

**BE A HELPING HAND FOUNDATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**BE A HELPING HAND FOUNDATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 – 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 18



Edmondson, Betzler & Dame  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Be a Helping Hand Foundation

### Opinion

We have audited the accompanying financial statements of Be a Helping Hand Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

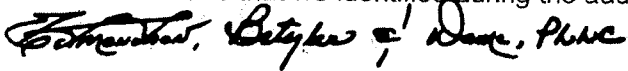
## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Edmondson, Betzler, & Dame, PLLC  
Brentwood, Tennessee

April 22, 2022

**BE A HELPING HAND FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>		<b>2021</b>	<b>2020</b>
Current assets:			
Cash and cash equivalents		\$ 117,065	\$ 317,346
Accounts receivable, net		17,011	18,826
Grants receivable		11,774	-
Total current assets		145,850	361,020
Property and equipment, net		4,072,407	3,921,462
Tenant security deposits		27,458	24,848
Other assets		15,000	-
Total assets		<u>\$ 4,260,715</u>	<u>\$ 4,282,482</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable		\$ 204,385	\$ 172,349
Accrued property taxes payable		58,952	47,668
Lines of credit		116,636	127,545
Current portion of notes payable		395,477	628,194
Tenant security deposits		28,400	26,400
Other current liabilities		33,277	11,182
Total current liabilities:		837,127	1,013,338
Long-term portion of notes payable		1,097,488	1,085,385
Total liabilities		<u>1,934,615</u>	<u>2,098,723</u>
Net assets:			
Without donor restrictions		2,326,100	2,183,759
Total net assets		<u>2,326,100</u>	<u>2,183,759</u>
Total liabilities and net assets		<u>\$ 4,260,715</u>	<u>\$ 4,282,482</u>

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

**BE A HELPING HAND FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
SUPPORT AND REVENUE:		
Rental income and fees	\$ 426,218	\$ 392,804
Other income	342,413	9,336
Grant revenue	328,112	582,102
Insurance claims	120,209	198,798
Payroll Protection Program grant	38,200	-
Contributions	34	17,890
	<u>1,255,186</u>	<u>1,200,930</u>
Total support and revenue		
	<u>1,255,186</u>	<u>1,200,930</u>
EXPENSES:		
Program services	871,834	773,692
Management and general	241,011	221,745
	<u>1,112,845</u>	<u>995,437</u>
Total expenses		
	<u>1,112,845</u>	<u>995,437</u>
Change in net assets	142,341	205,493
Net assets, beginning of year	<u>2,183,759</u>	<u>1,978,266</u>
Net assets, end of year	<u>\$ 2,326,100</u>	<u>\$ 2,183,759</u>

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

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

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

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

**BE A HELPING HAND FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services Low Income Housing	Support Services Management and General	Total
Salaries	\$ 146,033	\$ 62,586	\$ 208,619
Payroll taxes	11,980	5,135	17,115
Employee benefits	8,035	3,444	11,479
Total payroll and related expense	166,048	71,165	237,213
Repairs and maintenance	253,641	5,513	259,154
Depreciation	131,397	-	131,397
Interest	48,753	17,249	66,002
Contract services	16,516	42,267	58,783
Property tax	47,665	-	47,665
Property management fees	36,050	-	36,050
Utilities	16,472	13,970	30,442
Insurance	25,818	549	26,367
Professional fees	164	21,251	21,415
Rent	-	21,400	21,400
Miscellaneous	15,448	4,833	20,281
Office expenses	-	13,009	13,009
Contributions	9,794	-	9,794
Travel and meals	-	5,948	5,948
Security	3,481	701	4,182
Memberships and subscriptions	-	2,762	2,762
Bank charges and recording fees	1,925	754	2,679
Penalties and late fees	520	-	520
Advertising	-	374	374
	<u>\$ 773,692</u>	<u>\$ 221,745</u>	<u>\$ 995,437</u>

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



**BE A HELPING HAND FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Increase in net assets	\$ 142,341	\$ 205,493
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	152,848	131,397
Amortization of deferred loan costs	6,848	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,815	30,149
(Increase) decrease in grants receivable	(11,774)	16,063
Increase in tenant security deposits	(2,610)	-
(Increase) decrease in other assets	(15,000)	5,400
Increase in accounts payable	32,036	9,644
Increase in accrued property taxes payable	11,284	15,507
Increase (decrease) in other current liabilities	22,095	(186)
Increase in refundable security deposits	2,000	6,515
	<u>341,883</u>	<u>419,982</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(2,366)	(804,856)
Additions to construction in progress	(301,427)	(24,503)
	<u>(303,793)</u>	<u>(829,359)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments on lines of credit	(10,909)	(10,261)
Proceeds from notes payable	110,000	888,200
Payments on notes payable	(328,286)	(303,639)
Deferred loan costs incurred	(9,176)	-
	<u>(238,371)</u>	<u>574,300</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash, cash equivalents	(200,281)	164,923
Cash, cash equivalents, and restricted cash, beginning of year	<u>317,346</u>	<u>152,423</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 117,065</u>	<u>\$ 317,346</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 44,034</u>	<u>\$ 59,678</u>

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

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

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

Basis of Accounting

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

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation reported no net assets with donor restrictions at December 31, 2021 and 2020.

