

LEGISLATIVE TRACKING FORM

Filing for Council Meeting Date: 04/07/26

Resolution Ordinance

Contact/Prepared By: _____

Date Prepared: _____

Title (Caption): A resolution to approve the First Amendment to a grant contract for constructing affordable housing approved by RS2025-1524 between The Metropolitan Government of Nashville and Davidson County, acting by and through the Metropolitan Housing Trust Fund Commission, and Urban Housing Solutions.

Submitted to Planning Commission? N/A Yes-Date: _____ Proposal No: _____

Proposing Department: _____ Requested By: _____

Affected Department(s): _____ Affected Council District(s): _____

Legislative Category (check one):

- | | | |
|---|--|--|
| <input type="checkbox"/> Bonds | <input type="checkbox"/> Contract Approval | <input type="checkbox"/> Intergovernmental Agreement |
| <input type="checkbox"/> Budget - Pay Plan | <input type="checkbox"/> Donation | <input type="checkbox"/> Lease |
| <input type="checkbox"/> Budget - 4% | <input type="checkbox"/> Easement Abandonment | <input type="checkbox"/> Maps |
| <input type="checkbox"/> Capital Improvements | <input type="checkbox"/> Easement Accept/Acquisition | <input type="checkbox"/> Master List A&E |
| <input type="checkbox"/> Capital Outlay Notes | <input type="checkbox"/> Grant | <input type="checkbox"/> Settlement of Claims/Lawsuits |
| <input type="checkbox"/> Code Amendment | <input type="checkbox"/> Grant Application | <input type="checkbox"/> Street/Highway Improvements |
| <input type="checkbox"/> Condemnation | <input type="checkbox"/> Improvement Acc. | <input type="checkbox"/> Other: _____ |

FINANCE Amount +/-: \$ _____ Funding Source: Capital Improvement Budget Capital Outlay Notes Departmental/Agency Budget Funds to Metro General Obligation Bonds Grant Increased Revenue Sources	Match: \$ _____ Judgments and Losses Local Government Investment Project Revenue Bonds Self-Insured Liability Solid Waste Reserve Unappropriated Fund Balance 4% Fund Other: _____ Date to Finance Director's Office: _____ Signed by: _____ APPROVED BY FINANCE DIRECTOR'S OFFICE: <i>Jennifer Reed/mjw</i> <small>62377A2A8742469</small>
Approved by OMB: _____ Approved by Finance/Accounts: _____ Approved by Div Grants Coordination: _____	

ADMINISTRATION	
Council District Member Sponsors: _____	
Council Committee Chair Sponsors: _____	
Approved by Administration: _____	Date: _____

DEPARTMENT OF LAW	
Date to Dept. of Law: _____	Approved by Department of Law: _____
Settlement Resolution/Memorandum Approved by: _____	
Date to Council: _____	For Council Meeting: _____ <input type="checkbox"/> E-mailed Clerk
<input type="checkbox"/> All Dept. Signatures <input type="checkbox"/> Copies <input type="checkbox"/> Backing <input type="checkbox"/> Legislative Summary <input type="checkbox"/> Settlement Memo <input type="checkbox"/> Clerk Letter <input type="checkbox"/> Ready to File	

Department of Law - White Copy

Administration - Yellow Copy

Finance Department - Pink Copy

Resolution No. _____

A resolution to approve the First Amendment to a grant contract for constructing affordable housing approved by RS2025-1524 between The Metropolitan Government of Nashville and Davidson County, acting by and through the Metropolitan Housing Trust Fund Commission, and Urban Housing Solutions.

WHEREAS, The Metropolitan Government of Nashville and Davidson County ("Metro"), acting by and through the Metropolitan Housing Trust Fund Commission, previously entered into a grant contract with Urban Housing Solutions, for the express purpose of constructing affordable housing approved by RS2025-1524; and,

WHEREAS, the parties wish to amend this grant contract by deleting Grant Attachment C in its entirety and updating the draw schedule to allow for Draw No. 1 at completion of the first 55 units, Draw No. 2 at completion of 110 units, Draw No. 3 at completion of 165 units, and Draw No. 4 after receipt of required final Metro Code Inspections; and,

WHEREAS, it is to the benefit of the citizens of The Metropolitan Government of Nashville and Davidson County that the amendment to the grant contract be approved.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That this First Amendment to the grant contract for constructing affordable housing between The Metropolitan Government of Nashville and Davidson County, acting by and through the Metropolitan Housing Trust Fund Commission, and Urban Housing Solutions a copy of which is attached hereto and incorporated herein, is hereby approved, and the Metropolitan Mayor is hereby authorized to execute the same.

Section 2. That this resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

RECOMMENDED BY:

Signed by:

Angela Hubbard

Angela Hubbard, Director
Housing Division

INTRODUCED BY:

Member(s) of Council

APPROVED AS TO AVAILABILITY OF FUNDS:

Signed by:

Jenneen Reed/mjr

Jenneen Reed, Director
Department of Finance

APPROVED AS TO FORM AND

LEGALITY:

Bill Woodward

Assistant Metropolitan Attorney

**AMENDMENT #1 TO GRANT CONTRACT 2025-R9-UHS
BETWEEN
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION AND
URBAN HOUSING SOLUTIONS**

This contract amendment is entered into by and between **THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY ACTING BY AND THROUGH THE METROPOLITAN HOUSING TRUST FUND COMMISSION**, a municipal corporation of the State of Tennessee (hereinafter referred to as "**Metro**") and **URBAN HOUSING SOLUTIONS** (hereinafter referred to as "**Recipient**"). It is mutually understood and agreed by and between said undersigned contracting parties that the subject Grant Contract approved is hereby amended as follows:

1. Grant Attachment C is deleted in its entirety and replaced with the following:

Barnes Housing Trust Fund Draw Schedule

Draw #	% of Grant	Milestone
1	25%	At completion of first 55 units
2	25%	At completion of 110 units
3	25%	At completion of 165 units
4	25%	After receipt of required final Metro Code Inspections

Note: All draws must be inspected by Metro or third-party inspector contracted with Metro prior to the release of funds. All draw requests require documentation and are paid on a reimbursement basis.

The remaining provisions of the Contract shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Contract:

Recipient: Urban Housing Solutions

By: 

Chris Cowart, CEO

Date: 2/20/26

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

APPROVED:

Peter Westerholm
Peter Westerholm, Chair
Metropolitan Housing Trust Fund Commission

2/24/2026
Date

APPROVED AS TO AVAILABILITY OF FUNDS:

Signed by:
Jenneen Reed
62377A2A8742469...
Jenneen Reed, Director
Department of Finance

3/10/2026
Date

APPROVED AS TO RISK AND INSURANCE:

Signed by:
Balogun Cobb
68804BF12FD741C...
Direct of Risk Management Services

3/10/2026
Date

APPROVED AS TO FORM AND LEGALITY:

Signed by:
Kelli Woodward
Assistant Metropolitan Attorney

3/10/2026
Date

APPROVED BY THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Freddie O'Connell
Metropolitan County Mayor

Attest, this _____ day of _____, 20_____

FILED IN THE OFFICE OF THE METROPOLITAN CLERK:

Metropolitan Clerk

Date

**AMENDED AND RESTATED BYLAWS OF
URBAN HOUSING SOLUTIONS, INC.**

ARTICLE I

ORGANIZATION, OBJECTIVE AND PURPOSES

- 1.1 Organization. URBAN HOUSING SOLUTIONS, INC. is a nonprofit corporation organized under the laws of the State of Tennessee.

- 1.2. Principal Office and Registered Office. The Corporation's current principal office is located at 822 Woodland Street, Nashville, TN 37206. The Corporation may maintain its principal office in any such place within the United States of America as determined by the Board of Directors. The registered office of the Corporation required to be maintained in the State of Tennessee by the Tennessee Nonprofit Corporation Act, as amended from time to time (the "Act") may, but need not, be identical with the principal office in the State of Tennessee. The address of the registered office may be changed from time to time by the Board of Directors.

- 1.3. Objective and Purposes. This Corporation is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be amended). The Corporation's primary purpose is to develop and operate low income and special needs residential housing in the Middle Tennessee area.

Notwithstanding any other provision of the Charter, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a Corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law) or (b) by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law).

ARTICLE II.

MEMBERS

- 2.1 Members. The Corporation has legal members. The members shall include but not be limited to voluntary government agencies, community organizations, and individuals who are interested in community service and who subscribe to the goals of the Corporation. Notwithstanding the foregoing and for the sake of clarity, the members of the Corporation shall be the Board of Directors, which shall be governed by Article III. The Board of Directors, as the legal members, are the only persons or entities eligible to vote on matters set forth herein.

ARTICLE III.

