

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Be a Helping Hand Foundation

Opinion

We have audited the accompanying financial statements of Be a Helping Hand Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be a Helping Hand Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Edmondson, Betzler & Dame, PLLC

Edmondson, Betzler, & Dame, PLLC
Brentwood, Tennessee

July 13, 2023

BE A HELPING HAND FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS		
	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,371,128	\$ 117,065
Accounts receivable, net	29,277	17,011
Grants receivable	<u>-</u>	<u>11,774</u>
Total current assets	1,400,405	145,850
Property and equipment, net	5,933,280	4,072,407
Tenant security deposits	23,013	27,458
Other assets	<u>52,500</u>	<u>15,000</u>
Total assets	<u>\$ 7,409,198</u>	<u>\$ 4,260,715</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 201,120	\$ 204,385
Accrued property taxes payable	55,340	58,952
Lines of credit	37,018	45,019
Current portion of notes payable	2,932,371	395,477
Tenant security deposits	25,850	28,400
Other current liabilities	<u>40,811</u>	<u>33,277</u>
Total current liabilities:	3,292,510	765,510
Long-term portion of notes payable	<u>1,076,655</u>	<u>1,169,105</u>
Total liabilities	<u>4,369,165</u>	<u>1,934,615</u>
Net assets:		
Without donor restrictions	<u>3,040,033</u>	<u>2,326,100</u>
Total net assets	<u>3,040,033</u>	<u>2,326,100</u>
Total liabilities and net assets	<u>\$ 7,409,198</u>	<u>\$ 4,260,715</u>

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

BE A HELPING HAND FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SUPPORT AND REVENUE:		
Grant revenue	\$ 867,369	\$ 328,112
Rental income and fees	445,998	426,218
Other income	408,922	342,413
Gain on sale of assets	257,386	-
Contributions	55,050	34
Insurance claims	42,122	120,209
Payroll Protection Program grant	<u>-</u>	<u>38,200</u>
Total support and revenue	<u>2,076,847</u>	<u>1,255,186</u>
EXPENSES:		
Program services	1,021,290	871,834
Management and general	<u>341,624</u>	<u>241,011</u>
Total expenses	<u>1,362,914</u>	<u>1,112,845</u>
Change in net assets	713,933	142,341
Net assets, beginning of year	<u>2,326,100</u>	<u>2,183,759</u>
Net assets, end of year	<u><u>\$ 3,040,033</u></u>	<u><u>\$ 2,326,100</u></u>

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Support Services</u>	
	Low Income Housing	Management and General	Total
Salaries	\$ 249,278	\$ 106,834	\$ 356,112
Employee benefits	25,290	10,839	36,129
Payroll taxes	20,304	8,702	29,006
	<hr/>	<hr/>	<hr/>
Total payroll and related expense	294,872	126,375	421,247
	<hr/>	<hr/>	<hr/>
Repairs and maintenance	173,072	5,267	178,339
Depreciation and amortization	172,635	-	172,635
Construction costs for developers	145,395	-	145,395
Contract services	36,916	68,743	105,659
Interest	59,506	12,952	72,458
Property tax	60,722	-	60,722
Professional fees	18,691	21,924	40,615
Insurance	30,808	785	31,593
Utilities	15,567	14,986	30,553
Rent	-	27,400	27,400
Office expenses	-	22,032	22,032
Travel and meals	-	18,704	18,704
Memberships and subscriptions	-	13,026	13,026
Contributions	9,576	-	9,576
Miscellaneous	-	9,268	9,268
Penalties and late fees	2,027	-	2,027
Security	1,503	162	1,665
	<hr/>	<hr/>	<hr/>
	\$ 1,021,290	\$ 341,624	\$ 1,362,914
	<hr/>	<hr/>	<hr/>

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Low Income</u>	<u>Management and</u>	
	<u>Housing</u>	<u>General</u>	<u>Total</u>
Salaries	\$ 167,882	\$ 71,950	\$ 239,832
Employee benefits	17,170	7,359	24,529
Payroll taxes	15,569	6,672	22,241
	<u>200,621</u>	<u>85,981</u>	<u>286,602</u>
Total payroll and related expense			
Construction costs for developers	231,235	-	231,235
Depreciation and amortization	159,696	-	159,696
Repairs and maintenance	81,590	4,069	85,659
Contract services	22,065	53,067	75,132
Property tax	58,952	-	58,952
Professional fees	27,888	17,863	45,751
Interest	34,537	9,497	44,034
Utilities	16,664	10,285	26,949
Insurance	23,426	657	24,083
Rent	-	23,400	23,400
Office expenses	-	18,046	18,046
Travel and meals	-	10,281	10,281
Contributions	8,539	-	8,539
Memberships and subscriptions	-	5,165	5,165
Property management fees	3,775	-	3,775
Security	2,599	349	2,948
Miscellaneous	-	2,335	2,335
Penalties and late fees	247	-	247
Advertising	-	16	16
	<u>\$ 871,834</u>	<u>\$ 241,011</u>	<u>\$ 1,112,845</u>

