

**URBAN HOUSING SOLUTIONS, INC.**

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

**DECEMBER 31, 2018 AND 2017**

# URBAN HOUSING SOLUTIONS, INC.

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# BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Urban Housing Solutions, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in total OPEB liability and related ratios and the schedule of program services revenues and expenses for 2018 and 2017 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2019 on our consideration of Urban Housing Solutions, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban Housing Solution, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban Housing Solutions, Inc.'s internal control over financial reporting and compliance.

***Bellenfant, PLLC***

August 5, 2019

**URBAN HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

|  | <b><u>2018</u></b>   | <b><u>2017</u></b>   |
|--|----------------------|----------------------|
| Cash   | \$ 4,061,411         | \$ 2,901,774         |
| Restricted cash:   |                      |                      |
| Tenant security deposits   | 195,851              | 173,421              |
| Replacement reserves   | 577,047              | 590,930              |
| Accounts receivable:   |                      |                      |
| Grants   | 1,306,981            | 217,598              |
| Tenants, net of doubtful accounts  | 67,134               | 97,893               |
| Other  | 254,000              | 75,000               |
| Other Receivable - Gibson Creek  | 16,860               | 244,515              |
| Due from Mercury Court Apartments, LP  | 82,787               | 30,307               |
| Utility Deposits   | -                    | 8,200                |
| Investment in Mercury Court Apartments, LP   | 70,000               | 70,000               |
| Property and equipment - net of accumulated depreciation of<br>\$16,549,787 and \$14,991,384 for 2018 and 2017 | 32,186,967           | 29,980,578           |
| Loan closing costs, net of accumulated amortization of<br>\$218,171 and \$207,196 for 2018 and 2017.           | 34,045               | 9,449                |
|  | <u>38,853,083</u>    | <u>34,399,665</u>    |
| TOTAL ASSETS   | 38,853,083           | 34,399,665           |
| Deferred Outflows  | 284                  | -                    |
|  | <u>\$ 38,853,367</u> | <u>\$ 34,399,665</u> |

**LIABILITIES AND NET ASSETS**

|  |                      |                      |
|--|----------------------|----------------------|
| <b>LIABILITIES</b>                                 |                      |                      |
| Accounts payable and accrued expenses              | \$ 515,185           | \$ 445,997           |
| Tenant security deposits                           | 192,154              | 173,421              |
| OPEB Liability                                     | 39,306               | -                    |
| Current notes payable                              | 624,770              | 1,126,985            |
| Non-current notes payable                          | 6,317,511            | 4,736,103            |
|  | <u>7,688,926</u>     | <u>6,482,506</u>     |
| TOTAL LIABILITIES                                  | 7,688,926            | 6,482,506            |
| Deferred Inflows                                   | 1,424                | -                    |
| <b>NET ASSETS</b>                                  |                      |                      |
| Without Donor Restrictions                         | 31,159,017           | 27,755,209           |
| With Donor Restrictions                            | 4,000                | 161,950              |
|  | <u>31,163,017</u>    | <u>27,917,159</u>    |
| TOTAL NET ASSETS                                   | 31,163,017           | 27,917,159           |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET ASSETS | <u>\$ 38,853,367</u> | <u>\$ 34,399,665</u> |

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

**URBAN HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|   | 2018                  |                    |                      | 2017                  |                    |                      |
|---|-----------------------|--------------------|----------------------|-----------------------|--------------------|----------------------|
|   | WITHOUT<br>DONOR RES. | WITH<br>DONOR RES. | TOTAL                | WITHOUT<br>DONOR RES. | WITH<br>DONOR RES. | TOTAL                |
| <b>SUPPORT AND REVENUES</b>                   |                       |                    |                      |                       |                    |                      |
| Public Support:                               |                       |                    |                      |                       |                    |                      |
| Individual and corporate gifts                | \$ 2,186,943          | \$ 5,975           | \$ 2,192,918         | \$ 550,755            | \$ 293,983         | \$ 844,738           |
| Grants:                                       |                       |                    |                      |                       |                    |                      |
| Government                                    | 866,263               | -                  | 866,263              | 839,540               | -                  | 839,540              |
| Total public support                          | 3,053,206             | 5,975              | 3,059,181            | 1,390,295             | 293,983            | 1,684,278            |
| Revenues:                                     |                       |                    |                      |                       |                    |                      |
| Rental income                                 | 6,156,641             | -                  | 6,156,641            | 5,799,828             | -                  | 5,799,828            |
| Laundry and vending machine income            | 29,591                | -                  | 29,591               | 38,550                | -                  | 38,550               |
| Investment income                             | 24,421                | -                  | 24,421               | 10,271                | -                  | 10,271               |
| Developer fees                                | 489,477               | -                  | 489,477              | -                     | -                  | -                    |
| Insurance proceeds                            | 60,133                | -                  | 60,133               | 552,317               | -                  | 552,317              |
| Management fees                               | 13,335                | -                  | 13,335               | 12,184                | -                  | 12,184               |
| Miscellaneous                                 | 30,747                | -                  | 30,747               | 89,512                | -                  | 89,512               |
| Application fees                              | 21,272                | -                  | 21,272               | 16,624                | -                  | 16,624               |
| Net assets released from restrictions:        |                       |                    |                      |                       |                    |                      |
| Satisfaction of time and purpose restrictions | 163,925               | (163,925)          | -                    | 133,089               | (133,089)          | -                    |
| <b>TOTAL SUPPORT AND REVENUES</b>             | <b>10,042,748</b>     | <b>(157,950)</b>   | <b>9,884,798</b>     | <b>8,042,670</b>      | <b>160,894</b>     | <b>8,203,564</b>     |
| <b>EXPENSES</b>                               |                       |                    |                      |                       |                    |                      |
| Program services:                             |                       |                    |                      |                       |                    |                      |
| Rental projects                               | 5,639,690             | -                  | 5,639,690            | 5,227,800             | -                  | 5,227,800            |
| Resident support programs                     | 739,678               | -                  | 739,678              | 869,628               | -                  | 869,628              |
| Total program services                        | 6,379,368             | -                  | 6,379,368            | 6,097,428             | -                  | 6,097,428            |
| Supporting services:                          |                       |                    |                      |                       |                    |                      |
| Management and general                        | 226,675               | -                  | 226,675              | 85,110                | -                  | 85,110               |
| <b>TOTAL EXPENSES</b>                         | <b>6,606,043</b>      | <b>-</b>           | <b>6,606,043</b>     | <b>6,182,538</b>      | <b>-</b>           | <b>6,182,538</b>     |
| <b>CHANGE IN NET ASSETS</b>                   | <b>3,436,705</b>      | <b>(157,950)</b>   | <b>3,278,755</b>     | <b>1,860,132</b>      | <b>160,894</b>     | <b>2,021,026</b>     |
| NET ASSETS - BEGINNING OF YEAR                | 27,755,209            | 161,950            | 27,917,159           | 25,895,077            | 1,056              | 25,896,133           |
| PRIOR PERIOD ADJUSTMENT-OPEB                  | (32,897)              | -                  | (32,897)             | -                     | -                  | -                    |
| NET ASSETS - END OF YEAR                      | <u>\$ 31,159,017</u>  | <u>\$ 4,000</u>    | <u>\$ 31,163,017</u> | <u>\$ 27,755,209</u>  | <u>\$ 161,950</u>  | <u>\$ 27,917,159</u> |

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

**URBAN HOUSING SOLUTIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <b>PROGRAM SERVICES</b> |                                  |                     | <b>SUPPORTING SERVICES</b>    |                     |
|---|-------------------------|----------------------------------|---------------------|-------------------------------|---------------------|
|   | <b>RENTAL PROJECTS</b>  | <b>RESIDENT SUPPORT PROGRAMS</b> | <b>TOTAL</b>        | <b>MANAGEMENT AND GENERAL</b> | <b>TOTAL</b>        |
| Payroll and related expenses  | \$ 1,362,081            | \$ 636,773                       | \$ 1,998,854        | \$ 156,862                    | \$ 2,155,716        |
| OPEB Expense  | -                       | -                                | -                   | 7,833                         | 7,833               |
| Advertising   | -                       | -                                | -                   | -                             | -                   |
| Contract services   | 653,801                 | 5,858                            | 659,659             | 2,947                         | 662,606             |
| Insurance   | 409,943                 | 17,325                           | 427,268             | 1,921                         | 429,189             |
| Interest  | 40,965                  | -                                | 40,965              | -                             | 40,965              |
| Legal and professional  | 37,390                  | 12,307                           | 49,697              | 15,269                        | 64,966              |
| Miscellaneous   | 1,351                   | -                                | 1,351               | -                             | 1,351               |
| Printing and postage  | 3,965                   | 3,043                            | 7,008               | 3,869                         | 10,877              |
| Repairs and maintenance   | 270,733                 | 26                               | 270,759             | 460                           | 271,219             |
| Social program funds  | 51,132                  | 32,707                           | 83,839              | 472                           | 84,311              |
| Supplies  | 94,078                  | 18,134                           | 112,212             | 15,563                        | 127,775             |
| Taxes and licenses  | 304,935                 | -                                | 304,935             | -                             | 304,935             |
| Telephone   | 12,553                  | 6,754                            | 19,307              | 3,194                         | 22,501              |
| Travel  | 33,141                  | 6,751                            | 39,892              | 1,856                         | 41,748              |
| Utilities   | 810,672                 | -                                | 810,672             | -                             | 810,672             |
| <b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b> | 4,086,740               | 739,678                          | 4,826,418           | 210,246                       | 5,036,664           |
| Depreciation and amortization   | 1,552,950               | -                                | 1,552,950           | 16,429                        | 1,569,379           |
| <b>TOTAL FUNCTIONAL EXPENSES</b>                                      | <b>\$ 5,639,690</b>     | <b>\$ 739,678</b>                | <b>\$ 6,379,368</b> | <b>\$ 226,675</b>             | <b>\$ 6,606,043</b> |