BOARD OF DIRECTORS

- 3.1. General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors, which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these Bylaws. The Board of Directors, as the governing body of the Corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these Bylaws.
- 3.2. Number and Term of Directors. The Board of Directors shall be composed of not less than five (5) nor more than twelve (12) members. Directors shall serve a term of four (4) years. Directors may be elected to consecutive terms, but no Director shall serve more than three (3) consecutive terms. Upon the completion of three (3) terms, a Director is only eligible to be elected as a Director upon being off the Board for a period of at least one (1) year.
- 3.3. Qualification of Directors. Each Director shall read the Corporation's Conflict of Interest Policy and sign a written statement that the Director has read and understands the policy, agrees to comply with the policy, and understands the Corporation is nonprofit 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.
- 3.4. Election of Directors. The Directors shall be elected by a majority vote of the Board of Directors, upon nomination by a Director.
- 3.5. Authority of Directors. The Directors shall act in their Director capacity only as a Board and individual Directors have no power to act for the Corporation without prior specific Board authority, unless specific authority is set out in the Bylaws. The Board shall institute the overall programming and policy of the Corporation and the President shall supervise and administer its operation.
- 3.6. Annual Meeting. The annual meeting of the Board of Directors shall be held in the sixth (6th) month following the close of the Corporation's fiscal year, or at such other time and date following the close of the Corporation's fiscal year as shall be determined by the Board of Directors. The purpose of the annual meeting shall be to transact such business as may properly be brought before the meeting.
- 3.7. Special Meetings. Special meetings of the Board of Directors may be called by the Chair, or at the request of any director with the agreement of two-thirds (2/3) of the Board. The Chair shall fix the place, either within or without the State of Tennessee, as the place for holding any special meeting.
- 3.8. Quorum. A majority of the total number of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and

participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The directors shall be promptly furnished a copy of the minutes of the meetings of the Board of Directors.

- 3.9 Manner of Acting. Each director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may otherwise be specifically provided by law, by the Charter, or by these Bylaws. Members of the Board of Directors absent from any meeting shall be permitted to vote at such meeting by written proxies.
- 3.10 Action Without a Meeting. Any action required or permitted to be taken at a meeting by the Board of Directors, or by any committee thereof, may be taken without a meeting if all voting members of the Board or committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action consent in writing to taking such action without a meeting, the affirmative vote of the numbers of votes that would be necessary to authorize or take such action at a meeting shall be the act of the members. The action must be evidenced by one or more written consents describing the action taken, signed in one or more counterparts by each member entitled to vote on the action, indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board or committee. A consent signed under this Section shall have the same force and effect as a meeting vote of the Board, or any committee thereof, and may be described as such in any document.
- 3.11. Compensation and Expenses. Directors shall serve as such without compensation. Expenses incurred in connection with the performance of their official duties may be reimbursed to Directors upon approval of the Board of Directors. A Director shall not be precluded from serving the Corporation in any other capacity nor from receiving compensation for such services.
- 3.12. Salaries of Corporate Officers. The salaries of the Corporate Officers shall be fixed by the Board of Directors.
- 3.13. Removal of Officers. Any Corporate Officer may be removed at any time with or without cause upon a two-thirds (2/3) vote of the entire Board of Directors, exclusive of the Director whose removal is at issue. Removal of a director shall also constitute removal as an officer of the Corporation and as a member of all committees of the Board.
- 3.14. Vacancies. Any vacancy occurring in the Board of Directors shall be filled by a special election within forty-five (45) days of the vacancy. The successor Directors shall be elected by a majority vote of the Board of Directors, upon the nomination of a Director. In the event of a tie vote, the Chair of the Board shall appoint the replacement Director to complete the terms of the Director creating the vacancy.
- 3.15 Resignation. A Director may resign his or her membership at any time by tendering his or her resignation in writing to the Chair or, in the case of the resignation of the Chair, to the Secretary. A resignation shall become effective upon the date specified in such notice or, if no date is

specified, upon receipt of the resignation by the Corporation at its principal place of business.

- 3.16. Liability and Indemnification. Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation. Directors shall be indemnified by the Corporation to the fullest extent permissible under the laws of Tennessee.

ARTICLE IV
CORPORATE OFFICERS

- 4.1. Officers. The officers of the Board of Director shall consist of a Chair of the Board, Vice Chair of the Board, and Secretary. The Corporate Officers shall consist of a President and Secretary. A Director may not hold the Chair and Secretary position.
- 4.2. Election and Term. The Corporation's officers will be elected by majority vote of the Board of Directors. The Board by a majority vote shall also elect a Managing Director/CEO of the Corporation to serve at the Board's discretion. Nominations may come from the floor at any regularly scheduled meeting or from a Nominating Committee, appointed by the Chair.
- 4.3. Chair of the Board. The Chair shall be a member of the Board of Directors. The Chair of the Board shall preside at all meetings of the Board of Directors and shall perform all the duties and have the powers commonly incident to the office and shall carry out the directions of the Board of Directors.
- 4.4. Vice Chair of the Board. The Vice Chair of the Board shall preside at all meetings of the Board of Directors in the absence of the Chair and shall perform all the duties and have the powers commonly incident to the office and shall carry out the directions of the Board of Directors.
- 4.5. President/Managing Director/CEO. The Board of Directors shall appoint a President/Managing Director/CEO, by two-thirds (2/3) vote of a quorum of the Board of Directors. It shall be the duty of the President to manage all of the daily operations and affairs of the Corporation, and to manage any other full-time or part time employees or contractors, to assume responsibility for the day-to-day business and operations of the Corporation, to assist the Board of Directors in all its activities and attend all Board of Director meetings, as a non-voting ex-officio member. The President does not have to be a member of the Board of Directors.
- 4.6 Secretary. The Secretary of the Board of Directors shall hold the office of Secretary for the Corporation and shall perform all the duties and have all the powers commonly incident to his or her office and shall have other powers and perform other duties as may be assigned by the Board of Directors. The Secretary shall keep accurate minutes for all meetings and, to the extent ordered by the Board of Directors or the Chair, the minutes of meetings of all committees. The Secretary shall cause notice to be given of meetings of the Board of Directors and of any committee appointed by the Board. The Secretary shall have custody of all books, records, and papers of the Corporation, except such as shall be in the charge of some other person authorized to have custody and possession thereof by a resolution of the Board of Directors. The Board shall also have the authority to appoint a non-Board Member assistant Secretary to assist with

additional administrative tasks.

- 4.7. Liability. Corporate Officers and the President shall not be personally liable for the debts, liabilities, or other obligations of the Corporation and shall be immune from suit arising from the conduct of the affairs of the Corporation, however, this provision shall not eliminate or limit the liability of an Officer or the President for any breach of duty of loyalty or for acts in bad faith or which involve an intentional misconduct or a knowing violation of law or for unlawful distribution pursuant hereunder T.C.A. §48-58-601.
- 4.8. Indemnification. Corporate Officers shall be indemnified by the Corporation to the fullest extent permissible under the laws of Tennessee.

ARTICLE V
TRANSACTIONS WITH DIRECTORS

- 5.1. No contract or other transaction between this Corporation and any of its Directors shall be void or voidable so long as the arrangement or transaction is approved by the Board of Directors pursuant to the Corporation's Conflict of Interest Policy, which is attached hereto and incorporated herein as if set forth verbatim.
- 5.2. In the event a transaction, contract or financial arrangement is approved by the Board of Directors pursuant to the Corporation's Conflict of Interest Policy, the applicable Director or Officer receiving the financial benefit of the transaction shall not be liable to account to the Corporation for any profit realized by the Director from or through any such contract or transaction.
- 5.3. Notwithstanding anything herein to the contrary, the Corporation shall not lend money to or use its credit to assist its Directors or officers, whether or not employees.
- 5.4. A Director or an officer of the Corporation shall discharge his or her duties as a Director or as an officer, including duties as a member of a committee:
 - (a) In good faith;
 - (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (c) In a manner he or she reasonably believes to be in the best interest of the Corporation.

ARTICLE VI
COMMITTEES

- 6.1. Committees of the Board. All committees shall consist of two (2) or more members, shall be under the control and serve at the pleasure of the Board of Directors, shall have charge of such duties as may be assigned to them by the Board or these Bylaws, shall maintain a permanent record of their actions and proceedings, and shall regularly submit a report of their actions to the Board, which shall

ratify the actions of each committee. The Chair, or his or her designee, shall serve on each committee as an ex-officio member.

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

(a) Unless otherwise provided herein, the Board of Directors shall appoint the members of all standing committees at the annual meeting of the Board, or as soon thereafter as practical, to hold office for a term of two (2) years, commencing immediately following the meeting at which they are appointed and ending after the close of the next annual meeting of the Board, until their successors are appointed and qualified, or until their earlier death, resignation or removal. A retiring committee member may succeed himself or herself.

(b) Unless otherwise provided herein, the Chair of the Board shall appoint the chair of each standing committee from among the membership of the Board of Directors.

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

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

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

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

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

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

(i) Each standing committee may invite additional individuals with expertise or familiarity in a pertinent area to meet with and assist the committee.

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

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

ARTICLE VII
CONTRACTS, LOANS, AND CHECKS

- 7.1. Contracts. Contracts in the regular order of business shall be executed by the President. The Board of Directors may authorize any officer, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.
- 7.2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances; provided, however, no loans shall be made by the Corporation to its Directors or officers which are prohibited by T.C.A. §48-58-303.
- 7.3. Checks and Other Instruments. All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.
- 7.4. Use of Funds. In making distributions to effectuate the charitable purposes of the Corporation, as delineated in the Charter, the Board of Directors shall have the authority to make distributions of both income and principal in such proportions and amounts as the Board, in its sole discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations, as herein provided. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, or profits of the Corporation is distributable to, or inures to, the benefit of its directors or officers or any other private person, except as provided in the Conflicts Policy, as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, and except to make payments and distributions in furtherance of the purposes of the Corporation, as set forth in the Charter. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and no part of the activities of the Corporation shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.
- 7.5. Administration of Funds. The Corporation shall distribute its income for each tax year in such manner so that it will not become subject to the tax on undistributed income imposed by Section 4942 of the Code, or corresponding provisions of any later federal tax laws. The Corporation will not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, or corresponding provisions of any later federal tax laws; nor retain any excess business holdings, as defined in Section 4943(c) of the Code, or corresponding provisions of any later federal tax laws; nor make any investments in a manner that would incur tax liability under Section 4944 of the Code, or corresponding provisions of any later federal tax laws; nor make any taxable expenditures, as defined in Section 4945(d) of the Code, or corresponding provisions of any later federal tax laws.

