

Registered Office

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

ARTICLE VIII.

Incorporator

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

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

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

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

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

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

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

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

ARTICLE IX.

Principal Office

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

ARTICLE X.

Capital Stock

The corporation shall have no capital stock.

ARTICLE XI.

Board of Directors

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

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

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

ARTICLE XII.

Election of Directors

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

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

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

ARTICLE XIII.

Indemnification

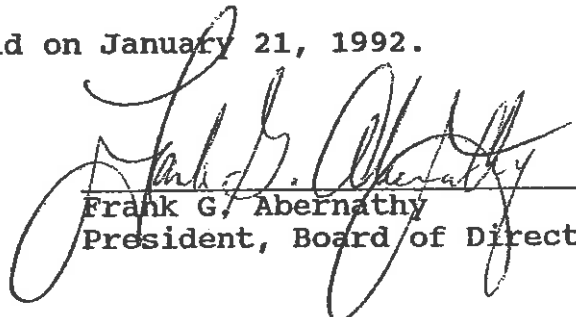
The corporation shall have the right to indemnify and insure Directors and Officers to the extent approved by law.

ARTICLE XIV.

Amendment

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

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



Frank G. Abernathy
President, Board of Directors

FILED

RECEIVED
SECRETARY OF STATE

SEP 10 1997

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

CORPORATE CONTROL NUMBER (IF KNOWN) 0216829

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

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

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

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

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

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

(city) (state) (zip code)

B. REGISTERED AGENT: E.D. LATIMER

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

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

D. OTHER CHANGES:

3. THE CORPORATION IS A NONPROFIT CORPORATION.

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

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

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

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

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

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

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

EXECUTIVE DIRECTOR
SIGNER'S CAPACITY

E.D. Latimer
SIGNATURE

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

RECEIVED
SECRETARY OF STATE

97 SEP 10 PM 2:52

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

SECRETARY OF STATE

ARTICLE I

The name of this corporation shall be:
Affordable Housing Resources, Inc.

ARTICLE XII
Election of Directors

The Board of Directors shall be chosen in the following manner. The Directors will originally consist of Directors from the two affiliating entities, Affordable Housing of Nashville, Inc. (AHN) and The Resource Foundation, Inc. (TRF). There will be four members from each (AHN & TRF) and a ninth director will be appointed by the initial eight Directors. Hereafter, the Directors will be self appointing. The Directors composition shall follow the guidelines for a Community Housing Development Organization (CHDO) as defined by the HOME regulations of the Department of Housing and Urban Development, as amended from time to time.

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

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

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

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

5809-2452

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

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

3. The following subparagraphs are added to Article II of the Charter after subparagraph (f):
 - (g) To lessen the burdens of government by providing affordable housing to persons of moderate incomes and providing such housing in areas of community deterioration.
 - (h) To combat community deterioration and lessen neighborhood tensions through the development, ownership, operation, management, financing, and sale of mixed income housing and mixed use developments.

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

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

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

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

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

Dated: June 7, 2006



E. D. Latimer, Executive Director

5906-2423

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

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

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

5060.2405

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

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

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

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

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

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

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

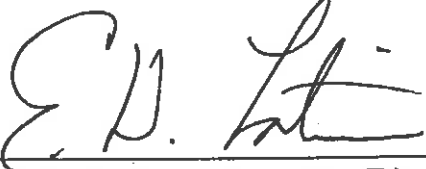
4. The Corporation does not have members, so approval of the members is not required.

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

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

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

Dated: May 25, 2007



E. D. Latimer, Executive Director

6060.2407

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

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

Date:

OCT 17 2007

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

Person to Contact:

Chadwick A. Kowalczyk
ID# 31-08488

Contact Telephone Numbers:

877-829-5500 Phone

Federal Identification Number:

58-1857324

Dear Taxpayer:

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

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

Thank you for your cooperation.

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

AMENDED AND RESTATED BYLAWS
OF
AFFORDABLE HOUSING RESOURCES, INC.

ARTICLE 1
Name and Office

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

ARTICLE 2
Purpose

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

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

ownership.

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

ARTICLE 3

Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

behalf. The Executive Director shall not have a vote.

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

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

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

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

ARTICLE 4

Officers

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

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

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

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

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

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

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

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

ARTICLE 5

Executive Committee

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

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

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

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

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

ARTICLE 6

Other Committees

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

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

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

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

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

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

ARTICLE 7

Fiscal Policies

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

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

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

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

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

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

Council shall be to:

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

ARTICLE 8

Prohibition Against Sharing in Corporation Earnings

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

of the Corporation.

ARTICLE 9

Investments

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

ARTICLE 10

Exempt Activities

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

ARTICLE 11

Conflicts of Interest

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

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

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

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

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

A financial interest is not necessarily a conflict of interest.

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

(c) Procedures.

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

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

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

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

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

(e) Compensation.

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

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

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

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

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

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

ARTICLE 12

Indemnification of Directors and Officers

(a) Indemnification by Corporation.