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

**URBAN HOUSING SOLUTIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <b>PROGRAM SERVICES</b>    |  |                     | <b>SUPPORTING<br/>SERVICES</b>        |                     |
|---|----------------------------|--|---------------------|---------------------------------------|---------------------|
|   | <b>RENTAL<br/>PROJECTS</b> | <b>RESIDENT<br/>SUPPORT<br/>PROGRAMS</b> | <b>TOTAL</b>        | <b>MANAGEMENT<br/>AND<br/>GENERAL</b> | <b>TOTAL</b>        |
| Payroll and related expenses  | \$ 1,111,833               | \$ 745,627                               | \$ 1,857,460        | \$ 46,811                             | \$ 1,904,271        |
| Advertising   | -                          | -  | -                   | 75                                    | 75                  |
| Contract services   | 638,647                    | 6,870                                    | 645,517             | 1,115                                 | 646,632             |
| Insurance   | 299,054                    | 19,538                                   | 318,592             | 690                                   | 319,282             |
| Interest  | 14,071                     | -  | 14,071              | -                                     | 14,071              |
| Legal and professional  | 24,877                     | 24,271                                   | 49,148              | 13,996                                | 63,144              |
| Loss on sale of property  | 43,582                     | 4,923                                    | 48,505              | 4,272                                 | 52,777              |
| Miscellaneous   | 5,182                      | 3,834                                    | 9,016               | 2,550                                 | 11,566              |
| Printing and postage  | 273,574                    | 2,620                                    | 276,194             | 4,080                                 | 280,274             |
| Repairs and maintenance   | 56,846                     | 41,801                                   | 98,647              | -                                     | 98,647              |
| Social program funds  | 5,503                      | 1,373                                    | 6,876               | 3,117                                 | 9,993               |
| Supplies  | 301,147                    | -  | 301,147             | -                                     | 301,147             |
| Taxes and licenses  | 14,221                     | 9,096                                    | 23,317              | 2,266                                 | 25,583              |
| Telephone   | 32,428                     | 9,675                                    | 42,103              | 242                                   | 42,345              |
| Travel  | 766,838                    | -  | 766,838             | -                                     | 766,838             |
| Utilities   | -                          | -  | -                   | -                                     | -                   |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION AND<br/>AMORTIZATION</b> | 3,587,803                  | 869,628                                  | 4,457,431           | 79,214                                | 4,536,645           |
| Depreciation and amortization   | 1,639,997                  | -  | 1,639,997           | 5,896                                 | 1,645,893           |
| <b>TOTAL FUNCTIONAL EXPENSES</b>  | <b>\$ 5,227,800</b>        | <b>\$ 869,628</b>                        | <b>\$ 6,097,428</b> | <b>\$ 85,110</b>                      | <b>\$ 6,182,538</b> |

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



**URBAN HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |                     |
| Change in net assets:  | \$ 3,278,755        | \$ 2,021,026        |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                     |                     |
| Depreciation and amortization  | 1,569,379           | 1,645,893           |
| (Increase) decrease in:  |                     |                     |
| Restricted deposits  | (8,547)             | (310,819)           |
| Accounts receivable:   |                     |                     |
| Grants   | (1,089,383)         | (30,192)            |
| Tenants  | 30,759              | (36,772)            |
| Other  | (179,000)           | (75,000)            |
| Other assets   | 183,374             | (124,524)           |
| Deferred Outflows  | (284)               | -                   |
| Increase (decrease) in:  |                     |                     |
| Accounts payable and accrued expenses  | 69,188              | (20,983)            |
| Tenant security deposits payable   | 18,733              | (31,188)            |
| OPEB Liability   | 39,306              | -                   |
| Deferred Inflows   | 1,424               | -                   |
| Net cash provided (used) by operating activities   | <u>3,913,704</u>    | <u>3,037,441</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |                     |
| Purchase of property and equipment   | (3,764,793)         | (1,490,708)         |
| Net cash provided (used) by investing activities   | <u>(3,764,793)</u>  | <u>(1,490,708)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                     |                     |
| Loan closing costs incurred  | (35,571)            | (9,313)             |
| Proceeds from notes payable  | 3,020,579           | -                   |
| Principal payments on notes payable  | (1,941,385)         | (861,330)           |
| Net cash provided (used) by financing activities   | <u>1,043,623</u>    | <u>(870,643)</u>    |
| NET INCREASE (DECREASE) IN CASH  | 1,192,534           | 676,090             |
| CASH - BEGINNING OF YEAR   | 2,901,774           | 2,225,684           |
| PRIOR PERIOD ADJUSTMENT-OPEB   | (32,897)            | -                   |
| CASH - END OF YEAR   | <u>\$ 4,061,411</u> | <u>\$ 2,901,774</u> |

**Supplemental Information:**

Interest expense of \$40,965 was paid in 2018 and \$14,071 in 2017.

Closing costs of \$35,571 and \$9,313 were capitalized during 2018 and 2017, respectively, and added to principal of notes payable.

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Organization and Purpose:**

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

**Basis of Presentation:**

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

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

*Net assets without donor restrictions* - These are net assets that are not subject to donor-imposed stipulations. UHS had \$31,199,463 and \$27,755,209 of net assets without donor restrictions as of December 31, 2018 and 2017.

*Net assets with donor restrictions* - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of UHS and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by UHS. Generally, donors of these assets permit UHS to use all or part of the income earned for general or specific purposes. UHS had \$4,000 and \$161,950 of net assets with donor restrictions as of December 31, 2018 and 2017, respectively.

**Contributions and support:**

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

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued**

**Contributions and support - continued**

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.

**Income taxes**

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

UHS has evaluated its tax position in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. UHS believes that it has taken no uncertain tax positions. The Organization files U.S. Federal Form 990 - *Return of Organization Exempt from Income Tax*. The Organization's returns for those years prior to calendar year 2015 are no longer open for examination.

**Property and equipment**

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

**Program and supporting services**

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued**

**Program and supporting services - continued**

**Rental projects:**

**Dickerson** - land purchased for future development. Was leased by United Parcel Service as a parking lot for trucks, but is now not being leased.

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

**Mercury Courts** - provides 135 units of housing for formerly homeless and low-income adults, as well as access to the agency's shuttle service, on-site classes, service coordination, and health advocacy.

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

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

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

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

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

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

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

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

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

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

**Clarksville Highway** - provides 23 units of housing for low-income adults 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 purchased for future development.

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

**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.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued**

**Resident support programs:**

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

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

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

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

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

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

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

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

**Allocation of functional expenses**

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued**

**Use of estimates in the preparation of financial statements**

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

**Allowance for uncollectible accounts/bad debts**

At the end of each year, management reviews accounts receivable in detail and writes off any account that is deemed uncollectible. Based on assessment of specific accounts and historical collection experience of rental income, an allowance for uncollectible accounts was considered to be 20% of total balance as of December 31, 2018 and 2017, which was \$9,540 and \$17,325, respectively.

**2. GRANTS RECEIVABLE**

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

**3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

|                               | 2018                        | 2017                        |
|-------------------------------|-----------------------------|-----------------------------|
| Land                          | \$ 5,365,525                | \$ 5,365,525                |
| Building and improvements     | 40,392,345                  | 36,730,603                  |
| Furniture and equipment       | 2,978,884                   | 2,875,834                   |
|                               | <u>48,736,754</u>           | <u>44,971,962</u>           |
| Less accumulated depreciation | <u>(16,549,787)</u>         | <u>(14,991,384)</u>         |
|                               | <u><u>\$ 32,186,967</u></u> | <u><u>\$ 29,980,578</u></u> |

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**5. NOTES PAYABLE**

| Notes payable consist of the following at December 31:   | <u><b>2018</b></u> | <u><b>2017</b></u> |
|--|--------------------|--------------------|
| Note payable - Renasant Bank (4.00%); payable in monthly installments of \$6,400 beginning January 2017 final balloon payment for balance due January 2022; secured by real estate.  | \$ 478,765         | \$ 555,566         |
| Note payable - Pinnacle Bank (index rate - 4.00%); payable in monthly principal and interest payment of \$5,479 beginning of October 2008, final balloon payment for the balance due August 2027; secured by real estate at Mercury Courts.          | 567,488            | 627,840            |
| Note payable - Regions Bank (3.50%); payable in monthly principal and interest payment of \$5,751 beginning March 2010, final balloon payment for balance due August 2021; secured by real estate.   | 166,972            | 228,893            |
| Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$7,640 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.                                   | 641,560            | 733,240            |
| Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$6,390 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.                                   | 536,560            | 613,240            |
| Note payable - Pinnacle (index rate - 4.00%); payable in monthly principal and interest payment of \$7,248 beginning February 2010, then \$8,625 beginning February 2011, final balloon payment for balance due August 2027; secured by real estate. | 750,793            | 837,603            |
| Note payable - Truxton Trust (prime rate - 4%); payable in monthly principal payment of \$1,334 plus interest, beginning February 2013, final balloon payment for balance due January 2018; secured by real estate. <sup>1</sup>                     | -                  | 240,039            |