In order fully to effectuate the provisions of this Section, the Corporation shall adopt such grant procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order fully to comply with all applicable federal tax laws and regulations.

ARTICLE VIII
MISCELLANEOUS

- 8.1. Written consent. Whenever the Directors of this Corporation are required or permitted to take any action by vote, such action may be taken without a meeting, upon written consent setting forth the action so taken, and signed by all of the Directors entitled to vote thereon.
- 8.2. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.
- 8.3. Fiscal year. The fiscal year of the Corporation shall begin on the first day of January of each year and shall end on the last day of December next following.
- 8.4. Dissolution. The Board of Directors shall have the authority to dissolve and terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate or advisable. In such event, after paying, or making provision for the payment of, all liabilities of the Corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the Corporation exclusively for its charitable purposes, as delineated in the Charter, in such manner as the Board of Directors shall determine. Any assets not so distributed shall be distributed to one or more organizations then described under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as the Board of Directors shall determine. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having equity jurisdiction in the county in which the principal office of the Corporation is then located, with the distribution of assets to be made for such charitable purposes.
- 8.5. Incorporation of Statutory Powers and Investment Authority. The Board of Directors is specifically authorized to exercise all fiduciary powers specifically enumerated in Section 35-50-110, Tennessee Code Annotated. These powers, as set out in this statute as of the date of the execution of these Bylaws, are granted, notwithstanding that this statute may be subsequently amended or repealed. Further, without in any way intending to limit the discretionary authority granted by statute, the Board of Directors shall be authorized to retain assets distributed to it, even though such assets may constitute an over-concentration in one or more similar investments. Further, the Board shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the corporation and does not in anyway jeopardize the tax-exempt status of the Corporation.

ARTICLE IX
AMENDMENTS

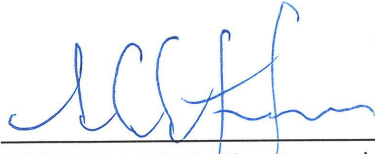
- 9.1. These Bylaws may be altered, amended, or modified by the affirmative vote of not less a majority vote of the Directors then in office. A written notice to the Board of Directors shall be provided

at least ten (10) days prior to such a meeting and shall contain the proposed amendment or amendments.

DATED this 28 day of February, 2024.



JOHN GREGORY, Director and Chair



MICHAEL LEWIS, Director and Vice Chair



KATINA BEARD, Director



STEVE HARRIS, Director



KATE HYDE, Director



CHRIS MAYFIELD, Director



ANDREW RITTER, Director

Dear [Name],

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]



Urban Housing Solutions, Inc. and Subsidiaries

**Consolidated Financial Statements with Report of Independent Auditors
December 31, 2024 and 2023**

TABLE OF CONTENTS

	PAGE
Roster of Officials	1
Report of Independent Auditors	2-4
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses	7-8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10-25
Supplementary Information:	
Consolidating Statements of Financial Position	27-28
Consolidating Statements of Activities	29-30
Consolidating Statements of Functional Expenses	31-34
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
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 <i>Government Auditing Standards</i>	37-38
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	39-41
Schedule of Findings and Questioned Costs	42-43
Schedule of the Status of Prior Audit Findings and Questioned Costs	44

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
ROSTER OF OFFICIALS
DECEMBER 31, 2024

Board of Directors

Michael Lewis – Chair

John Gregory – Chairman Emeritus

Andrew Ritter - Secretary

Katina Beard

Kate Hyde

Christian Ketel

Chris Mayfield



Report of Independent Auditors

To the Board of Directors of
Urban Housing Solutions, Inc. and Subsidiaries:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Urban Housing Solutions, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. and Subsidiaries as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Urban Housing Solutions, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Housing Solutions, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the consolidating statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the consolidating statements of financial position, activities and functional expenses are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 2025, on our consideration of Urban Housing Solutions, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban Housing Solutions, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban Housing Solutions, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Novogradac & Company LLP

Alpharetta, Georgia
July 15, 2025

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash and cash equivalents	\$ 6,376,814	\$ 9,984,149
Restricted cash		
Tenant security deposits	354,927	362,081
Replacement reserves	996,624	956,544
Accounts receivable		
Grants	389,200	183,056
Tenants, net of doubtful accounts	444,119	566,025
Other	9,072	31,841
Prepaid expenses	344,960	213,381
Deferred charges - net of accumulated amortization of \$138,602 and \$97,228, respectively	470,303	511,677
Fixed assets - net of accumulated depreciation of \$40,482,075 and \$34,450,922, respectively	119,114,296	121,006,971
Construction in progress	119,454	-
SWAP asset	3,602,621	2,572,391
	<u>\$ 132,222,390</u>	<u>\$ 136,388,116</u>
Total assets		

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,889,952	\$ 2,143,176
Cash and cash equivalents - bank overdraft	96,654	179,170
Line of credit	6,312,500	10,555,000
Tenant security deposits	462,559	465,034
Prepaid rent	81,354	45,179
Notes payable, net of unamortized debt issuance costs	52,924,659	54,638,793
Total liabilities	61,767,678	68,026,352

NET ASSETS

Net assets without donor restrictions, controlling	45,198,631	48,099,308
Net assets without donor restrictions, non-controlling interest in subsidiaries	25,256,081	20,262,456
Total net assets	70,454,712	68,361,764
	<u>\$ 132,222,390</u>	<u>\$ 136,388,116</u>
Total liabilities and net assets		

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts	\$ 1,281,173	\$ -	\$ 1,281,173	\$ 3,548,124	\$ -	\$ 3,548,124
Government grants	2,171,633	-	2,171,633	1,824,112	-	1,824,112
Total Public Support	3,452,806	-	3,452,806	5,372,236	-	5,372,236
Revenues:						
Rental Income	15,259,264	-	15,259,264	13,504,484	-	13,504,484
Laundry and vending machine income	8,734	-	8,734	15,818	-	15,818
Interest income	135,984	-	135,984	261,498	-	261,498
Insurance proceeds	11,485	-	11,485	178,619	-	178,619
Miscellaneous	103,629	-	103,629	50,125	-	50,125
Application fees	(25,355)	-	(25,355)	10,493	-	10,493
Unrealized gain on interest rate swap	1,030,230	-	1,030,230	1,147,326	-	1,147,326
TOTAL SUPPORT AND REVENUES	19,976,777	-	19,976,777	20,540,599	-	20,540,599
EXPENSES						
Program services:						
Rental projects	20,481,716	-	20,481,716	17,515,792	-	17,515,792
Resident support programs	1,396,074	-	1,396,074	1,083,517	-	1,083,517
Total program services	21,877,790	-	21,877,790	18,599,309	-	18,599,309
Supporting services:						
Management and general	852,053	-	852,053	565,272	-	565,272
TOTAL EXPENSES	22,729,843	-	22,729,843	19,164,581	-	19,164,581
CHANGE IN NET ASSETS	\$ (2,753,066)	\$ -	\$ (2,753,066)	\$ 1,376,018	\$ -	\$ 1,376,018
NET ASSETS - BEGINNING OF YEAR	\$ 68,361,764	\$ -	\$ 68,361,764	\$ 66,985,746	\$ -	\$ 66,985,746
CAPITAL CONTRIBUTIONS	4,846,014	-	4,846,014	-	-	-
CHANGE IN NET ASSETS	(2,753,066)	-	(2,753,066)	1,376,018	-	1,376,018
NET ASSETS - END OF YEAR	<u>\$ 70,454,712</u>	<u>\$ -</u>	<u>\$ 70,454,712</u>	<u>\$ 68,361,764</u>	<u>\$ -</u>	<u>\$ 68,361,764</u>

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 3,971,836	\$ 263,312	\$ 4,235,148
Advertising	27,146	-	27,146
Bad debt expense	32,389	-	32,389
Contract services	1,762,128	13,850	1,775,978
Dues and subscriptions	6,757	-	6,757
Insurance	1,556,933	16,004	1,572,937
Interest	1,959,015	-	1,959,015
Legal and professional	167,685	383,739	551,424
Miscellaneous	184,297	742	185,039
Printing and postage	62,377	20,433	82,810
Repairs and maintenance	1,784,560	156	1,784,716
Security services	105,283	-	105,283
Social program funds	136,422	341	136,763
Supplies	240,293	141,036	381,329
Taxes and licenses	1,190,091	580	1,190,671
Telephone	44,386	10,865	55,251
Travel	65,281	416	65,697
Utilities	2,508,384	579	2,508,963
Total Functional Expenses before Depreciation and Amortization	15,805,263	852,053	16,657,316
Depreciation and Amortization	6,072,527	-	6,072,527
Total Functional Expenses	<u>\$ 21,877,790</u>	<u>\$ 852,053</u>	<u>\$ 22,729,843</u>

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 3,765,042	\$ 203,200	\$ 3,968,242
Advertising	28,869	20,763	49,632
Bad debt expense	22,523	-	22,523
Contract services	1,408,115	14,103	1,422,218
Dues and subscriptions	7,184	-	7,184
Insurance	892,325	8,400	900,725
Interest	2,738,520	-	2,738,520
Legal and professional	142,580	191,396	333,976
Miscellaneous	318,625	-	318,625
Printing and postage	44,649	11,504	56,153
Repairs and maintenance	1,215,383	6,201	1,221,584
Security services	98,208	-	98,208
Social program funds	141,050	-	141,050
Supplies	322,427	102,331	424,758
Taxes and licenses	914,285	(1,387)	912,898
Telephone	40,791	7,942	48,733
Travel	62,678	819	63,497
Utilities	1,883,524	-	1,883,524
Total Functional Expenses before Depreciation and Amortization	14,046,778	565,272	14,612,050
Depreciation and Amortization	4,552,531	-	4,552,531
Total Functional Expenses	<u>\$ 18,599,309</u>	<u>\$ 565,272</u>	<u>\$ 19,164,581</u>