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

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

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

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

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

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

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

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

ARTICLE 13

Amendments

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

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

Secretary

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

1. IRS Tax Exempt Status.

a. IRS Letter of Determination

b. EIN


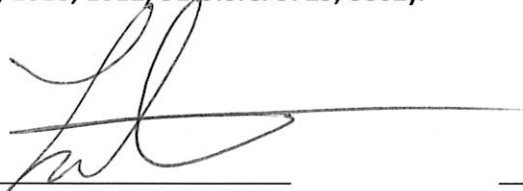
58-1857324

c. Certification

I certify that:

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

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

E. D. Latimer
CEO of AHR

Date

7/19/22



Affordable Housing Resources
Documents for 2018 Recertification
HUD Secondary Financing

1. IRS Tax Exempt Status.

a. IRS Letter of Determination

b. EIN

58-1857324

c. Certification

I certify that:

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

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

E. D. Latimer
CEO of AHR

Date

Internal Revenue Service
District Director

Department of the Treasury

C - 1130
ATLANTA, GA 30301

Date: OCT 27 1989

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

Employer Identification Number:
58-1857324

Contact Person:
ROBERTA VAN METER

Contact Telephone Number:
(404) 331-4989

Accounting Period Ending:
December 31

Foundation Status Classification:
509(a)(1)

Advance Ruling Period Begins:
June 15, 1989

Advance Ruling Period Ends:
December 31, 1993

Addendum Applies:
No

Dear Applicant:

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

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

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

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

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

Letter 1045(DO/CG)

AFFORDABLE HOUSING OF NASHVILLE INC

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

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

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

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

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

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

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

AFFORDABLE HOUSING OF NASHVILLE INC

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

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

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

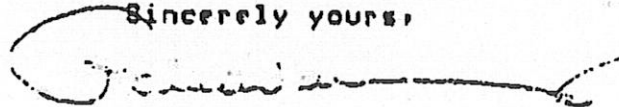
You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal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

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

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

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

Sincerely yours,



Paul Williams
District Director

Enclosure(s):
Form 872-C

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

DEPARTMENT OF THE TREASURY

Date: MAY 09 1994

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

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

Dear Applicant:

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

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

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

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

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

AFFORDABLE HOUSING OF NASHVILLE.

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

Sincerely yours,

Nelson A. Brooke

Nelson A. Brooke
District Director

Enclosure:
Addendum

AFFORDABLE HOUSING OF NASHVILLE;

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



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Affordable Housing Resources
1011 Cherry Avenue
Nashville, TN 37203

Fe2Tax '06

DATE OF THIS NOTICE: *JUN 27 2006*

CONTACT PERSON/ID NUMBER:

Kent Beyer/29-81262

CONTACT TELEPHONE NUMBERS:

Toll Free 1-877-767-2501

Fax: 1-801-620-2132

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

Dear Sir or Madam:

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

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

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez

Marsha A. Ramirez
Director, EO Examinations

MISSION STATEMENT

Affordable Housing Resources, Inc.

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

TO CREATE
AFFORDABLE HOUSING
AND STRONG
NEIGHBORHOODS

AFFORDABLE HOUSING RESOURCES, INC.

Financial Statements and Supplementary Information

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



AFFORDABLE HOUSING RESOURCES, INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Affordable Housing Resources, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Additionally, the 2020 audit was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Affordable Housing Resources, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 22 through 28, as listed in the accompanying table of contents, are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not a required part of the financial statements. Also, the supplemental schedule on pages 29, as listed in the accompanying table of contents, is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

LBMC, PC

Brentwood, Tennessee
June 24, 2021

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Financial Position

December 31, 2020 and 2019

Assets

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

Liabilities and Net Assets

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Activities and Changes in Net Assets

Year ended December 31, 2020

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Activities and Changes in Net Assets

Year ended December 31, 2019

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statement of Functional Expenses

Year ended December 31, 2020

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statement of Functional Expenses

Year ended December 31, 2019

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Cash Flows

Years ended December 31, 2020 and 2019

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

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(1) Nature of activities

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

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

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(2) Summary of significant accounting policies

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

(a) Recently adopted accounting pronouncement

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

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

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

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

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

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

(d) Notes receivable and provision for uncollectible items

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

(e) Property, buildings and equipment

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

(f) Property held for sale

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(g) Joint venture

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

(h) Net assets

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

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(i) Agency transactions

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

(j) Revenue recognition

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

Loan programs and other related fees:

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

Interest Income:

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

Contributions:

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

Grants:

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

(k) Income taxes

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

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

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

(l) Functional allocation of expenses

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(m) Use of estimates

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

(n) Events occurring after reporting date

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

(o) New accounting standards, not yet adopted

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

(p) Reclassifications

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

(3) Credit risk and other concentrations

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

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

(4) Liquidity and availability

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

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

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

(5) Notes receivable

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(6) Property, buildings, and equipment

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

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

(7) Notes payable

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(8) Equity equivalent obligations

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

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

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

(9) Net assets with donor restrictions

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

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(10) Employee benefit plan

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

(11) Operating leases

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

(12) Neighborhood LIFT and similar programs

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

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

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

(13) Commitments and contingencies

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(14) Supplemental disclosures of cash flow statement information

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

(15) Related party transactions

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

AFFORDABLE HOUSING RESOURCES, INC.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

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

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

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

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

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

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Affordable Housing Resources, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

LBMC, PC

Brentwood, Tennessee
June 24, 2021

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

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

Report on Compliance for each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

LBMC, PC

Brentwood, Tennessee
June 24, 2021

AFFORDABLE HOUSING RESOURCES, INC.

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

Year ended December 31, 2020

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___yes x_no

Federal Awards

Internal control over major programs:

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

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

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

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

CFDA Number Name of Federal Program

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

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

Auditee qualified as low-risk auditee? ___yes x_no

(1) **FINANCIAL STATEMENT FINDINGS**

None noted

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

None noted

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

None noted

AFFORDABLE HOUSING RESOURCES, INC.

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

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

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

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

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

Notes:

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