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**5. NOTES PAYABLE - continued**

|  | <u><b>2018</b></u>  | <u><b>2017</b></u>  |
|--|---------------------|---------------------|
| Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payment of \$4,167 plus interest, beginning February 2013, final balloon payment for balance due January 2018; secured by real estate. <sup>1</sup>                        | -                   | 750,228             |
| Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payment of \$2,778 plus interest, beginning February 2013, final balloon payment for balance due January 2018; secured by real estate. <sup>1</sup>                        | -                   | 333,432             |
| Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payments of \$11,031 plus interest, beginning February 2018, final balloon payment for balance due January 2028; secured by real estate. <sup>1</sup>                      | 1,202,358           | -                   |
| Note payable - Truxton Trust (prime rate - 4%); interest only until January 2020, then payable in monthly principal payment of \$4,167 plus interest, beginning February 2020, final balloon payment for balance due January 2040; secured by real estate. | 1,696,880           | -                   |
| Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payment of \$4,167 plus interest; beginning June 2016, final balloon payment for balance due December 2019; secured by real estate.  | 900,905             | 943,007             |
| Total Notes Payable  | <u>\$ 6,942,281</u> | <u>\$ 5,863,088</u> |

<sup>1</sup> These three loans were consolidated and refinanced in January 2018 with Truxton Trust (prime rate - 4%); payable in monthly principal amounts of \$11,031 plus interest; beginning February 2018, final balloon payment for balance due January 31, 2028; secured by real estate.

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

|                     |                     |
|---------------------|---------------------|
| 2019                | \$ 624,770          |
| 2020                | 703,765             |
| 2021                | 692,993             |
| 2022                | 651,292             |
| 2023                | 651,586             |
| 2024 and thereafter | 3,617,875           |
|                     | <u>\$ 6,942,281</u> |

Interest expense of \$40,965 was paid in 2018 and \$14,071 was paid in 2017.



**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**6. CONCENTRATIONS OF CREDIT RISK**

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

UHS maintains deposit accounts with four financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. Excess uninsured balances of UHS approximated \$3,685,998 in 2018 and \$2,567,991 in 2017. In management's opinion, the risk is mitigated by the use of high quality financial institutions.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with donor restrictions consist of the following at December 31:

|                        | <u>2018</u>     | <u>2017</u>       |
|------------------------|-----------------|-------------------|
| Architect compensation | \$ 4,000        | \$ 80,298         |
| Fisk rehabilitation    | -               | 74,152            |
| Rex stairs             | -               | 7,500             |
|                        | <u>\$ 4,000</u> | <u>\$ 161,950</u> |

**8. COMMITMENTS AND CONTINGENCIES**

**Federal and State Grants**

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

**9. ACCRUED PAYMENTS IN LIEU OF TAXES (PILOT)**

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

The Metropolitan Council approved the formula for calculating PILOT payments to be 25% of the normal property taxes. PILOT expenses were \$67,881 and \$69,302 for the years ended December 31, 2018 and 2017, respectively.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**10. CONSORTIUM AGREEMENT**

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

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

**11. RELATED PARTY TRANSACTIONS**

In December 2001, UHS transferred property valued at \$70,000 to Mercury Court Apartments, LP a Tennessee limited partnership, for a .01% ownership interest through its wholly-owned subsidiary, The Park Development, Inc. The Park Development, LLC is the general partner in the partnership. UHS is the developer of the 20-unit multifamily residential project.

Mercury Courts Apartments, LP has entered into an agreement with UHS, in connection with the management of the rental operations of the project. In accordance with this agreement, UHS earns 10% of the gross operating revenues received from the preceding month. Management fees that UHS earned were \$12,184 in 2017 and \$11,833 in 2016. No operating income or loss passed through to UHS from the Partnership in 2017 or 2016.

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

In December 2017, UHS paid earnest fees and expenses amounting to \$244,515 for the upcoming purchase of Hampton Terrace, which occurred in April 2018. This property will be 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 will be reimbursed once the closing is complete. UHS is the developer of the property.

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

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**12. COMPENSATED ABSENCES**

Employees of UHS are entitled to paid vacation and sick days. Employees are allowed to carryover 5 unused vacation days at December 31; sick days are not paid if the employee leaves. Accordingly, the accrued leave has been calculated as the total of vacation days available. As of December 31, 2018 and 2017, the amount of accrued leave was \$21,639 and \$20,056, respectively.

**13. PENSION**

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 3.5% of compensation. Employees are eligible after ninety days of service. Total contributions were \$89,063 and \$41,697 for the years ended December 31, 2018 and 2017, respectively.

**14. CLOSED LOCAL GOVERNMENT OPEB PLAN**

**Plan description** - Employees of UHS, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

**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 healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. UHS does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms - At July 1, 2017, the following employees of UHS were covered by the benefit terms of the LGOP:

|   |           |
|---|-----------|
| Inactive employees currently receiving benefit payments               | -         |
| Inactive employees entitled to but not yet receiving benefit payments | -         |
| Active employees  | 46        |
| Total   | <u>46</u> |

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**14. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)**

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, UHS paid \$28,000 to the LGOP for OPEB benefits as they came due.

***Total OPEB Liability***

Actuarial assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |   |
|--|---|
| Inflation                                | 2.25%   |
| Salary increases                         | Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.  |
| Healthcare cost trend rates              | 7.5% for 2018, decreasing annually over a 33 year period to an ultimate rate of 3.71%.  |
| Retiree's share of benefit-related costs | Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered. |

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

***Discount rate*** - The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**14. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)**

***Changes in the Total OPEB Liability***

|  | Total OPEB<br>Liability<br>(a) |
|--|--------------------------------|
| Balances at June 30, 2016                          | <u>\$ 32,897</u>               |
| Changes for the year:                              |                                |
| Service cost                                       | 6,837                          |
| Interest   | 1,160                          |
| Changes of benefit terms                           | -                              |
| Differences between expected and actual experience | -                              |
| Change in assumptions                              | (1,588)                        |
| Benefit payments                                   | -                              |
| Net changes  | <u>6,409</u>                   |
| Balances at June 30, 2017                          | <u><u>\$ 39,306</u></u>        |

***Changes in assumptions*** - The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

***Sensitivity of total OPEB liability to changes in the discount rate*** - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate.

|                      | 1% Decrease<br>(2.56%) | Discount Rate<br>(3.56%) | 1% Increase<br>(4.56%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 42,000              | \$ 39,000                | \$ 37,000              |

***Sensitivity of total OPEB liability to changes in the healthcare cost trend rate*** - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50% decreasing to 2.71%) or 1-percentage-point higher (8.50% decreasing to 4.71%) than the current healthcare cost trend rate.

|                      | 1% Decrease<br>(6.50%<br>decreasing to<br>2.71%) | Trend Rates<br>(7.50%<br>decreasing to<br>3.71%) | 1% Increase<br>(8.50%<br>decreasing to<br>4.71%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 35,000  | \$ 39,000  | \$ 44,000  |

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2018 AND 2017**

**14. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)**

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

***OPEB expense*** - For the fiscal year ended June, 30, 2018, UHS recognized OPEB expense of \$7,843.

***Deferred outflows of resources and deferred inflows of resources*** - For the fiscal year ended June, 30, 2018, UHS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

|  | Deferred<br>Outflows of<br>resources | Deferred Inflows<br>of resources |
|--|--------------------------------------|----------------------------------|
| Differences between actual and expected experience   | \$ -                                 | \$ -                             |
| Changes of assumptions                               | -                                    | 1,424                            |
| Employer payments subsequent to the measurement date | 284                                  | -                                |
| Total  | \$ 284                               | \$ 1,424                         |

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

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

For the year ended June 30:

|            |          |
|------------|----------|
| 2019       | \$ (164) |
| 2020       | \$ (164) |
| 2021       | \$ (164) |
| 2022       | \$ (164) |
| 2023       | \$ (164) |
| Thereafter | \$ (604) |

**15. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment to record the employers total OPEB liability, for the LGOP, at the beginning of the measurement period was recorded in the amount of \$32,897.

**16. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 5, 2019 which is the date the financial statements were available to be issued.