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,753,066)	\$ 1,376,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,072,527	4,552,531
Interest expense - debt issuance costs	114,492	72,727
Unrealized gain on interest rate swap	(1,030,230)	(1,147,326)
Changes in:		
Accounts receivable		
Grants	(206,144)	483,150
Tenants	121,906	(54,458)
Other	22,769	1,630,678
Prepaid expenses	(131,579)	39,291
Accounts payable and accrued expenses	(253,224)	821,922
Tenant security deposits payable	(2,475)	127,747
Prepaid rent	36,175	(10,418)
Net cash provided by operating activities	1,991,151	7,891,862
Cash Flows from Investing Activities:		
Purchase of property and equipment	(4,138,478)	(12,088,498)
Payments for construction in progress	(119,454)	-
Payments for deferred charges	-	(341,344)
Net cash used in investing activities	(4,257,932)	(12,429,842)
Cash Flows from Financing Activities:		
(Payment) proceeds from line of credit	(4,242,500)	4,055,000
Bank overdraft	(82,516)	96,954
Payments on bonds payable	-	(15,000,000)
Payments on notes payable	(1,828,626)	(5,374,612)
Principal payments on notes payable	-	(4,625,879)
Payments for debt issuance costs	-	(232,380)
Capital contributions	4,846,014	-
Net cash used in financing activities	(1,307,628)	(21,080,917)
Change in cash, cash equivalents, and restricted cash	(3,574,409)	(25,618,897)
Cash, cash equivalents, and restricted cash - beginning of year	11,302,774	36,921,671
Cash, cash equivalents, and restricted cash - end of year	\$ 7,728,365	\$ 11,302,774
Cash and cash equivalents	\$ 6,376,814	\$ 9,984,149
Tenant security deposits	354,927	362,081
Replacement reserves	996,624	956,544
Cash, cash equivalents, and restricted cash - end of year	\$ 7,728,365	\$ 11,302,774
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 1,844,523	\$ 2,576,032
Supplemental disclosure of noncash investing and financing activities:		
Increase in property and equipment and decrease in construction in progress	\$ -	\$ 25,819,599

See the accompanying notes to the consolidated financial statements

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Organization

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

As of December 31, 2024, four separate entities within the State of Tennessee operate as subsidiaries under UHS which are 300 E Webster Street Holdings, LP, 2125 26th Avenue N Holdings, LP, Skyliner, LP, and PP-SW GP, LLC (collectively with UHS, the "Corporation").

Program and Supporting Services:

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

Rental Projects:

Dickerson - land purchased for future development and is currently not being leased.

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

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

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

Fisk Court - provides 19 units of affordable housing for low-income homeless adults and youth sponsored by the Oasis Center.

Russell Street - provides 12 units of affordable rental housing for low-income individuals and families.

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

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

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

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

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

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

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

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Organization (continued)

Rental Projects (continued):

Clarksville Highway - provides 86 units of housing for low-income adults and families.

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

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

Old Hickory - land purchase

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

Parliament - provides 80 units of housing for low-income adults and families.

Southwood - provides 85 units of housing for low-income adults and families.

Resident Support Programs:

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

Service Coordinator Program - provides supportive service staff that is essential to assess and assist the residents in need at properties managed by UHS. Service coordinators provide referrals to community services and assist residents in obtaining employment. Service coordinators also connect residents to primary care physicians, insurance and prescription assistance programs, and wellness programs in order to reduce dependency on emergency services and improve health outcomes.

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

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

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

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Organization (continued)

Resident Support Programs (continued):

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

Low Income Housing Tax Credit Programs:

Gibson Creek:

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

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

26th Avenue North (Clarksville Phase 3):

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

Skyliner:

In December 2019, UHS paid pre-development costs, fees, and expenses amounting to \$716,619 for the closing of Skyliner. This property was transferred to Skyliner, LP, a limited partnership, for a .01% ownership interest through its wholly-owned subsidiary, Skyliner Development, LLC. These expenses were reimbursed when the first substantial funding of equity occurred in 2020. The project was completed in the summer of 2023. The property is managed by Freeman Webb Company.

2. Summary of significant accounting policies

Basis of accounting

The Corporation prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Principles of consolidation

The consolidated financial statements of UHS include the accounts of UHS and controlled Subsidiaries: 300 E Webster Street Holdings, LP, 2125 26th Avenue N Holdings, LP, Skyliner, LP, and PP-SW GP, LLC. All material intra-entity transactions have been eliminated.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. Summary of significant accounting policies (continued)

Basis of presentation

Revenues are recognized when performance obligations are met, and expenses are recognized when incurred.

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

Net assets without donor restrictions: These are net assets that are not subject to donor-imposed stipulations. The Corporation had \$70,454,712 and \$68,361,764 of net assets without donor restrictions as of December 31, 2024 and 2023, respectively.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Corporation has no net assets with donor imposed restrictions as of December 31, 2024 and 2023.

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition. Restricted cash is not considered cash and cash equivalents and includes cash held with financial institutions for funding of repairs or improvements to the buildings that extend their useful lives and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

Concentration of credit risk

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

UHS maintains deposit accounts with eleven financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. UHS also uses sweep accounts to protect the other bank accounts against the \$250,000 threshold. In management's opinion, the risk is mitigated by the use of high-quality financial institutions.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. Summary of significant accounting policies (continued)

Contributions and pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2024 and 2023, the Corporation's contributions receivable consisted of unconditional promises to give in the amount of \$389,200 and \$183,056, respectively, all of which are expected to be collected within one year.

Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2024 and 2023, the balance of the allowance for doubtful accounts was \$54,356 and \$70,267, respectively.

Fair value measurements

The Corporation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Unobservable inputs that reflect the Corporation's own assumptions.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

The following tables present the Corporation's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31:

	2024			
	Level 1	Level 2	Level 3	Total
SWAP Asset	\$ -	\$ 3,602,621	\$ -	\$ 3,602,621
	2023			
	Level 1	Level 2	Level 3	Total
SWAP Asset	\$ -	\$ 2,572,391	\$ -	\$ 2,572,391

Derivative instruments

The Corporation uses derivatives to manage risks related to interest rate movements. In accordance with the accounting guidance for derivative instruments and hedging activities, interest rate swap contracts are reported at fair value.

The Corporation entered into one swap agreement with First Horizon Bank, one with Fifth Third Bank, and two with Pinnacle Bank that were used to mitigate the economic impact of changes in interest rates. The swaps are being used to offset the risk of changes in cash flows associated with benchmark interest payments on their variable rate loans. The term of each swap is in line with the maturity of the underlying note payable and the swaps have a fixed rate of 2.185%, 0.9900%, 1.62% and 1.95%, respectively. As of December 31, 2024 and 2023, the notional amount of the swaps was \$11,068,260, \$12,200,000, \$1,535,651, and \$9,833,800, respectively.

At December 31, 2024 and 2023, the Corporation recorded the fair value of the interest swap of \$3,602,621 and \$2,572,391, respectively, as an asset. The derivative change in the fair value during the years ended December 31, 2024 and 2023 of \$1,030,230 and \$1,147,326, respectively, was recorded as an unrealized gain on interest rate swap.

Fixed assets and depreciation

Purchases of property, equipment or improvements costing more than \$500 are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. Summary of significant accounting policies (continued)

Fixed assets and depreciation (continued)

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2024 and 2023 was \$6,031,153 and \$4,511,157, respectively. The useful lives of the assets are estimated as follows:

Furniture and equipment	3 - 10 years
Buildings and improvements	15 – 40 years

Deferred charges and amortization

Tax credit fees are amortized on a straight-line basis over the 15-year tax credit compliance period. For the years ended December 31, 2024 and 2023, the amortization expense was \$41,374 for each year.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during 2024 and 2023.

Income taxes

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

Income taxes on 300 E Webster Street Holdings LP, 2125 26th Ave N Holdings, LP, Skyliner, LP, and PP-SW GP, LLC income are levied on the partners at the partner level. Accordingly, all profits and losses of the partnerships are recognized by each partner on their respective tax return.

The preparation of consolidated financial statements, in accordance with accounting principles generally accepted in the United State of America, requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions.

Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. For the years ended December 31, 2024 and 2023, no interest or penalties from federal or state tax authorities were recorded.

Contributions

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

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. Summary of significant accounting policies (continued)

Contributions (continued)

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

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

UHS reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service. For the years ended December 31, 2024 and 2023, UHS received immaterial donated equipment.

Revenue recognition

The Corporation is the lessor of various rental income properties and accounts for tenant leases as operating leases. The Corporation determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to tenant leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other tenant charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Economic concentrations

The Subsidiaries operate properties located in Tennessee. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Grant expense

Grants are recognized when all significant conditions are met, all due diligence has been completed, and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the Corporation receives or is notified of the refund.

Functional expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity benefited based on number of apartment units within each program.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

3. Grants receivable

Grants receivable consists of receivables from programs funded by the U.S. Department of Housing and Urban Development, the Metropolitan Development and Housing Agency (“MDHA”), and Metro Nashville. Financial activities of those programs are summarized in the schedule of expenditures of federal awards. As of December 31, 2024 and 2023, grants receivable was \$389,200 and \$183,056, respectively.