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

BE A HELPING HAND FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 713,933	\$ 142,341
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	167,665	152,848
Amortization of deferred loan costs	4,970	6,848
Gain on sale of assets	(257,386)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(12,266)	1,815
(Increase) decrease in grants receivable	11,774	(11,774)
(Increase) decrease in tenant security deposits	4,445	(2,610)
Increase in other assets	(37,500)	(15,000)
Increase (decrease) in accounts payable	(3,265)	32,036
Increase (decrease) in accrued property taxes payable	(3,612)	11,284
Increase in other current liabilities	7,534	22,095
Increase (decrease) in refundable security deposits	(2,550)	2,000
Net cash provided by operating activities	<u>593,742</u>	<u>341,883</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,330,434)	(2,366)
Proceeds from sale of property and equipment	443,546	-
Additions to construction in progress	(884,264)	(301,427)
Net cash used in investing activities	<u>(1,771,152)</u>	<u>(303,793)</u>
Cash flows from financing activities:		
Proceeds (payments) on lines of credit	(8,001)	(10,909)
Proceeds from notes payable	2,633,389	110,000
Payments on notes payable	(184,044)	(328,286)
Deferred loan costs incurred	(9,871)	(9,176)
Net cash provided by (used in) financing activities	<u>2,431,473</u>	<u>(238,371)</u>
Net increase (decrease) in cash, cash equivalents	1,254,063	(200,281)
Cash, cash equivalents, and restricted cash, beginning of year	<u>117,065</u>	<u>317,346</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$1,371,128</u></u>	<u><u>\$ 117,065</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u><u>\$ 68,670</u></u>	<u><u>\$ 44,034</u></u>

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Be A Helping Hand Foundation (the Foundation), a non-profit organization, was established in April 2001. The Foundation's mission is to provide affordable housing, free education, job training, and job placement assistance in the construction industry. Properties have been purchased and rehabilitated in low-income neighborhoods to be made available for renters and home buyers in need of safe, clean, family homes.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation reported no net assets with donor restrictions at December 31, 2022 and 2021.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or contract or when services are provided for performance grants. Grant revenue is subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes if any costs are disallowed, they would not materially affect the financial position of the Foundation.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current composition of the receivables. At December 31, 2022 and 2021, there was an allowance for doubtful accounts of \$479 and \$2,861, respectively. It is reasonably possible that management's estimate of the allowance for doubtful accounts may change. Receivables are charged against the allowance when collection is considered unlikely due to historic or current experience. No bad debt expense was recorded for 2022 and 2021. Receivables are considered past due after 30 days, however, it is not the policy of the Foundation to assess a late fee, or apply interest to past due accounts.

Property and Equipment

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of 5 – 27.5 years on a straight-line basis. The Foundation capitalizes other items that are greater than or equal to \$1,000 and expenses items below \$1,000.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The Foundation reviews the carrying value of property and equipment for impairment if events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, the Foundation recognizes an impairment loss equal to the amount by which the carrying value exceeds the fair market value of the asset. The factors considered by management in performing this assessment include current operating results, trends, and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on management's assessment, there is no impairment required at December 31, 2022 and 2021.

Property Held for Sale

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. No property was held for sale at December 31, 2022 and 2021.

Deferred Loan Costs

Loan costs related to obtaining notes payable are capitalized and amortized on a straight-line basis over the life of the related debt. When the debt is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. Unamortized loan costs are offset against the related debt in the Statement of Financial Position, with the amortization being reported as interest expense.

Advertising Costs

The Foundation expenses all advertising costs as incurred. Total advertising expense amounted to \$16 in 2021. There was no advertising costs for 2022.

Income Tax Status

The Foundation is exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Foundation continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2022, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Foundation has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

The Foundation's program service expense includes low-income housing. The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, salaries, employee benefits, and payroll tax expenses have been allocated among the programs and supporting services benefited, based on time and effort of staff as determined by management. All other expenses were directly assigned.