During 2018, the investment in Mercury Court, which was 99.99% owned by Mercury Courts , LP, was bought out by The Park Development, Inc., which is owned by UHS. Effective in 2019, UHS will report 100% of income and expenses on the Statement of Activities and the investment will be removed from the Statement of Financial Position.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2018**

|  | <b><u>2018</u></b>             |
|--|--------------------------------|
| <b>Total OPEB liability</b>                        |                                |
| Service cost                                       | \$ 6,837                       |
| Interest   | 1,160                          |
| Changes of benefit terms                           | -                              |
| Differences between expected and actual experience | -                              |
| Changes of assumptions                             | (1,588)                        |
| Benefit payments                                   | -                              |
| <b>Net change in total OPEB liability</b>          | <b><u>6,409</u></b>            |
| <b>Total OPEB liability - beginning</b>            | <b><u>32,897</u></b>           |
| <b>Total OPEB liability - ending (a)</b>           | <b><u><u>\$ 39,306</u></u></b> |

|                                 |                     |
|---------------------------------|---------------------|
| <b>Covered-employee payroll</b> | <b>\$ 1,710,318</b> |
|---------------------------------|---------------------|

|   |              |
|---|--------------|
| <b>Total OPEB liability as a percentage of covered-employee payroll</b> | <b>2.30%</b> |
|---|--------------|

**Notes to Schedule**

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

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

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



## **SUPPLEMENTAL INFORMATION**

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| <u>Federal Grantor/ Pass-Through<br/>Grantor Agency &amp; Program Name</u> | <u>Federal<br/>CFDA #</u> | <u>Grant<br/>Number</u> | <u>Grant<br/>Period</u> | <u>Grant<br/>Amount</u> | <u>Grant<br/>Receivable<br/>1/1/18</u> | <u>1/1/18 - 12/31/18<br/>Receipts</u> | <u>Expenditures</u> | <u>Grant<br/>Receivable<br/>12/31/18</u> |
|--|---------------------------|-------------------------|-------------------------|-------------------------|--|---------------------------------------|---------------------|--|
| <b>U.S. DEPARTMENT OF HOUSING AND<br/>URBAN DEVELOPMENT:</b>               |                           |                         |                         |                         |  |                                       |                     |  |
| ** Supportive Housing Program - Merged                                     | 14.235                    | TN0061L4J041508         | 04/01/17 - 03/31/18     | 525,088                 | 104,942                                | 164,076                               | 59,134              | -  |
| ** Supportive Housing Program - Merged                                     | 14.235                    | TN0061L4J041508         | 04/01/18 - 03/31/19     | 525,088                 | -                                      | 397,642                               | 507,241             | 109,599                                  |
| ** Total for CFDA 14.235   |                           |                         |                         |                         | 104,942                                | 561,718                               | 566,375             | 109,599                                  |
| <b>PASSED THROUGH METROPOLITAN<br/>DEVELOPMENT AND HOUSING AGENCY:</b>     |                           |                         |                         |                         |  |                                       |                     |  |
| Housing Opportunities for Persons with AIDS                                | 14.241                    | N/A                     | 07/01/17 - 06/30/18     | 209,094                 | 42,438                                 | 167,702                               | 125,264             | -  |
| Housing Opportunities for Persons with AIDS                                | 14.241                    | N/A                     | 07/01/18 - 06/30/19     | 239,289                 | -                                      | 98,254                                | 150,858             | 52,604                                   |
| Total for CFDA 14.241  |                           |                         |                         |                         | 42,438                                 | 265,956                               | 276,122             | 52,604                                   |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                                       |                           |                         |                         |                         | 147,380                                | 827,674                               | 842,497             | 162,203                                  |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| <u>Federal Grantor/ Pass-Through<br/>Grantor Agency &amp; Program Name</u> | <u>Federal<br/>CFDA #</u> | <u>Grant<br/>Number</u> | <u>Grant<br/>Period</u> | <u>Grant<br/>Amount</u> | <u>Grant<br/>Receivable<br/>1/1/18</u> | <u>1/1/18 - 12/31/18<br/>Receipts</u> | <u>Expenditures</u> | <u>Grant<br/>Receivable<br/>12/31/18</u> |
|--|---------------------------|-------------------------|-------------------------|-------------------------|--|---------------------------------------|---------------------|--|
| <b>STATE OF TENNESSEE REVENUE:</b>   |                           |                         |                         |                         |  |                                       |                     |  |
| Tennessee Department of Health   | N/A                       | N/A                     | 07/01/17 - 06/30/18     | 40,000                  | 4,465                                  | 4,465                                 | -                   | -  |
| Tennessee Department of Health   | N/A                       | N/A                     | 07/01/18 - 06/30/19     | 40,000                  | -                                      | 23,766                                | 23,766              | -  |
| Total for Tennessee Department of Health                                   |                           |                         |                         |                         | 4,465                                  | 28,231                                | 23,766              | -  |
| Tennessee Housing Development Agency                                       | N/A                       | N/A                     | 01/01/16-12/31/18       | 500,000                 | 65,753                                 | 65,753                                | -                   | -  |
| TOTAL EXPENDITURES OF STATE AWARDS   |                           |                         |                         |                         | 70,218                                 | 93,984                                | 23,766              | -  |
| TOTAL FEDERAL AND STATE AWARDS   |                           |                         |                         |                         | \$ 217,598                             | \$ 921,658                            | \$ 866,263          | \$ 162,203                               |

***Basis of presentation***

This schedule of expenditures of federal and state awards includes the federal and state grant activity of Urban Housing Solutions, Inc. and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

\*\* Tested as Major Program

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

| <u>Federal Grantor/ Pass-Through<br/>Grantor Agency &amp; Program Name</u> | <u>Federal<br/>CFDA #</u> | <u>Grant<br/>Number</u> | <u>Grant<br/>Period</u> | <u>Grant<br/>Amount</u> | <u>Grant<br/>Receivable<br/>1/1/17</u> | <u>1/1/17 - 12/31/17<br/>Receipts</u> | <u>Expenditures</u> | <u>Grant<br/>Receivable<br/>12/31/17</u> |
|--|---------------------------|-------------------------|-------------------------|-------------------------|--|---------------------------------------|---------------------|--|
| <b>U.S. DEPARTMENT OF HOUSING AND<br/>URBAN DEVELOPMENT:</b>               |                           |                         |                         |                         |  |                                       |                     |  |
| Multifamily Housing Service Coordinator Program                            | 14.191                    | TN43HS00004             | 04/01/16 - 03/31/17     | 100,767                 | 19,225                                 | 19,225                                | -                   | -  |
| Multifamily Housing Service Coordinator Program                            | 14.191                    | TN43HS00005             | 06/01/16 - 05/31/17     | 29,057                  | 3,842                                  | 3,842                                 | -                   | -  |
| Total for CFDA 14.191  |                           |                         |                         |                         | 23,067                                 | 23,067                                | -                   | -  |
| ** Supportive Housing Program - Merged                                     | 14.235                    | TN0061L4J041508         | 04/01/16 - 03/31/17     | 525,088                 | 94,488                                 | 148,207                               | 53,719              | -  |
| ** Supportive Housing Program - Merged                                     | 14.235                    | TN0061L4J041508         | 04/01/17 - 03/31/18     | 525,088                 | -                                      | 353,797                               | 458,739             | 104,942                                  |
| ** Total for CFDA 14.235   |                           |                         |                         |                         | 94,488                                 | 502,004                               | 512,458             | 104,942                                  |
| <b>PASSED THROUGH METROPOLITAN<br/>DEVELOPMENT AND HOUSING AGENCY:</b>     |                           |                         |                         |                         |  |                                       |                     |  |
| Housing Opportunities for Persons with AIDS                                | 14.241                    | N/A                     | 07/01/16 - 06/30/17     | 209,094                 | 29,704                                 | 125,555                               | 95,851              | -  |
| Housing Opportunities for Persons with AIDS                                | 14.241                    | N/A                     | 07/01/17 - 06/30/18     | 239,289                 | -                                      | 101,303                               | 143,741             | 42,438                                   |
| Total for CFDA 14.241  |                           |                         |                         |                         | 29,704                                 | 226,858                               | 239,592             | 42,438                                   |
| HOME Program - Clarksville   | 14.239                    | N/A                     | 11/1/14 - 10/31/15      | 805,975                 | 29,772                                 | -                                     | -                   | 29,772                                   |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                                       |                           |                         |                         |                         | 177,031                                | 751,929                               | 752,050             | 147,380                                  |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

| <u>Federal Grantor/ Pass-Through<br/>Grantor Agency &amp; Program Name</u> | <u>Federal<br/>CFDA #</u> | <u>Grant<br/>Number</u> | <u>Grant<br/>Period</u> | <u>Grant<br/>Amount</u> | <u>Grant<br/>Receivable<br/>1/1/17</u> | <u>1/1/17 - 12/31/17<br/>Receipts</u> | <u>Expenditures</u> | <u>Grant<br/>Receivable<br/>12/31/17</u> |
|--|---------------------------|-------------------------|-------------------------|-------------------------|--|---------------------------------------|---------------------|--|
| <b>STATE OF TENNESSEE REVENUE:</b>   |                           |                         |                         |                         |  |                                       |                     |  |
| Tennessee Department of Health   | N/A                       | N/A                     | 07/01/16 - 06/30/17     | 40,000                  | 10,375                                 | 10,375                                | -                   | -  |
| Tennessee Department of Health   | N/A                       | N/A                     | 07/01/17 - 06/30/18     | 40,000                  | -                                      | 17,272                                | 21,737              | 4,465                                    |
| Total for Tennessee Department of Health                                   |                           |                         |                         |                         | 10,375                                 | 27,647                                | 21,737              | 4,465                                    |
| Tennessee Housing Development Agency                                       | N/A                       | N/A                     | 01/01/16-12/31/18       | 500,000                 | -                                      | -                                     | 65,753              | 65,753                                   |
| TOTAL EXPENDITURES OF STATE AWARDS   |                           |                         |                         |                         | 10,375                                 | 27,647                                | 87,490              | 70,218                                   |
| TOTAL FEDERAL AND STATE AWARDS   |                           |                         |                         |                         | <u>\$ 187,406</u>                      | <u>\$ 779,576</u>                     | <u>\$ 839,540</u>   | <u>\$ 217,598</u>                        |