4. Fixed assets

The Corporation’s fixed assets consist of the following as of December 31:

	2024	2023
Land	\$ 10,825,299	\$ 10,825,299
Buildings	141,512,686	137,883,741
Land improvements	848,313	848,313
Furniture and equipment	6,410,073	5,900,540
Total fixed assets	159,596,371	155,457,893
Less: accumulated depreciation	(40,482,075)	(34,450,922)
Net fixed assets	\$ 119,114,296	\$ 121,006,971

5. Notes payable

Notes payable consist of the following at December 31,

	2024	2023
Note payable - Pinnacle Bank; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal and interest payment of \$5,479 beginning October 2008, final balloon payment for the balance due August 2027; secured by real estate at Mercury Courts. Debt issuance costs are amortized to interest expense over the term of the loan. For the years ended December 31, 2024 and 2023, the effective interest rate was 3.75% and 4.13%, respectively.	\$ 207,208	\$ 266,935
Note payable - Truxton Trust; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal payments of \$11,031 plus interest, beginning February 2018, final balloon payment January 2028; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. For the years ended December 31, 2024 and 2023, the effective interest rate was 3.75% and 3.73%, respectively.	419,157	551,529

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

5. Notes payable (continued)

	<u>2024</u>	<u>2023</u>
<p>Note payable - Renasant; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; interest only until January 2020, then payable in monthly principal payment of \$4,167 plus interest, beginning February 2020, final balloon payment for balance due July 2023; secured by real estate. The note was modified on August 16, 2023 with the same interest rate to extend the maturity date to August 16, 2028. Monthly principal and interest payments are due on the 10th of each month. Debt issuance costs are amortized to interest expense over the term of the loan. For the years ended December 31, 2024 and 2023, the effective interest rate was 4.07% and 4.13%, respectively.</p>	2,136,761	2,278,241
<p>Note payable - Truxton Trust; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal of \$4,149 plus interest; beginning June 2016, final balloon payment for balance due December 2029; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. For the years ended December 31, 2024 and 2023, the effective interest rate was 3.77% and 4.14%, respectively.</p>	618,171	663,814
<p>Note payable - Truxton Trust; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal and interest payments of \$4,518; beginning January 2020, final balloon payment for balance due March 2025; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. For the years ended December 31, 2024 and 2023, the effective interest rate was 3.75% and 6.10%, respectively.</p>	489,460	515,256
<p>Note payable - Pinnacle; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal and interest payments of \$5,416; beginning January 2020, final balloon payment for balance was due May 2024; note was renewed April 2024; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in monthly principal and interest payments of \$9,022; beginning May 2024, final payment for balance due March 2034; secured by real estate.</p>	820,144	874,172

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

5. Notes payable (continued)

	<u>2024</u>	<u>2023</u>
<p>Note payable - 300 E Webster St Holdings, LP; First Horizon; Interest rate equal to a variable rate per annum equal to the prime rate minus a margin equal to 4% per annum (0% per annum for the years ended December 31, 2024 and 2023) interest only will be payable monthly for the first 24 months, final balloon payment for balance due April 2035; secured by real estate. Debt issuance costs are amortized to interest expense over the term of the loan. On December 31, 2022, an interest rate swap was entered into converting the variable rate to a fixed rate of 2.185%. For each of the years ended December 31, 2024 and 2023, effective interest rate was 0.12%.</p>	10,652,901	11,063,661
<p>Note payable - 2125 26th Ave. N. Holdings, LP; Pinnacle Bank; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0% per annum (3.5% and 4% per annum as of December 31, 2024 and 2023), respectively; interest only payments began January 15, 2019; monthly payments of principal and interest began January 15, 2021, maturity date December 15, 2033; secured by real estate. Subject to a SWAP agreement stating a fixed rate of 1.62%.</p>	1,487,651	1,535,651
<p>Note payable - Fifth Third Bank; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in annual principal payments beginning January 2023, and final balloon payment for balance due January 2038; secured by real estate.</p>	11,757,200	12,200,000
<p>Note payable - Legends Bank; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0%; payable in annual principal payments beginning November 2023, and final balloon payment for balance due October 2038; secured by real estate.</p>	3,834,016	3,979,560
<p>Note payable - Citi Bank; Interest rate equal to a fixed rate per annum of 5.98%; payable in annual principal payments beginning February 1, 2024, maturity date January 1, 2034; secured by real estate.</p>	8,390,948	8,451,000
<p>Note payable – Metropolitan Development and Housing Agency; Interest rate equal to a fixed rate per annum of 1.00%; payable in annual principal payments beginning January 2025, and final balloon payment for balance due December 2034; secured by real estate.</p>	3,000,000	3,000,000

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

5. Notes payable (continued)

	<u>2024</u>	<u>2023</u>
<p>Note payable – Rex2; Pinnacle Bank; Interest rate equal to a variable rate per annum equal to the prime rate minus 4.0% per annum (4.5% and 3.5% per annum as of December 31, 2023 and 2022, respectively); interest only payments began April 1, 2022; monthly payments of principal and interest will begin March 1, 2024, maturity date February 1, 2037; secured by real estate. Subject to a SWAP agreement stating a fixed rate of 1.95%.</p>	<u>9,574,800</u>	<u>9,833,800</u>
Principal balance	53,388,417	55,213,619
Less: unamortized debt issuance costs	<u>(463,758)</u>	<u>(574,826)</u>
Notes payable, net of unamortized debt issuance costs	<u>\$ 52,924,659</u>	<u>\$ 54,638,793</u>

For the years ended December 31, 2024 and 2023, interest expense on notes payable totaled \$1,844,523 and \$2,646,682, respectively. Amortization of debt issuance costs totaled \$114,492 and \$91,838, respectively, for the years ended December 31, 2024 and 2023.

Line of credit

UHS maintains a revolving line of credit with Truxton Bank, which is due on demand and may be terminated by the bank at any time without notice. Monthly interest-only payments are required at a variable rate equal to the Wall Street Journal prime rate, minus 4.00%, with a minimum rate (floor) of 0%. The line of credit is secured by the Corporation’s assets and has a stated maturity date of March 31, 2030. The outstanding balance was \$6,312,500 and \$6,500,000 as of December 31, 2024, and 2023, respectively.

UHS has a revolving line of credit with Renasant Bank. The maturity date for the line of credit is January 2, 2026. The interest-only payments are due monthly at the Wall Street Journal prime rate with a floor of 3.50%. The line of credit is secured by the Corporation’s assets. The balance outstanding at December 31, 2024 and 2023, was \$0 and \$4,055,000, respectively.

The scheduled annual principal payments on outstanding debt as of December 31:

2025	\$ 2,845,069
2026	2,359,875
2027	2,374,711
2028	3,740,987
2029	2,027,431
Thereafter	<u>46,352,844</u>
Total	<u>\$ 59,700,917</u>

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

6. Liquidity and availability of financial assets

The following represents UHS's financial assets at December 31:

Financial assets at year end:	2024	2023
Cash and cash equivalents	\$ 3,873,935	\$ 7,823,731
Tenant security deposits	92,078	87,360
Accounts receivable - grants	389,200	183,056
Accounts receivable - tenants	267,224	384,480
Accounts receivable - other	14,935	27,070
Accounts receivable - development fee	5,265,596	5,935,596
Due from related parties	8,153,635	11,126,228
Total financial assets	18,056,603	25,567,521
Less amounts not available to be used within one year:		
Tenant security deposits	(92,078)	(87,360)
Accounts receivable - other	(14,935)	(27,070)
Accounts receivable - development fee	(5,265,596)	(5,935,596)
Due from related parties	(8,153,635)	(11,126,228)
Financial assets available to meet general expenditures over the next twelve months	\$ 4,530,359	\$ 8,391,267

UHS's goal is generally to maintain financial assets to meet 90 days of operating expenses (\$3,600,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

7. Commitments and contingencies

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

8. Payments in lieu of taxes (PILOT)

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

The Davidson County Metropolitan Council approved the formula for calculating PILOT payments to be 25% of the normal property taxes. PILOT expenses were \$297,654 and \$262,985, respectively, for the years ended December 31, 2024 and 2023, and are included in taxes and licenses on the consolidated statements of functional expenses.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. Consortium agreement

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

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

10. Employee retirement plan

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 5.0% of compensation. Employees are eligible to participate in the plan after ninety days of service. Total contributions were \$105,567 and \$118,003, respectively, for the years ended December 31, 2024 and 2023, which are included in payroll and related expenses on the accompanying consolidated statements of functional expenses.