Contributed Services

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition set forth by accounting principles generally accepted in the United States of America.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred after December 31, 2022, through the date of the issued financial statements for possible recognition or disclosure in the financial statements. The Foundation had no subsequent events to disclose at the date of auditor's report.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has \$1,400,405 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Cash and cash equivalents of \$1,371,128 and accounts receivable of \$29,277. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$264,000.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER, 2022 AND 2021

NOTE 3 - TENANT SECURITY DEPOSITS

The tenant security deposit liability was \$25,850 and \$28,400 at December 31, 2022 and 2021, respectively. The Foundation is required to maintain a restricted cash account for these deposits. The tenant security deposit account was underfunded by \$2,837, as the related cash account had a balance of \$23,013 at December 31, 2022. The tenant security deposit account was underfunded by \$942, with a balance of \$27,458 at December 31, 2021.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2022	2021
Property held for lease	\$ 4,664,884	\$ 4,043,729
Land held for lease	1,041,840	600,865
Construction in progress	1,210,194	325,930
Computers and equipment	55,035	44,600
Leasehold improvements	4,403	4,403
	<u>6,976,356</u>	<u>5,019,527</u>
Less: accumulated depreciation	<u>(1,043,076)</u>	<u>(947,120)</u>
	<u>\$ 5,933,280</u>	<u>\$ 4,072,407</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$167,665 and \$152,848, respectively.

At December 31, 2022 and 2021, the Foundation executed operating leases for their properties that were held for lease. None of the aforementioned leases were for more than one year. Rental income and fees from property held for lease totaled \$445,998 and \$426,218 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, accumulated depreciation for property held for lease was \$1,006,802 and \$917,855, respectively.

NOTE 5 - GRANTS

The Foundation has entered into a significant number of grant agreements to purchase and rehabilitate homes for affordable rental housing. Additionally, the Foundation has entered into numerous agreements for land and funding for new construction of affordable rental homes. Under the terms of these agreements, the Foundation has agreed to repay certain funds if they violate certain terms or sale the home during the "affordability period," which is from five to twenty years from the date of the project completion. The Foundation has classified these properties as available for lease and does not anticipate that the homes will be available for sale in the "affordability period." Therefore, no liability is recorded in these financial statements for the years ended December 31, 2022 and 2021.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5 - GRANTS (CONTINUED)

In March 2021, the Foundation was awarded \$50,000 by Metropolitan Development and Housing Agency (MDHA). The funding provided by this agreement was used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. The \$50,000 award was fully received as of December 31, 2021.

In March 2021, the Foundation was awarded \$595,387 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$595,387 award, \$348,690 has been received as of December 31, 2022.

In March 2021, the Foundation was awarded \$375,000 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$375,000 award, \$204,187 has been received as of December 31, 2022.

In October 2021, the Foundation was awarded \$534,652 by Metropolitan Development and Housing Agency (MDHA) under the Community Development Block Grant – Declared Disaster Recovery Fund Program. The funding provided by this agreement is to be used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. Of the initial \$534,652 award, \$411,063 has been received as of December 31, 2022.

In September 2021, the Foundation was awarded \$11,850 by the Housing Fund for tornado recovery. This grant was received in the form of debt reduction.

The Foundation was awarded \$11,774 by the Housing Fund to assist with the increase in 2021 property taxes. This grant was received in the form of direct payment to Metro Nashville for the portion of taxes they covered.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 - LINES OF CREDIT

The Foundation established a \$90,000 revolving line of credit at Truist Bank, which is due on demand. Interest, at the Bank's Prime Rate plus 1%, which was 8.50% and 4.25%, at December 31, 2022 and 2021, is due monthly. At December 31, 2022 and 2021, the line of credit had an outstanding balance of \$37,018 and \$45,019, respectively, and is secured by a lien on the Foundation's assets.

NOTE 7 - OTHER CURRENT LIABILITIES

As of December 31, other current liabilities consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued payroll and related liabilities	\$ 32,327	\$ 20,752
Contract liabilities	-	7,830
Other deposits payable	4,000	4,000
Accrued interest payable	<u>4,484</u>	<u>695</u>
	<u><u>40,811</u></u>	<u><u>33,277</u></u>

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - NOTES PAYABLE

Notes payable secured by low income rental properties at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,878 at December 31, 2022 and 2021, with an interest rate of 5.50% until February 2023, when a variable rate applies.	\$ 46,932	\$ 54,580
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$855 beginning October 2016, secured by a house and real property with a carrying value of approximately \$76,665, at December 31, 2022 and 2021, including interest at a variable rate (5.50% at December 31, 2022), maturing in September 2026.	36,190	44,268
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$406 beginning in December 2016, secured by a house and real property with a carrying value of approximately \$75,171, with a variable interest rate (3.00% and 0% at December 31, 2022 and 2021), maturing in December 2026.	20,694	25,373
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,776 refinanced January 2021, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2022 and 2021, including interest at Prime less 4% (3.50% and 0% at December 31, 2022 and 2021), maturing in December 2025, with final balloon payment.	439,400	466,573