***Basis of presentation***

This schedule of expenditures of federal and state awards includes the federal and state grant activity of Urban Housing Solutions, Inc. and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

\*\* Tested as Major Program

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <b>PROGRAM SERVICES</b> |                    |                           |                  |                  |                  |                  |                          |
|---|-------------------------|--------------------|---------------------------|------------------|------------------|------------------|------------------|--------------------------|
|   | <b>SKYLINER</b>         | <b>WOODLAND</b>    | <b>MERCURY<br/>COURTS</b> | <b>HOPE</b>      | <b>CROWN</b>     | <b>FISK</b>      | <b>RUSSELL</b>   | <b>MERCURY<br/>NORTH</b> |
| <b>REVENUES</b>   |                         |                    |                           |                  |                  |                  |                  |                          |
| Rental Income   | \$ 66,000               | \$ -               | \$ 971,187                | \$ 105,729       | \$ 103,617       | \$ 132,919       | \$ 108,216       | \$ 161,673               |
| Grants  | -                       | -                  | 34,583                    | 60,480           | 16,487           | -                | -                | 46,124                   |
| Other   | -                       | -                  | 9,080                     | 5,611            | 2,079            | 6,788            | 438              | 1,308                    |
| <b>Total Revenues</b>   | <b>66,000</b>           | <b>-</b>           | <b>1,014,850</b>          | <b>171,820</b>   | <b>122,183</b>   | <b>139,707</b>   | <b>108,654</b>   | <b>209,105</b>           |
| <b>EXPENSES</b>   |                         |                    |                           |                  |                  |                  |                  |                          |
| Payroll and related expenses                                  | -                       | 1,257              | 180,279                   | 36,462           | 25,148           | 26,746           | 15,120           | 31,980                   |
| Advertising   | -                       | -                  | -                         | -                | -                | -                | -                | -                        |
| Contract services   | -                       | 5,069              | 99,802                    | 33,161           | 15,518           | 9,597            | 13,461           | 17,817                   |
| Insurance   | -                       | 3,680              | 31,299                    | 8,241            | 6,869            | 3,515            | 3,728            | 10,627                   |
| Interest  | -                       | -                  | 5,399                     | -                | 1,860            | -                | -                | -                        |
| Legal and professional  | 3,840                   | 27                 | 4,844                     | 780              | 538              | 938              | 323              | 726                      |
| Miscellaneous   | 751                     | -                  | -                         | -                | -                | -                | -                | -                        |
| Printing and postage  | -                       | 3                  | 1,473                     | 82               | 57               | 93               | 34               | 83                       |
| Repairs and maintenance                                       | -                       | 5,286              | 25,550                    | 13,576           | 6,830            | 2,126            | 9,467            | 3,060                    |
| Resident/Social program funds                                 | -                       | 152                | 14,255                    | 1,598            | 573              | 1,951            | 626              | 3,578                    |
| Supplies/Office   | -                       | 2,107              | 15,377                    | 2,755            | 1,903            | 1,808            | 1,144            | 3,590                    |
| Taxes and licenses  | 12,135                  | -                  | 5,534                     | 3,061            | 3,278            | 1,149            | -                | 1,091                    |
| Telephone   | -                       | 11                 | 1,644                     | 325              | 224              | 262              | 135              | 258                      |
| Travel  | -                       | 34                 | 3,892                     | 978              | 674              | 856              | 405              | 832                      |
| Utilities   | -                       | 10,892             | 180,161                   | 19,519           | 12,332           | 16,060           | 7,154            | 41,828                   |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <b>16,726</b>           | <b>28,518</b>      | <b>569,509</b>            | <b>120,538</b>   | <b>75,804</b>    | <b>65,101</b>    | <b>51,597</b>    | <b>115,470</b>           |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 49,274                  | (28,518)           | 445,341                   | 51,282           | 46,379           | 74,606           | 57,057           | 93,635                   |
| Depreciation and amortization                                 | 941                     | 14,196             | 88,337                    | 28,075           | 17,174           | 12,975           | 18,847           | 46,901                   |
| <b>REVENUE OVER EXPENSES</b>                                  | <b>\$ 48,333</b>        | <b>\$ (42,714)</b> | <b>\$ 357,004</b>         | <b>\$ 23,207</b> | <b>\$ 29,205</b> | <b>\$ 61,631</b> | <b>\$ 38,210</b> | <b>\$ 46,734</b>         |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <b>PROGRAM SERVICES</b>      |                          |                        |                          |                            |                          |                 |                                |
|---|------------------------------|--------------------------|------------------------|--------------------------|----------------------------|--------------------------|-----------------|--------------------------------|
|   | <b>GREENTREE<br/>TERRACE</b> | <b>RIVER<br/>TERRACE</b> | <b>PORTER<br/>EAST</b> | <b>NEELY<br/>MEADOWS</b> | <b>EASTWOOD<br/>COURTS</b> | <b>VILLAGE<br/>PLACE</b> | <b>LINDSLEY</b> | <b>CLARKSVILLE<br/>HIGHWAY</b> |
| <b>REVENUES</b>   |                              |                          |                        |                          |                            |                          |                 |                                |
| Rental Income   | \$ 306,000                   | \$ 93,569                | \$ 366,912             | \$ 1,008,845             | \$ 401,657                 | \$ 433,627               | \$ -            | \$ 138,617                     |
| Grants  | 44,265                       | 20,523                   | 35,214                 | 63,582                   | 40,738                     | 50,076                   | -               | 20,448                         |
| Other   | 2,244                        | 1,080                    | 880                    | 12,411                   | 19,011                     | 8,297                    | -               | 2,051,238                      |
|   |                              |                          |                        |                          |                            |                          |                 | •                              |
| <b>Total Revenues</b>   | <u>352,509</u>               | <u>115,172</u>           | <u>403,006</u>         | <u>1,084,838</u>         | <u>461,406</u>             | <u>492,000</u>           | <u>-</u>        | <u>2,210,303</u>               |
| <b>EXPENSES</b>   |                              |                          |                        |                          |                            |                          |                 |                                |
| Payroll and related expenses                                  | 71,667                       | 25,147                   | 25,147                 | 165,053                  | 76,697                     | 140,610                  | -               | 184,900                        |
| Advertising   | -                            | -                        | -                      | -                        | -                          | -                        | -               | -                              |
| Contract services   | 34,729                       | 13,429                   | 31,388                 | 99,734                   | 63,689                     | 55,424                   | -               | 13,084                         |
| Insurance   | 24,193                       | 6,904                    | 15,518                 | 66,888                   | 25,412                     | 31,021                   | -               | 18,207                         |
| Interest  | -                            | -                        | 5,470                  | 7,419                    | 7,091                      | -                        | -               | 10,116                         |
| Legal and professional  | 1,533                        | 538                      | 538                    | 4,401                    | 1,640                      | 3,157                    | -               | 2,444                          |
| Miscellaneous   | -                            | -                        | -                      | -                        | -                          | -                        | -               | 600                            |
| Printing and postage  | 162                          | 57                       | 57                     | 377                      | 173                        | 299                      | -               | 207                            |
| Repairs and maintenance                                       | 25,063                       | 9,400                    | 9,707                  | 38,881                   | 31,384                     | 34,137                   | -               | 1,809                          |
| Resident/Social program funds                                 | 909                          | 573                      | 190                    | 8,978                    | 1,986                      | 3,779                    | -               | 1,158                          |
| Supplies/Office   | 5,596                        | 1,904                    | 1,977                  | 12,812                   | 6,109                      | 7,453                    | -               | 4,020                          |
| Taxes and licenses  | 6,012                        | 2,460                    | 25,417                 | 72,210                   | 15,416                     | 9,353                    | -               | 31,685                         |
| Telephone   | 639                          | 224                      | 1,761                  | 1,146                    | 684                        | 917                      | -               | 1,134                          |
| Travel  | 1,922                        | 674                      | 689                    | 4,049                    | 3,398                      | 5,396                    | -               | 1,972                          |
| Utilities   | 37,121                       | 15,483                   | 71,080                 | 81,409                   | 39,050                     | 43,126                   | -               | 18,242                         |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <u>209,546</u>               | <u>76,793</u>            | <u>188,939</u>         | <u>563,357</u>           | <u>272,729</u>             | <u>334,672</u>           | <u>-</u>        | <u>289,578</u>                 |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 142,963                      | 38,379                   | 214,067                | 521,481                  | 188,677                    | 157,328                  | -               | 1,920,725                      |
| Depreciation and amortization                                 | <u>64,562</u>                | <u>16,295</u>            | <u>168,708</u>         | <u>157,313</u>           | <u>62,421</u>              | <u>82,750</u>            | <u>-</u>        | <u>131,866</u>                 |
| <b>REVENUE OVER EXPENSES</b>                                  | <u>\$ 78,401</u>             | <u>\$ 22,084</u>         | <u>\$ 45,359</u>       | <u>\$ 364,168</u>        | <u>\$ 126,256</u>          | <u>\$ 74,578</u>         | <u>\$ -</u>     | <u>\$ 1,788,859</u>            |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <b>PROGRAM SERVICES</b>    |                        |                            |                           |                                       |                                      |
|---|----------------------------|------------------------|----------------------------|---------------------------|---------------------------------------|--------------------------------------|
|   | <b>1227-1235<br/>LEWIS</b> | <b>OLD<br/>HICKORY</b> | <b>REX'S<br/>COURTYARD</b> | <b>VULTEE<br/>GARDENS</b> | <b>NEIGHBORHOOD<br/>STABILIZATION</b> | <b>TOTAL<br/>RENTAL<br/>PROJECTS</b> |
| <b>REVENUES</b>   |                            |                        |                            |                           |                                       |                                      |
| Rental Income   | \$ 115,959                 | \$ -                   | \$ 619,217                 | \$ 81,017                 | \$ 931,411                            | \$ 6,146,172                         |
| Grants  | -                          | -                      | 101,390                    | 22,687                    | 33,000                                | 589,597                              |
| Other   | 434                        | -                      | 56,281                     | 1,614                     | 9,983                                 | 2,188,777                            |
| <b>Total Revenues</b>   | <b>116,393</b>             | <b>-</b>               | <b>776,888</b>             | <b>105,318</b>            | <b>974,394</b>                        | <b>8,924,546</b>                     |
| <b>EXPENSES</b>   |                            |                        |                            |                           |                                       |                                      |
| Payroll and related expenses                                  | 26,680                     | -                      | 148,133                    | 20,117                    | 160,938                               | 1,362,081                            |
| Advertising   | -                          | -                      | -                          | -                         | -                                     | -                                    |
| Contract services   | 12,359                     | 450                    | 55,399                     | 14,883                    | 64,808                                | 653,801                              |
| Insurance   | 5,471                      | 352                    | 38,895                     | 6,705                     | 102,418                               | 409,943                              |
| Interest  | -                          | -                      | -                          | -                         | 3,610                                 | 40,965                               |
| Legal and professional  | 538                        | -                      | 3,711                      | 430                       | 6,444                                 | 37,390                               |
| Miscellaneous   | -                          | -                      | -                          | -                         | -                                     | 1,351                                |
| Printing and postage  | 71                         | -                      | 315                        | 45                        | 377                                   | 3,965                                |
| Repairs and maintenance                                       | 2,315                      | 21                     | 21,799                     | 3,749                     | 26,573                                | 270,733                              |
| Resident/Social program funds                                 | 380                        | -                      | 5,561                      | 228                       | 4,657                                 | 51,132                               |
| Supplies/Office   | 1,868                      | 143                    | 9,703                      | 1,535                     | 12,274                                | 94,078                               |
| Taxes and licenses  | 9,100                      | 6,434                  | 11,302                     | 2,051                     | 87,247                                | 304,935                              |
| Telephone   | 222                        | -                      | 1,350                      | 179                       | 1,438                                 | 12,553                               |
| Travel  | 674                        | -                      | 1,842                      | 539                       | 4,315                                 | 33,141                               |
| Utilities   | 8,473                      | 210                    | 139,524                    | 7,833                     | 61,175                                | 810,672                              |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <b>68,151</b>              | <b>7,610</b>           | <b>437,534</b>             | <b>58,294</b>             | <b>536,274</b>                        | <b>4,086,740</b>                     |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 48,242                     | (7,610)                | 339,354                    | 47,024                    | 438,120                               | 4,837,806                            |
| Depreciation and amortization                                 | 41,422                     | 4,216                  | 68,683                     | 25,137                    | 502,131                               | 1,552,950                            |
| <b>REVENUE OVER EXPENSES</b>                                  | <b>\$ 6,820</b>            | <b>\$ (11,826)</b>     | <b>\$ 270,671</b>          | <b>\$ 21,887</b>          | <b>\$ (64,011)</b>                    | <b>\$ 3,284,856</b>                  |