11. Compensated absences

Employees of UHS are entitled to paid vacation and sick days. Employees are allowed to carryover 5 unused vacation days at December 31; sick days are not paid if the employee leaves. Accordingly, the accrued leave has been calculated as the total of vacation days available. As of December 31, 2024 and 2023, the amount of accrued leave was \$35,441 and \$39,026, respectively, which is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

12. Net assets

The following schedule summarizes the changes in consolidated net assets attributable to the controlling and non-controlling interests for the years ended December 31, 2024 and 2023:

Net assets without donor restrictions

	Controlling Interest	Non-controlling Interest	Total
Balance, January 1, 2023	\$ 46,747,712	\$ 20,238,034	\$ 66,985,746
Change in net assets	1,351,596	24,422	1,376,018
Balance, December 31, 2023	48,099,308	20,262,456	68,361,764
Change in net assets	(2,900,677)	147,611	(2,753,066)
Capital contributions	-	4,846,014	4,846,014
Balance, December 31, 2024	<u>\$ 45,198,631</u>	<u>\$ 25,256,081</u>	<u>\$ 70,454,712</u>

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

12. Net assets (continued)

The following schedule summarizes non-controlling interests' amounts of outside ownership interest in the Subsidiaries. As of and for the year ended December 31, 2024, non-controlling interests and related share of current year net losses, respectively, consisted of the following:

<u>Subsidiary</u>	Non-controlling Interest	Share of current year net income (loss)
300 E Webster Street Holdings, L.P.	\$ 8,624,104	\$ 249,905
2125 26th Avenue N Holdings, L.P.	8,916,176	(103,449)
Skyliner, L.P.	7,715,801	1,155
Total	<u>\$ 25,256,081</u>	<u>\$ 147,611</u>

As of and for the year ended December 31, 2023, non-controlling interests and related share of current year net losses, respectively, consisted of the following:

<u>Subsidiary</u>	Non-controlling Interest	Share of current year net income (loss)
300 E Webster Street Holdings, L.P.	\$ 8,374,199	\$ (18,337)
2125 26th Avenue N Holdings, L.P.	9,019,625	(141,850)
Skyliner, L.P.	2,868,632	184,609
Total	<u>\$ 20,262,456</u>	<u>\$ 24,422</u>

13. Closed local government OPEB plan

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

Benefits provided - UHS offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. UHS does not directly subsidize and is only subject to the implicit subsidy. The OPEB liability and change in the liability are immaterial to the consolidated financial statements and are therefore not separately reported or disclosed.

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

14. Commitments and contingencies

UHS and its affiliates are defendants in two legal proceedings. Management has reviewed each matter with legal counsel and does not expect the aggregate liability or loss, if any, to have a material adverse effect on UHS's financial position.

14. Subsequent events

Subsequent events have been evaluated through July 15, 2025, which is the date the consolidated financial statements were available to be issued. The following is a summary of significant transactions through July 15, 2025:

The Lewis Street Portfolio, is currently under contract for a total sale price of \$4,062,500, with a target closing date of August 12, 2025. This portfolio includes the properties located at 1216-1220 Lewis Street, 1225 Lewis Street, and 1335 Lewis Street, all in Nashville, Tennessee.

The 610 E Old Hickory Blvd Portfolio, is also under contract for a total sale price of \$2,150,000, with a target closing date of September 24, 2025. This portfolio includes the properties located at 610 E Old Hickory Blvd and 0 Lanier Drive, both in Madison, Tennessee.

On July 8, 2025, UHS received the Employee Retention Tax Credit refund from the Internal Revenue Service, which had been originally applied for in 2021. This refund proceeds were applied to reduce the outstanding balance on the Renasant Bank Line of Credit.

SUPPLEMENTARY INFORMATION

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

	Urban Housing Solutions	300 E. Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	PP-SW GP, LLC	Eliminations	Consolidated
Cash and cash equivalents	\$ 3,873,935	\$ 530,067	\$ 250,646	\$ 1,155,068	\$ 567,098	\$ -	\$ 6,376,814
Restricted cash:							
Tenant security deposits	92,078	112,419	3,250	76,757	70,423	-	354,927
Replacement reserves	-	756,277	240,347	-	-	-	996,624
Accounts receivable:							
Grants	389,200	-	-	-	-	-	389,200
Tenants, net of doubtful accounts	267,224	14,481	1,797	13,802	146,815	-	444,119
Development fee	5,265,596	-	-	-	-	(5,265,596)	-
Due from related parties	8,153,635	-	-	-	-	(8,153,635)	-
Other	14,935	-	23,505	-	-	-	9,072
Prepaid expenses	227,304	69,280	17,294	31,082	-	-	344,960
Deferred charges, net of accumulated amortization of \$138,602	-	105,330	69,141	295,832	-	-	470,303
Property and equipment - net of accumulated depreciation of \$40,482,075	52,238,349	22,282,132	10,101,417	25,250,441	17,052,367	(7,810,410)	119,114,296
Construction in progress	-	-	-	-	119,454	-	119,454
SWAP Asset	899,916	684,406	82,438	1,935,861	-	-	3,602,621
Total assets	\$ 71,422,172	\$ 24,554,392	\$ 10,789,835	\$ 28,758,843	\$ 17,956,157	\$ (21,259,009)	\$ 132,222,390

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,396,132	\$ 201,591	\$ 59,862	\$ 137,432	\$ 239,431	(144,496)	\$ 1,889,952
Cash and cash equivalents - bank overdraft	96,654	-	-	-	-	-	96,654
Due to related parties	-	2,000,000	-	5,602,366	363,046	(7,965,412)	-
Line of credit	6,312,500	-	-	-	-	-	6,312,500
Tenant security deposits	198,672	107,786	3,250	78,789	74,062	-	462,559
Development fee payable	-	3,005,523	256,212	2,003,861	-	(5,265,596)	-
Prepaid rent	-	17,904	8,455	8,129	46,866	-	81,354
Notes payable - net of unamortized debt issuance costs	17,939,269	10,546,067	1,487,651	11,695,089	11,256,583	-	52,924,659
Total liabilities	25,943,227	15,878,871	1,815,430	19,525,666	11,979,988	(13,375,504)	61,767,678
NET ASSETS							
Net assets without donor restrictions, controlling non-controlling interest in subsidiaries	45,478,945	51,417	58,229	1,517,376	5,976,169	(7,883,505)	45,198,631
Total net assets	45,478,945	8,624,104	8,916,176	7,715,801	5,976,169	-	25,256,081
Total liabilities and net assets	\$ 71,422,172	\$ 24,554,392	\$ 10,789,835	\$ 28,758,843	\$ 17,956,157	\$ (21,259,009)	\$ 132,222,390

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

	Urban Housing Solutions	300 E. Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	PP-SW GP, LLC	Eliminations	Consolidated
Cash and cash equivalents	\$ 7,823,731	\$ 829,120	\$ 257,955	\$ 473,277	\$ 600,066	\$ -	\$ 9,984,149
Restricted cash:							
Tenant security deposits	87,360	154,685	3,250	78,853	37,933	-	362,081
Replacement reserves	-	668,912	264,182	-	23,450	-	956,544
Accounts receivable:							
Grants	183,056	-	-	-	-	-	183,056
Tenants, net of doubtful accounts	384,480	17,732	1,826	60,301	101,686	-	566,025
Development fee	5,935,596	-	-	-	-	(5,935,596)	-
Due from related parties	11,126,228	-	-	-	-	(11,126,228)	-
Other	27,070	406	17,388	4,365	-	(17,388)	31,841
Prepaid expenses	168,329	14,455	14,614	15,983	-	-	213,381
Deferred charges, net of accumulated amortization of \$97,228	-	117,034	76,055	318,588	-	-	511,677
Property and equipment - net of accumulated depreciation of \$34,450,922	52,034,190	23,112,052	10,359,762	25,864,968	17,665,271	(8,029,272)	121,006,971
SWAP Asset	610,062	312,828	71,856	1,577,645	-	-	2,572,391
Total Assets	<u>\$ 78,380,102</u>	<u>\$ 25,227,224</u>	<u>\$ 11,066,888</u>	<u>\$ 28,393,980</u>	<u>\$ 18,428,406</u>	<u>\$ (25,108,484)</u>	<u>\$ 136,388,116</u>

LIABILITIES AND NET ASSETS

LIABILITIES							
Accounts payable and accrued expenses	\$ 1,139,589	\$ 188,290	\$ 65,689	\$ 675,272	\$ 74,336	\$ -	\$ 2,143,176
Cash and cash equivalents - bank overdraft	179,170	-	-	-	-	-	179,170
Due to related parties	-	2,000,000	-	9,101,390	-	(11,101,390)	-
Line of credit	10,555,000	-	-	-	-	-	10,555,000
Tenant security deposits	191,987	105,728	3,250	82,352	81,717	-	465,034
Development fee payable	-	3,555,523	376,212	2,003,861	-	(5,935,596)	-
Prepaid rent	-	7,894	8,232	11,986	17,067	-	45,179
Notes payable - net of unamortized debt issuance costs	18,745,004	10,944,173	1,535,651	12,133,111	11,280,854	-	54,638,793
Total liabilities	<u>30,810,750</u>	<u>16,801,608</u>	<u>1,989,034</u>	<u>24,007,972</u>	<u>11,453,974</u>	<u>(17,036,986)</u>	<u>68,026,352</u>
NET ASSETS							
Net assets without donor restrictions, controlling	47,569,352	51,417	58,229	1,517,376	6,974,432	(8,071,498)	48,099,308
Net assets without donor restrictions, non-controlling interest in subsidiaries	-	8,374,199	9,019,625	2,868,632	-	-	20,262,456
Total net assets	<u>47,569,352</u>	<u>8,425,616</u>	<u>9,077,854</u>	<u>4,386,008</u>	<u>6,974,432</u>	<u>(8,071,498)</u>	<u>68,361,764</u>
Total liabilities and net assets	<u>\$ 78,380,102</u>	<u>\$ 25,227,224</u>	<u>\$ 11,066,888</u>	<u>\$ 28,393,980</u>	<u>\$ 18,428,406</u>	<u>\$ (25,108,484)</u>	<u>\$ 136,388,116</u>