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2022</u>	<u>2021</u>
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,500 beginning December 2020, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2022 and 2021, including interest at Prime less 4% (3.50% and 0% at December 31, 2022 and 2021), maturing in November 2025, with final balloon payment.	\$ 390,794	\$ 417,500
Secured promissory note payable to The Housing Fund, interest only payments beginning April 2020 with interest at Prime plus 2% (9.50% and 3.75% at December 31, 2022 and 2021), secured by real property with a carrying value of \$993,038 at December 31, 2022 and 2021.	288,150	288,150
Secured promissory note payable to Pinnacle Bank in 180 monthly installments of \$611 beginning March 2021, secured by a house and real property with a carrying value of approximately \$232,116 at December 31, 2022 and 2021, including interest at Prime less 4% (3.50% and 0% at December 31, 2022 and 2021), maturing in February 2036.	97,543	103,889
Secured promissory note payable to Pinnacle Bank in 60 monthly payments of \$663 beginning November 2019, secured by a house and real property with a carrying value of approximately \$85,061 at December 31, 2022, including interest at the weekly average rate of the 5 year Treasury Securities plus 3% (3.99% and 1.26% at December 31, 2022 and 2021), maturing in October 2034.	67,743	71,617

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2022</u>	<u>2021</u>
Secured promissory note payable to the Housing Fund in 12 interest-only payments beginning September 2022, secured by a house and real property with a carrying value of approximately \$136,876 at December 31, 2022, including interest at 5% at December 31, 2022, maturing in November 2023.	\$ 272,053	\$ -
Secured promissory note payable to the Housing Fund in 12 interest-only payments beginning April 2022, secured by a house and real property with a carrying value of approximately \$295,349 at December 31, 2022, including interest at Prime rate, floating with a rate floor of 5% (7.50% at December 31, 2022). The note matures May 2023, with one final balloon payment of the remaining balance.	300,000	-
Secured promissory note payable to Pinnacle Bank in 11 interest-only payments beginning September 2022, secured by a house and real property with a carrying value of approximately \$1,021,140 at December 31, 2022, including interest at Prime less 4% (3.50% at December 31, 2022), maturing in July 2023 with one final balloon payment of the remaining balance.	1,232,780	-
Secured promissory note payable to Pinnacle Bank in 11 interest-only payments beginning January 2023, secured by a house and real property with a carrying value of approximately \$295,349 at December 31, 2022, including interest at Prime less 4% (3.50% at December 31, 2022), maturing in November 2023 with one final balloon payment of the remaining balance.	364,263	-

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2022</u>	<u>2021</u>
Secured promissory note payable to Pinnacle Bank in 11 interest-only payments beginning January 2023, secured by a house and real property with a carrying value of approximately \$295,349 at December 31, 2022, including interest at Prime less 4% (3.50% at December 31, 2022), maturing in November 2023 with one final balloon payment of the remaining balance.	\$ 364,263	\$ -
Secured promissory note payable to Pinnacle Bank in 60 monthly installments of \$555 beginning March 2022, secured by a house and real property with a carrying value of approximately \$132,590 at December 31, 2022, including interest at a variable rate (3.50% at December 31, 2022), maturing in February 2027.	95,450	-
Paid off notes	<u>-</u>	<u>(94,961)</u>
Total notes payable	\$ 4,016,255	\$ 1,376,989
Less: current portion	(2,932,371)	(395,477)
Less: unamortized issuance costs, net	<u>(7,229)</u>	<u>(2,329)</u>
Long-term debt portion	<u><u>\$ 1,076,655</u></u>	<u><u>\$ 979,183</u></u>

Maturities of notes payable as of December 31, 2022 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 2,932,371
2024	110,862
2025	751,114
2026	43,880
2027	150,055
Thereafter	<u>27,972</u>
	<u><u>\$ 4,016,254</u></u>

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation leases office space from the Executive Director under a lease agreement ending in April 2023. Total rent expense under this lease in 2022 and 2021 was \$27,400 and \$23,400, respectively. Future minimum lease commitments for the lease agreement are \$9,800 for 2023.

The Foundation is also in an agreement with Life Choice Management for rental property management services. Management fees paid to Life Choice Management were \$3,775 in 2021. The property management agreement with Life Choice Management ended in January 2021.

The Foundation advanced employees approximately \$11,650 and \$7,300 in 2022 and 2021, respectively. Additionally, the Foundation allowed employees' personal use of Foundation credit cards amounting to approximately \$1,504 in 2021. The total unpaid balance of these employee loans as of December 31, 2022 and 2021 was \$29,277 and \$16,602, respectively, and is recorded in accounts receivable.