**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | PROGRAM SERVICES                  |                   |                        |                   |                                    |                      |                                 | SUPPORTING<br>SERVICES<br>MANAGEMENT<br>AND<br>GENERAL | TOTAL             |
|---|-----------------------------------|-------------------|------------------------|-------------------|------------------------------------|----------------------|---------------------------------|--|-------------------|
|   | SERVICE<br>COORDINATOR<br>PROGRAM | HEALTH<br>MATTERS | CLIENT FUND<br>PROGRAM | HOPWA             | PERMANENT<br>SUPPORTIVE<br>HOUSING | VANDERBILT<br>HEALTH | RESIDENT<br>SUPPORT<br>PROGRAMS | TOTAL<br>PROGRAM<br>SERVICES                           |                   |
| <b>REVENUES</b>   |                                   |                   |                        |                   |                                    |                      |                                 |  |                   |
| Rental Income   | \$ -                              | \$ -              | \$ -                   | \$ -              | \$ -                               | \$ -                 | \$ -                            | \$ 6,146,172   | \$ 10,469         |
| Grants  | -                                 | 23,766            | -                      | 49,256            | 203,644                            | -                    | 276,666                         | 866,263  | 866,263           |
| Other   | -                                 | 39,970            | 119,382                | -                 | 500                                | -                    | 159,852                         | 2,348,629  | 2,861,894         |
| <b>Total Revenues</b>   | -                                 | 63,736            | 119,382                | 49,256            | 204,144                            | -                    | 436,518                         | 9,361,064  | 9,884,798         |
| <b>EXPENSES</b>   |                                   |                   |                        |                   |                                    |                      |                                 |  |                   |
| Payroll and related expenses                                  | 91,711                            | 35,082            | 184,750                | 50,021            | 275,209                            | -                    | 636,773                         | 1,998,854  | 2,155,716         |
| OPEB Expenses   | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | -  | 7,833             |
| Advertising   | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | -  | -                 |
| Contract services   | -                                 | 38                | -                      | 11                | 5,809                              | -                    | 5,858                           | 659,659  | 2,947             |
| Insurance   | 3,282                             | 1,210             | 2,447                  | 1,226             | 9,160                              | -                    | 17,325                          | 427,268  | 1,921             |
| Interest  | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | 40,965   | -                 |
| Legal and professional  | 1,567                             | 619               | 4,126                  | 823               | 5,172                              | -                    | 12,307                          | 49,697   | 15,269            |
| Miscellaneous   | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | 1,351  | -                 |
| Printing and postage  | 146                               | 48                | 2,356                  | 68                | 425                                | -                    | 3,043                           | 7,008  | 3,869             |
| Repairs and maintenance                                       | -                                 | 3                 | -                      | 3                 | 20                                 | -                    | 26                              | 270,759  | 460               |
| Resident/Social program funds                                 | -                                 | 28,412            | 1,595                  | 39                | 2,661                              | -                    | 32,707                          | 83,839   | 472               |
| Supplies/Office   | 901                               | 330               | 12,575                 | 511               | 3,817                              | -                    | 18,134                          | 112,212  | 15,563            |
| Taxes and licenses  | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | 304,935  | -                 |
| Telephone   | 813                               | 608               | 1,085                  | 509               | 3,739                              | -                    | 6,754                           | 19,307   | 3,194             |
| Travel  | 139                               | 777               | 1,561                  | 887               | 3,387                              | -                    | 6,751                           | 39,892   | 1,856             |
| Utilities   | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | 810,672  | -                 |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | 98,559                            | 67,127            | 210,495                | 54,098            | 309,399                            | -                    | 739,678                         | 4,826,418  | 210,246           |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | (98,559)                          | (3,391)           | (91,113)               | (4,842)           | (105,255)                          | -                    | (303,160)                       | 4,534,646  | 313,488           |
| Depreciation and amortization                                 | -                                 | -                 | -                      | -                 | -                                  | -                    | -                               | 1,552,950  | 16,429            |
| <b>REVENUE OVER EXPENSES</b>                                  | <u>\$ (98,559)</u>                | <u>\$ (3,391)</u> | <u>\$ (91,113)</u>     | <u>\$ (4,842)</u> | <u>\$ (105,255)</u>                | <u>\$ -</u>          | <u>\$ (303,160)</u>             | <u>\$ 2,981,696</u>                                    | <u>\$ 297,059</u> |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <b>PROGRAM SERVICES</b> |                    |                           |                  |                  |                   |                  |                          |
|---|-------------------------|--------------------|---------------------------|------------------|------------------|-------------------|------------------|--------------------------|
|   | <b>DICKERSON</b>        | <b>WOODLAND</b>    | <b>MERCURY<br/>COURTS</b> | <b>HOPE</b>      | <b>CROWN</b>     | <b>FISK</b>       | <b>RUSSELL</b>   | <b>MERCURY<br/>NORTH</b> |
| <b>REVENUES</b>   |                         |                    |                           |                  |                  |                   |                  |                          |
| Rental Income   | \$ 60,000               | \$ -               | \$ 934,010                | \$ 113,527       | \$ 102,717       | \$ 121,417        | \$ 84,083        | \$ 167,174               |
| Grants  | -                       | -                  | 31,568                    | 49,786           | 18,447           | -                 | -                | 42,348                   |
| Other   | -                       | -                  | 22,358                    | 5,400            | 4,003            | 144,718           | 1,283            | 4,128                    |
| <b>Total Revenues</b>   | <b>60,000</b>           | <b>-</b>           | <b>987,936</b>            | <b>168,713</b>   | <b>125,167</b>   | <b>266,135</b>    | <b>85,366</b>    | <b>213,650</b>           |
| <b>EXPENSES</b>   |                         |                    |                           |                  |                  |                   |                  |                          |
| Payroll and related expenses                                  | -                       | 1,132              | 181,299                   | 32,841           | 22,649           | 32,655            | 13,589           | 32,716                   |
| Advertising   | -                       | -                  | -                         | -                | -                | -                 | -                | -                        |
| Contract services   | -                       | 10,913             | 113,146                   | 20,131           | 11,907           | 7,109             | 13,833           | 35,499                   |
| Insurance   | -                       | 2,017              | 37,549                    | 5,991            | 4,329            | 2,525             | 2,420            | 6,725                    |
| Interest  | -                       | -                  | 799                       | -                | 367              | -                 | -                | -                        |
| Legal and professional  | -                       | 24                 | 4,468                     | 687              | 474              | 679               | 284              | 667                      |
| Miscellaneous   | -                       | 148                | 7,080                     | 1,235            | 820              | 888               | 565              | 1,468                    |
| Printing and postage  | -                       | 4                  | 943                       | 144              | 100              | 138               | 60               | 145                      |
| Repairs and maintenance                                       | -                       | 7,650              | 56,483                    | 4,664            | 2,889            | 1,199             | 11,393           | 6,690                    |
| Social program funds  | -                       | -                  | 21,086                    | 508              | 385              | 2,510             | 693              | 3,854                    |
| Supplies  | -                       | 2,690              | 949                       | 49               | 34               | 44                | 20               | 61                       |
| Taxes and licenses  | 12,279                  | -                  | 5,568                     | 3,043            | 3,244            | 1,131             | -                | 1,091                    |
| Telephone   | -                       | 12                 | 1,856                     | 350              | 242              | 295               | 143              | 315                      |
| Travel  | -                       | 36                 | 4,667                     | 1,032            | 712              | 773               | 428              | 957                      |
| Utilities   | -                       | 10,271             | 154,837                   | 20,275           | 8,847            | 20,256            | 6,813            | 43,661                   |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <b>12,279</b>           | <b>34,897</b>      | <b>590,730</b>            | <b>90,950</b>    | <b>56,999</b>    | <b>70,202</b>     | <b>50,241</b>    | <b>133,849</b>           |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 47,721                  | (34,897)           | 397,206                   | 77,763           | 68,168           | 195,933           | 35,125           | 79,801                   |
| Depreciation and amortization                                 | 491                     | 15,983             | 143,242                   | 28,188           | 17,507           | 13,275            | 19,166           | 46,825                   |
| <b>REVENUE OVER EXPENSES</b>                                  | <b>\$ 47,230</b>        | <b>\$ (50,880)</b> | <b>\$ 253,964</b>         | <b>\$ 49,575</b> | <b>\$ 50,661</b> | <b>\$ 182,658</b> | <b>\$ 15,959</b> | <b>\$ 32,976</b>         |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <b>PROGRAM SERVICES</b>             |                                 |                               |                                 |                                   |                                 |                        |                                       |
|---|-------------------------------------|---------------------------------|-------------------------------|---------------------------------|-----------------------------------|---------------------------------|------------------------|---------------------------------------|
|   | <b><u>GREENTREE<br/>TERRACE</u></b> | <b><u>RIVER<br/>TERRACE</u></b> | <b><u>PORTER<br/>EAST</u></b> | <b><u>NEELY<br/>MEADOWS</u></b> | <b><u>EASTWOOD<br/>COURTS</u></b> | <b><u>VILLAGE<br/>PLACE</u></b> | <b><u>LINDSLEY</u></b> | <b><u>CLARKSVILLE<br/>HIGHWAY</u></b> |