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Urban Housing Solutions	300 E. Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	PP-SW GP, LLC	Eliminations	Consolidated
SUPPORT AND REVENUES							
Public Support:							
Individual and corporate gifts	\$ 1,281,173	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281,173
Grants:							
Government	2,171,633	-	-	-	-	-	2,171,633
Total public support	3,452,806	-	-	-	-	-	3,452,806
Revenues:							
Rental income	8,451,218	2,793,877	696,719	1,584,429	1,733,021	-	15,259,264
Laundry and vending machine income	8,734	-	-	-	-	-	8,734
Interest income	150,190	5,166	2,403	1,214	758	(23,747)	135,984
Insurance proceeds	-	-	-	3,986	7,499	-	11,485
Miscellaneous	41,029	-	4,451	49,053	68,097	(59,001)	103,629
Application fees	7,342	-	-	(21,483)	(11,214)	-	(25,355)
Unrealized gain on interest rate swap	289,854	371,578	10,582	358,216	-	-	1,030,230
TOTAL SUPPORT AND REVENUES	12,401,173	3,170,621	714,155	1,975,415	1,798,161	(82,748)	19,976,777
EXPENSES							
Program services:							
Rental projects	12,576,858	2,790,613	817,604	1,832,832	2,734,550	(270,741)	20,481,716
Resident support programs	1,396,074	-	-	-	-	-	1,396,074
Total program services	13,972,932	2,790,613	817,604	1,832,832	2,734,550	(270,741)	21,877,790
Supporting services:							
Management and general	518,648	130,103	-	141,428	61,874	-	852,053
TOTAL EXPENSES	14,491,580	2,920,716	817,604	1,974,260	2,796,424	(270,741)	22,729,843
CHANGE IN NET ASSETS	\$ (2,090,407)	\$ 249,905	\$ (103,449)	\$ 1,155	\$ (998,263)	\$ 187,993	\$ (2,753,066)
NET ASSETS - BEGINNING OF YEAR	\$ 47,569,352	\$ 8,425,616	\$ 9,077,854	\$ 4,386,008	\$ 6,974,432	\$ (8,071,498)	\$ 68,361,764
CAPITAL CONTRIBUTIONS	-	-	-	4,846,014	-	-	4,846,014
CHANGE IN NET ASSETS	(2,090,407)	249,905	(103,449)	1,155	(998,263)	187,993	(2,753,066)
NET ASSETS - END OF YEAR	\$ 45,478,945	\$ 8,675,521	\$ 8,974,405	\$ 9,233,177	\$ 5,976,169	\$ (7,883,505)	\$ 70,454,712

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Urban Housing Solutions	300 E. Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner, LP	PP-SW GP, LLC	Eliminations	Consolidated
SUPPORT AND REVENUES							
Public Support:							
Individual and corporate gifts	\$ 3,548,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,548,124
Grants:							
Government	1,824,112	-	-	-	-	-	1,824,112
Total public support	5,372,236	-	-	-	-	-	5,372,236
Revenues:							
Rental income	9,177,858	2,752,223	692,148	513,432	368,823	-	13,504,484
Laundry and vending machine income	15,818	-	-	-	-	-	15,818
Interest income	419,146	6,951	3,284	(120,669)	-	(47,214)	261,498
Insurance proceeds	177,365	-	-	-	1,254	-	178,619
Miscellaneous	54,144	-	2,807	15,868	10,170	(32,864)	50,125
Application fees	26,188	-	-	3,727	(19,422)	-	10,493
Unrealized gain (loss) on interest rate swap	(252,432)	(140,880)	(37,007)	1,577,645	-	-	1,147,326
TOTAL SUPPORT AND REVENUES	14,990,323	2,618,294	661,232	1,990,003	360,825	(80,078)	20,540,599
EXPENSES							
Program services:							
Rental projects	12,403,284	2,513,549	803,096	1,769,212	329,745	(303,094)	17,515,792
Resident support programs	1,083,517	-	-	-	-	-	1,083,517
Total program services	13,486,801	2,513,549	803,096	1,769,212	329,745	(303,094)	18,599,309
Supporting services:							
Management and general	426,903	123,084	-	36,164	6,989	(27,868)	565,272
TOTAL EXPENSES	13,913,704	2,636,633	803,096	1,805,376	336,734	(330,962)	19,164,581
CHANGE IN NET ASSETS	\$ 1,076,619	\$ (18,339)	\$ (141,864)	\$ 184,627	\$ 24,091	\$ 250,884	\$ 1,376,018
NET ASSETS - BEGINNING OF YEAR	\$ 53,443,074	\$ 8,443,955	\$ 9,219,718	\$ 4,201,381	\$ -	\$ (8,322,382)	\$ 66,985,746
TRANSFER OF NET ASSETS	(6,950,341)	-	-	-	6,950,341	-	-
CHANGE IN NET ASSETS	1,076,619	(18,339)	(141,864)	184,627	24,091	250,884	1,376,018
NET ASSETS - END OF YEAR	\$ 47,569,352	\$ 8,425,616	\$ 9,077,854	\$ 4,386,008	\$ 6,974,432	\$ (8,071,498)	\$ 68,361,764

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	PROGRAM SERVICES										TOTAL PROGRAM SERVICES	
	URBAN HOUSING SOLUTIONS		300 E. WEBSTER ST. HOLDINGS, LP		2125 26TH AVE. N. HOLDINGS, LP		Skyliner, LP		PP-SW GP, LLC			Eliminations
	RENTAL PROJECTS	RESIDENT SUPPORT PROGRAMS	Total									
Payroll and related expenses	\$ 2,475,153	\$ 500,549	\$ 2,975,702	\$ 256,224	\$ 165,493	\$ 227,897	\$ 346,520	\$ -	\$ -	\$ 3,971,836		
Advertising	11,522	-	11,522	15,624	-	-	-	-	-	27,146		
Bad debt expense	-	-	-	32,389	-	-	-	-	-	32,389		
Contract services	1,579,099	171,418	1,750,517	7,700	28,132	609	3,302	(28,132)	-	1,762,128		
Dues and subscriptions	-	-	-	6,757	-	-	-	-	-	6,757		
Insurance	871,921	156,305	1,028,226	207,008	40,945	123,893	156,861	-	-	1,556,933		
Interest	1,005,465	36,900	1,042,365	262,107	28,706	147,239	502,345	(23,747)	-	1,959,015		
Legal and professional	72,929	5,120	78,049	34,276	12,423	21,247	21,690	-	-	167,685		
Miscellaneous	-	140,516	140,516	19,821	3,331	10,281	10,348	-	-	184,297		
Printing and postage	16,531	1,670	18,201	-	4,279	10,789	29,108	-	-	62,377		
Repairs and maintenance	539,766	45,373	585,139	696,632	61,148	125,578	316,063	-	-	1,784,560		
Security services	-	-	-	105,283	-	-	-	-	-	105,283		
Social program funds	87,128	47,004	134,132	-	1,949	279	62	-	-	136,422		
Supplies	184,135	42,735	226,870	-	3,303	3,711	6,409	-	-	240,293		
Taxes and licenses	470,690	137,889	608,579	154,522	42,653	210,760	173,577	-	-	1,190,091		
Telephone	20,640	4,543	25,183	-	1,346	4,522	13,335	-	-	44,386		
Travel	48,245	14,803	63,048	-	2,233	-	-	-	-	65,281		
Utilities	1,407,181	91,249	1,498,430	150,646	115,598	201,684	542,026	-	-	2,508,384		
Total Functional Expenses before												
Depreciation and Amortization	8,790,405	1,396,074	10,186,479	1,948,989	511,539	1,088,489	2,121,646	(51,879)	-	15,805,263		
Depreciation and amortization	3,786,453	-	3,786,453	841,624	306,065	744,343	612,904	(218,862)	-	6,072,527		
Total Functional Expenses	\$ 12,576,858	\$ 1,396,074	\$ 13,972,932	\$ 2,790,613	\$ 817,604	\$ 1,832,832	\$ 2,734,550	\$ (270,741)	\$ -	\$ 21,877,790		

See report of independent auditors

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Supporting Services

	Management and General							
	URBAN HOUSING SOLUTIONS	300 E. WEBSTER ST. HOLDINGS, LP	2125 26TH AVE. N. HOLDINGS, LP	Skyliner, LP	PP-SW GP, LLC	TOTAL MANAGEMENT & GENERAL	Eliminations	TOTAL EXPENSES
Payroll and related expenses	\$ 263,312	\$ -	\$ -	\$ -	\$ -	\$ 263,312	\$ -	\$ 4,235,148
Advertising	-	-	-	-	-	-	-	27,146
Bad debt expense	-	-	-	-	-	-	-	32,389
Contract services	50	13,800	-	-	-	13,850	-	1,775,978
Dues and subscriptions	-	-	-	-	-	-	-	6,757
Insurance	16,004	-	-	-	-	16,004	-	1,572,937
Interest	-	-	-	-	-	-	-	1,959,015
Legal and professional	141,199	95,664	-	113,408	33,468	383,739	-	551,424
Miscellaneous	742	-	-	-	-	742	-	185,039
Printing and postage	7,472	4,443	-	3,549	4,969	20,433	-	82,810
Repairs and maintenance	156	-	-	-	-	156	-	1,784,716
Security services	-	-	-	-	-	-	-	105,283
Social program funds	341	-	-	-	-	341	-	136,763
Supplies	82,049	11,103	-	24,471	23,413	141,036	-	381,329
Taxes and licenses	580	-	-	-	-	580	-	1,190,671
Telephone	5,772	5,093	-	-	-	10,865	-	55,251
Travel	392	-	-	-	24	416	-	65,697
Utilities	579	-	-	-	-	579	-	2,508,963
Total Functional Expenses before Depreciation and Amortization	518,648	130,103	-	141,428	61,874	852,053	-	16,657,316
Depreciation and amortization	-	-	-	-	-	-	-	6,072,527
Total Functional Expenses	<u>\$ 518,648</u>	<u>\$ 130,103</u>	<u>\$ -</u>	<u>\$ 141,428</u>	<u>\$ 61,874</u>	<u>\$ 852,053</u>	<u>\$ -</u>	<u>\$ 22,729,843</u>