| <b>REVENUES</b>   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| Rental Income   | \$ 284,029                          | \$ 90,559                       | \$ 355,981                    | \$ 964,981                      | \$ 373,500                        | \$ 430,904                      | \$ -                   | \$ 103,349                            |
| Grants  | 40,285                              | 12,968                          | 46,741                        | 64,571                          | 45,376                            | 33,236                          | -                      | 15,155                                |
| Other   | 22,044                              | 2,116                           | 2,278                         | 27,473                          | 21,977                            | 13,937                          | 1,620                  | 431,736                               |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| <b>Total Revenues</b>   | <b>346,358</b>                      | <b>105,643</b>                  | <b>405,000</b>                | <b>1,057,025</b>                | <b>440,853</b>                    | <b>478,077</b>                  | <b>1,620</b>           | <b>550,240</b>                        |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| <b>EXPENSES</b>   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| Payroll and related expenses                                  | 64,549                              | 22,649                          | 32,951                        | 145,732                         | 69,079                            | 102,399                         | -                      | 30,111                                |
| Advertising   | -                                   | -                               | -                             | -                               | -                                 | -                               | -                      | -                                     |
| Contract services   | 30,627                              | 8,050                           | 22,569                        | 85,679                          | 75,822                            | 49,023                          | -                      | 12,481                                |
| Insurance   | 15,084                              | 4,329                           | 22,852                        | 42,165                          | 16,014                            | 19,256                          | -                      | 1,003                                 |
| Interest  | -                                   | -                               | 1,147                         | 872                             | 9,256                             | -                               | -                      | 1,115                                 |
| Legal and professional  | 1,351                               | 474                             | 662                           | 2,932                           | 1,446                             | 2,422                           | -                      | 579                                   |
| Miscellaneous   | 2,624                               | 921                             | 1,218                         | 6,924                           | 3,025                             | 3,307                           | -                      | 929                                   |
| Printing and postage  | 284                                 | 100                             | 145                           | 640                             | 313                               | 495                             | -                      | 189                                   |
| Repairs and maintenance                                       | 20,181                              | 3,368                           | 9,043                         | 30,843                          | 32,786                            | 32,519                          | -                      | 1,354                                 |
| Social program funds  | 1,262                               | 1,066                           | 1,909                         | 6,497                           | 1,819                             | 3,383                           | -                      | 770                                   |
| Supplies  | 96                                  | 34                              | 51                            | 412                             | 102                               | 273                             | -                      | 104                                   |
| Taxes and licenses  | 5,995                               | 2,443                           | 28,594                        | 72,348                          | 15,414                            | 9,350                           | -                      | 23,917                                |
| Telephone   | 688                                 | 242                             | 3,195                         | 1,224                           | 744                               | 953                             | -                      | 240                                   |
| Travel  | 2,028                               | 711                             | 1,022                         | 4,275                           | 2,451                             | 3,242                           | -                      | 836                                   |
| Utilities   | 37,521                              | 9,871                           | 66,214                        | 79,943                          | 33,088                            | 44,741                          | -                      | 23,899                                |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <b>182,290</b>                      | <b>54,258</b>                   | <b>191,572</b>                | <b>480,486</b>                  | <b>261,359</b>                    | <b>271,363</b>                  | <b>-</b>               | <b>97,527</b>                         |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 164,068                             | 51,385                          | 213,428                       | 576,539                         | 179,494                           | 206,714                         | 1,620                  | 452,713                               |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| Depreciation and amortization                                 | 64,459                              | 16,482                          | 174,147                       | 160,910                         | 59,512                            | 82,247                          | -                      | 108,745                               |
|   |                                     |                                 |                               |                                 |                                   |                                 |                        |                                       |
| <b>REVENUE OVER EXPENSES</b>                                  | <b>\$ 99,609</b>                    | <b>\$ 34,903</b>                | <b>\$ 39,281</b>              | <b>\$ 415,629</b>               | <b>\$ 119,982</b>                 | <b>\$ 124,467</b>               | <b>\$ 1,620</b>        | <b>\$ 343,968</b>                     |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <b>PROGRAM SERVICES</b>    |                        |                            |                           |                                       |                                      |
|---|----------------------------|------------------------|----------------------------|---------------------------|---------------------------------------|--------------------------------------|
|   | <b>1227-1235<br/>LEWIS</b> | <b>OLD<br/>HICKORY</b> | <b>REX'S<br/>COURTYARD</b> | <b>VULTEE<br/>GARDENS</b> | <b>NEIGHBORHOOD<br/>STABILIZATION</b> | <b>TOTAL<br/>RENTAL<br/>PROJECTS</b> |
| <b>REVENUES</b>   |                            |                        |                            |                           |                                       |                                      |
| Rental Income   | \$ 119,010                 | \$ -                   | \$ 573,736                 | \$ 67,867                 | \$ 851,443                            | \$ 5,798,287                         |
| Grants  | 65,753                     | -                      | 69,802                     | 20,276                    | 29,450                                | 585,762                              |
| Other   | 43,566                     | -                      | 22,864                     | 3,276                     | 548,191                               | 1,322,968                            |
| <b>Total Revenues</b>   | <b>228,329</b>             | <b>-</b>               | <b>666,402</b>             | <b>91,419</b>             | <b>1,429,084</b>                      | <b>7,707,017</b>                     |
| <b>EXPENSES</b>   |                            |                        |                            |                           |                                       |                                      |
| Payroll and related expenses                                  | 29,024                     | -                      | 133,455                    | 18,119                    | 146,884                               | 1,111,833                            |
| Advertising   | -                          | -                      | -                          | -                         | -                                     | -                                    |
| Contract services   | 8,599                      | -                      | 54,678                     | 10,865                    | 67,716                                | 638,647                              |
| Insurance   | 5,370                      | -                      | 28,938                     | 3,522                     | 78,965                                | 299,054                              |
| Interest  | -                          | -                      | -                          | -                         | 515                                   | 14,071                               |
| Legal and professional  | 820                        | -                      | 2,958                      | 379                       | 3,571                                 | 24,877                               |
| Miscellaneous   | 932                        | -                      | 4,799                      | 747                       | 5,952                                 | 43,582                               |
| Printing and postage  | 185                        | -                      | 578                        | 80                        | 639                                   | 5,182                                |
| Repairs and maintenance                                       | 3,351                      | -                      | 22,017                     | 3,824                     | 23,320                                | 273,574                              |
| Social program funds  | 129                        | -                      | 5,544                      | 424                       | 5,007                                 | 56,846                               |
| Supplies  | 162                        | -                      | 177                        | 27                        | 218                                   | 5,503                                |
| Taxes and licenses  | 8,490                      | 7,784                  | 11,261                     | 2,033                     | 87,162                                | 301,147                              |
| Telephone   | 393                        | -                      | 1,571                      | 193                       | 1,565                                 | 14,221                               |
| Travel  | 752                        | -                      | 3,326                      | 569                       | 4,611                                 | 32,428                               |
| Utilities   | 6,620                      | -                      | 136,388                    | 8,091                     | 55,502                                | 766,838                              |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | <b>64,827</b>              | <b>7,784</b>           | <b>405,690</b>             | <b>48,873</b>             | <b>481,627</b>                        | <b>3,587,803</b>                     |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | 163,502                    | (7,784)                | 260,712                    | 42,546                    | 947,457                               | 4,119,214                            |
| Depreciation and amortization                                 | 34,302                     | 1,211                  | 70,613                     | 25,260                    | 557,432                               | 1,639,997                            |
| <b>REVENUE OVER EXPENSES</b>                                  | <b>\$ 129,200</b>          | <b>\$ (8,995)</b>      | <b>\$ 190,099</b>          | <b>\$ 17,286</b>          | <b>\$ 390,025</b>                     | <b>\$ 2,479,217</b>                  |