See report of independent auditors

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES						TOTAL PROGRAM SERVICES
	URBAN HOUSING SOLUTIONS	300 E. WEBSTER ST. HOLDINGS, LP	2125 26TH AVE. N. HOLDINGS, LP	Skyliner, LP	PP-SW GP, LLC	Eliminations	
	RENTAL PROJECTS	RESIDENT SUPPORT PROGRAMS	Total				
Payroll and related expenses	\$ 2,617,287	\$ 500,324	\$ 3,117,611	\$ 246,196	\$ 149,965	\$ 173,852	\$ 3,765,042
Advertising	14,102	-	14,102	14,767	-	-	28,869
Bad debt expense	-	-	-	22,523	-	-	22,523
Contract services	1,290,318	82,254	1,372,572	7,475	27,868	200	1,408,115
Dues and subscriptions	-	-	-	7,184	-	-	7,184
Insurance	594,980	124,570	719,550	139,287	32,953	-	892,325
Interest	1,458,333	39,019	1,497,352	273,463	25,647	989,272	2,738,520
Legal and professional	87,786	7,997	95,783	25,292	12,786	6,401	142,580
Miscellaneous	325,257	-	325,257	13,826	2,063	409	318,625
Printing and postage	11,372	1,733	13,105	-	1,501	28,980	44,649
Repairs and maintenance	446,669	30,794	477,463	530,836	82,156	30,483	1,215,383
Security services	-	-	-	98,208	-	-	98,208
Social program funds	130,264	3,878	134,142	-	6,612	225	141,050
Supplies	188,950	47,694	236,644	-	11,454	73,487	322,427
Taxes and licenses	582,988	137,939	720,927	149,936	43,422	-	914,285
Telephone	31,783	5,099	36,882	-	1,537	41	40,791
Travel	48,534	11,974	60,508	-	2,170	-	62,678
Utilities	1,350,784	90,242	1,441,026	142,932	97,688	143,281	1,883,524
Total Functional Expenses before							
Depreciation and Amortization	9,179,407	1,083,517	10,262,924	1,671,925	497,822	1,446,631	14,046,778
Depreciation and amortization	3,223,877	-	3,223,877	841,624	305,274	322,581	4,552,531
Total Functional Expenses	<u>\$ 12,403,284</u>	<u>\$ 1,083,517</u>	<u>\$ 13,486,801</u>	<u>\$ 2,513,549</u>	<u>\$ 803,096</u>	<u>\$ 1,769,212</u>	<u>\$ 18,599,309</u>
						(303,094)	

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Supporting Services

	Management and General							TOTAL EXPENSES
	URBAN HOUSING SOLUTIONS	300 E. WEBSTER ST. HOLDINGS, LP	2125 26TH AVE. N. HOLDINGS, LP	Skyliner_LP	PP-SW GP. LLC	TOTAL MANAGEMENT & GENERAL	Eliminations	
Payroll and related expenses	\$ 203,200	\$ -	\$ -	\$ -	\$ -	\$ 203,200	\$ -	\$ 3,968,242
Advertising	20,763	-	-	-	-	20,763	-	49,632
Bad debt expense	-	-	-	-	-	-	-	22,523
Contract services	1,325	12,778	-	-	-	14,103	-	1,422,218
Dues and subscriptions	-	-	-	-	-	-	-	7,184
Insurance	8,400	-	-	-	-	8,400	-	900,725
Interest	-	-	-	-	-	-	-	2,738,520
Legal and professional	110,111	93,982	-	13,209	1,962	219,264	(27,868)	333,976
Miscellaneous	-	-	-	-	-	-	-	318,625
Printing and postage	5,816	4,676	-	438	574	11,504	-	56,153
Repairs and maintenance	6,201	-	-	-	-	6,201	-	1,221,584
Security services	-	-	-	-	-	-	-	98,208
Social program funds	-	-	-	-	-	-	-	141,050
Supplies	68,615	6,746	-	22,517	4,453	102,331	-	424,758
Taxes and licenses	(1,387)	-	-	-	-	(1,387)	-	912,898
Telephone	3,040	4,902	-	-	-	7,942	-	48,733
Travel	819	-	-	-	-	819	-	63,497
Utilities	-	-	-	-	-	-	-	1,883,524
Total Functional Expenses before								
Depreciation and Amortization	426,903	123,084	-	36,164	6,989	593,140	(27,868)	14,612,050
Depreciation and amortization	-	-	-	-	-	-	-	4,552,531
Total Functional Expenses	<u>\$ 426,903</u>	<u>\$ 123,084</u>	<u>\$ -</u>	<u>\$ 36,164</u>	<u>\$ 6,989</u>	<u>\$ 593,140</u>	<u>\$ (27,868)</u>	<u>\$ 19,164,581</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	AL Number	Contract Number
Federal Awards			
Direct Funding:			
US Department of Housing and Urban Development	Continuum of Care	14.267	TN0061L4J042
US Department of Housing and Urban Development	Continuum of Care	14.267	TN0061L4J042
Total Program			
U.S. Department of Housing and Urban Development	Section 8 Project-Based Cluster: Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	TN43RM000
Total Program			
Pass-through Funding:			
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	TNH20F000
Total Program			
US Department of Housing and Urban Development through Enterprise Community Partners	Capacity Building for Community Development and Affordable Housing	14.252	22SG27855
Total Program			
TOTAL EXPENDITURES OF FEDERAL AWARDS			

URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the expenditures on an accrual basis of Urban Housing Solutions, Inc. and Subsidiaries under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the Corporation by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed. Assistance Listing numbers (“AL No.”) are provided when available.

The Corporation elected not to use the 10% de minimis indirect cost rate.



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*

To the Board of Directors of
Urban Housing Solutions, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Urban Housing Solutions, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Novogradac & Company LLP

Alpharetta, Georgia

July 15, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Urban Housing Solutions, Inc. and Subsidiaries

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Urban Housing Solutions, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Urban Housing Solutions, Inc. and Subsidiaries' major federal program for the year ended December 31, 2024. Urban Housing Solutions, Inc. and Subsidiaries' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Urban Housing Solutions, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Urban Housing Solutions, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Urban Housing Solutions, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Urban Housing Solutions, Inc. and Subsidiaries' federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Urban Housing Solutions, Inc. and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Urban Housing Solutions, Inc. and subsidiaries' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Urban Housing Solutions, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Urban Housing Solutions, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Urban Housing Solutions, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Alpharetta, Georgia

July 15, 2025

**URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____	No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	_____ <u>X</u> _____	No

Identification of major programs:

<u>AL Number</u> 14.267	<u>Name of Federal Program or Cluster</u> Continuum of Care
----------------------------	--

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

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

**URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.

**URBAN HOUSING SOLUTIONS, INC. AND SUBSIDIARIES
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.



Tre Hargett
Secretary of State

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

ARTHUR BUTLER II
822 WOODLAND ST
NASHVILLE, TN 37206

January 9, 2025

Request Type: Certificate of Existence/Authorization

Request #: 0619321

Issuance Date: 01/09/2025

Copies Requested: 1

Document Receipt

Receipt #: 009435340

Filing Fee: \$20.00

Payment-Credit Card - State Payment Center - CC #: 3889619180

\$20.00

Regarding: URBAN HOUSING SOLUTIONS, INC.

Filing Type: Nonprofit Corporation - Domestic

Control #: 240804

Formation/Qualification Date: 05/22/1991

Date Formed: 05/22/1991

Status: Active

Formation Locale: TENNESSEE

Duration Term: Perpetual

Inactive Date:

Business County: DAVIDSON COUNTY

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

URBAN HOUSING SOLUTIONS, INC.

- * is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above;
- * has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- * has filed the most recent annual report required with this office;
- * has appointed a registered agent and registered office in this State;
- * has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 072063827



Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248164838
Oct. 30, 2012 LTR 4168C E0
62-1466422 000000 00
00014004
BODC: TE

URBAN HOUSING SOLUTIONS INC
822 WOODLAND ST
NASHVILLE TN 37206

11090

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

Dear TAXPAYER:

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

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

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

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

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

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

DEPARTMENT OF THE TREASURY

Date: **AUG 29 2007**

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

Employer Identification Number:
62-1466422

DLN:
407159014

Contact Person:
JACK D NEITZEL

ID# 95127

Contact Telephone Number:
(877) 829-5500

Date of Exemption:
May 1991

Internal Revenue Code
Section 501(c) (3)

Dear Applicant:


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

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

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

Thank you for your cooperation.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements


URBAN HOUSING SOLUTIONS INC

Item Changed

From

To

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

 Department of the Treasury
Internal Revenue Service

OGDEN, UT 84201

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

00750

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

Taxpayer Identification Number: 62-1466422

Dear Taxpayer:

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

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

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

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

Telephone Number () _____ Hours _____

Thank you for your cooperation.

Sincerely yours,



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

Enclosure(s):
Copy of this letter

Date: OCT 1 1992

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

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

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

Dear Applicant:

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

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

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

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

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

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

Letter 947105/05

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

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

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

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

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

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

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

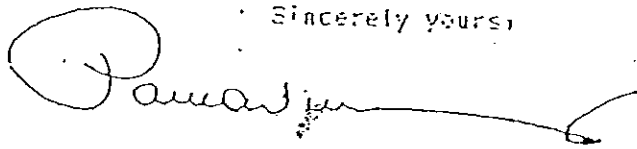
Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

CCS HOUSING SYSTEMS INC

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

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

Sincerely yours,



Paul Williams
District Director

Enclosure(s):
Addendum