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | PROGRAM SERVICES                  |                    |                        |                   |                                    |                      |                                 | SUPPORTING<br>SERVICES<br>MANAGEMENT<br>AND<br>GENERAL | TOTAL              |
|---|-----------------------------------|--------------------|------------------------|-------------------|------------------------------------|----------------------|---------------------------------|--|--------------------|
|   | SERVICE<br>COORDINATOR<br>PROGRAM | HEALTH<br>MATTERS  | CLIENT FUND<br>PROGRAM | HOPWA             | PERMANENT<br>SUPPORTIVE<br>HOUSING | VANDERBILT<br>HEALTH | RESIDENT<br>SUPPORT<br>PROGRAMS | TOTAL<br>PROGRAM<br>SERVICES                           |                    |
| <b>REVENUES</b>   |                                   |                    |                        |                   |                                    |                      |                                 |  |                    |
| Rental Income   | \$ -                              | \$ -               | \$ -                   | \$ -              | \$ -                               | \$ -                 | \$ -                            | \$ 5,798,287   | \$ 1,541           |
| Grants  | -                                 | 21,737             | -                      | 45,231            | 186,810                            | -                    | 253,778                         | 839,540  | -                  |
| Other   | -                                 | 34,358             | 173,668                | -                 | -                                  | -                    | 208,026                         | 1,530,994  | 33,202             |
| <b>Total Revenues</b>   | -                                 | 56,095             | 173,668                | 45,231            | 186,810                            | -                    | 461,804                         | 8,168,821  | 34,743             |
| <b>EXPENSES</b>   |                                   |                    |                        |                   |                                    |                      |                                 |  |                    |
| Payroll and related expenses                                  | 136,648                           | 34,796             | 280,502                | 43,192            | 250,489                            | -                    | 745,627                         | 1,857,460  | 46,811             |
| Advertising   | -                                 | -                  | -                      | -                 | -                                  | -                    | -                               | -  | 75                 |
| Contract services   | 314                               | 16                 | 40                     | 11                | 6,489                              | -                    | 6,870                           | 645,517  | 1,115              |
| Insurance   | 4,908                             | 1,382              | 3,354                  | 1,051             | 8,843                              | -                    | 19,538                          | 318,592  | 690                |
| Interest  | -                                 | -                  | -                      | -                 | -                                  | -                    | -                               | 14,071   | -                  |
| Legal and professional  | 2,440                             | 817                | 15,504                 | 709               | 4,801                              | -                    | 24,271                          | 49,148   | 13,996             |
| Miscellaneous   | 46                                | -                  | 4,469                  | 408               | -                                  | -                    | 4,923                           | 48,505   | 4,272              |
| Printing and postage  | 472                               | 153                | 2,099                  | 140               | 970                                | -                    | 3,834                           | 9,016  | 2,550              |
| Repairs and maintenance                                       | 750                               | 191                | 150                    | 132               | 1,397                              | -                    | 2,620                           | 276,194  | 4,080              |
| Social program funds  | -                                 | 28,813             | 9,178                  | 26                | 3,784                              | -                    | 41,801                          | 98,647   | -                  |
| Supplies  | 669                               | 61                 | 74                     | 36                | 533                                | -                    | 1,373                           | 6,876  | 3,117              |
| Taxes and licenses  | -                                 | -                  | -                      | -                 | -                                  | -                    | -                               | 301,147  | -                  |
| Telephone   | 1,769                             | 712                | 2,149                  | 445               | 4,021                              | -                    | 9,096                           | 23,317   | 2,266              |
| Travel  | 226                               | 656                | 2,526                  | 2,701             | 3,566                              | -                    | 9,675                           | 42,103   | 242                |
| Utilities   | -                                 | -                  | -                      | -                 | -                                  | -                    | -                               | 766,838  | -                  |
| <b>TOTAL FUNCTIONAL EXPENSES<br/>BEFORE DEPRECIATION</b>      | 148,242                           | 67,597             | 320,045                | 48,851            | 284,893                            | -                    | 869,628                         | 4,457,431  | 79,214             |
| REVENUE OVER EXPENSES BEFORE<br>DEPRECIATION AND AMORTIZATION | (148,242)                         | (11,502)           | (146,377)              | (3,620)           | (98,083)                           | -                    | (407,824)                       | 3,711,390  | (44,471)           |
| Depreciation and amortization                                 | -                                 | -                  | -                      | -                 | -                                  | -                    | -                               | 1,639,997  | 5,896              |
| <b>REVENUE OVER EXPENSES</b>                                  | <u>\$ (148,242)</u>               | <u>\$ (11,502)</u> | <u>\$ (146,377)</u>    | <u>\$ (3,620)</u> | <u>\$ (98,083)</u>                 | <u>\$ -</u>          | <u>\$ (407,824)</u>             | <u>\$ 2,071,393</u>                                    | <u>\$ (50,367)</u> |

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Housing Solutions, Inc. which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 5, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Bellenfant, PLLC*

August 5, 2019

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Urban Housing Solutions, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Urban Housing Solutions, Inc.'s major federal programs for the year ended December 31, 2018. Urban Housing Solutions, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Urban Housing Solutions, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.



## Report on Internal Control Over Compliance

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

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

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

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

*Bellenfant, PLLC*

August 5, 2019

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**PART I - SUMMARY OF AUDITOR'S RESULTS**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes        X     No

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X     No

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes        X     No

Significant deficiencies identified not  
Considered to be material weaknesses? \_\_\_\_\_ Yes        X     None reported

Type of auditors' report issued on compliance  
For major programs: Unmodified

Any Audit findings disclosed that are required to be  
reported in accordance with Uniform Guidance \_\_\_\_\_ Yes        X     No

Identification of major programs:

14.235 Supportive Housing Program

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

Auditee qualified as low-risk auditee?     X     Yes    \_\_\_\_\_ No

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

There were no audit findings for the year ended December 31, 2017.