Use of Estimates

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

Revenue Recognition

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

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grant Revenue

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

Cash and Cash Equivalents

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

Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current composition of the receivables. At December 31, 2021 and 2020, there was an allowance for doubtful accounts of \$2,861. It is reasonably possible that management's estimate of the allowance for doubtful accounts may change. Receivables are charged against the allowance when collection is considered unlikely due to historic or current experience. No bad debt expense was recorded for 2021 and 2020. Receivables are considered past due after 30 days, however, it is not the policy of the Foundation to assess a late fee, or apply interest to past due accounts.

Property and Equipment

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

**BE A HELPING HAND FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment (continued)

The Foundation reviews the carrying value of property and equipment for impairment if events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, the Foundation recognizes an impairment loss equal to the amount by which the carrying value exceeds the fair market value of the asset. The factors considered by management in performing this assessment include current operating results, trends, and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on management's assessment, there is no impairment required at December 31, 2021 and 2020.

Property Held for Sale

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. No property was held for sale at December 31, 2021 and 2020.

Deferred Loan Costs

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

Advertising Costs

The Foundation expenses all advertising costs as incurred. Total advertising expense amounted to \$16 and \$374 in 2021 and 2020, respectively.

Income Tax Status

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

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

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2021, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Foundation has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

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

Contributed Services

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

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred after December 31, 2021, through the date of the issued financial statements for possible recognition or disclosure in the financial statements. The Foundation had no subsequent events to disclose at the date of auditor's report.

**NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation has \$145,850 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Cash and cash equivalents of \$117,065, accounts receivable of \$17,011 and grant receivable of \$11,774. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$260,000.

**BE A HELPING HAND FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER, 2021 AND 2020**

**NOTE 3 - TENANT SECURITY DEPOSITS**

The tenant security deposit liability was \$28,400 and \$26,400 at December 31, 2021 and 2020, respectively. The Foundation is required to maintain a restricted cash account for these deposits. The tenant security deposit account was underfunded by \$942, as the related cash account had a balance of \$27,458 at December 31, 2021. The tenant security deposit account was underfunded by \$1,552, with a balance of \$24,848 at December 31, 2020.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	2021	2020
Property held for lease	\$ 4,043,729	\$ 4,043,729
Land held for lease	600,865	600,865
Construction in progress	325,930	24,503
Computers and equipment	44,600	42,233
Leasehold improvements	4,403	4,403
	<u>5,019,527</u>	<u>4,715,733</u>
Less: accumulated depreciation	<u>(947,120)</u>	<u>(794,271)</u>
	<u><u>\$ 4,072,407</u></u>	<u><u>\$ 3,921,462</u></u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$159,696 and \$131,397, respectively.

At December 31, 2021 and 2020, the Foundation executed operating leases for their properties that were held for lease. None of the aforementioned leases were for more than one year. Rental income and fees from property held for lease totaled \$426,218 and \$392,804 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, accumulated depreciation for property held for lease was \$917,855 and \$770,842, respectively.

**NOTE 5 - GRANTS**

The Foundation has entered into a significant number of grant agreements to purchase and rehabilitate homes for affordable rental housing. Additionally, the Foundation has entered into numerous agreements for land and funding for new construction of affordable rental homes. Under the terms of these agreements, the Foundation has agreed to repay certain funds if they violate certain terms or sale the home during the "affordability period," which is from five to twenty years from the date of the project completion. The Foundation has classified these properties as available for lease and does not anticipate that the homes will be available for sale in the "affordability period." Therefore, no liability is recorded in these financial statements for the years ended December 31, 2021 and 2020.

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 - GRANTS (CONTINUED)**

In August 2017, the Foundation was awarded \$428,110 from the Barnes Fund for Affordable Housing. This funding was used to construct two townhomes containing four units for families with monthly initial rents of \$644 each and serve families at 30% - 60% of Area Median Income. Construction for this project began in 2019. Of the initial \$428,110 award, \$254,012 was received as of December 31, 2019. The remaining \$174,098 was received in 2020, as well as an additional \$87,738 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In November 2018, the Foundation was awarded \$395,937 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct two townhomes containing four units for families under 60% of Area Median Income. Monthly initial rents will be \$1,038 each. Construction for this project began in 2019. Of the initial \$395,937 award, \$317,742 was received as of December 31, 2019. The remaining \$78,195 was received in 2020, as well as an additional \$3,036 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In September 2019, the Foundation was awarded \$155,092 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct a single family home for families under 60% of Area Median Income. Monthly initial rent will be \$1,109. Construction for this project began in 2019. The full amount was received in 2020. Costs incurred are included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

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

In March 2021, the Foundation was awarded \$595,387 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$595,387 award, \$95,365 has been received as of December 31, 2021.

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 - GRANTS (CONTINUED)**

In March 2021, the Foundation was awarded \$375,000 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$375,000 award, \$95,365 has been received as of December 31, 2021.

In October 2021, the Foundation was awarded \$534,652 by Metropolitan Development and Housing Agency (MDHA) under the Community Development Block Grant – Declared Disaster Recovery Fund Program. The funding provided by this agreement is to be used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. Of the initial \$534,652 award, \$5,000 has been received as of December 31, 2021.

While entering into these agreements, the Foundation also received parcels of land from MDHA. These parcels are recognized as contributions received. Appraised value of these contributions was \$62,325 at December 31, 2020. No contribution of land was received in 2021.

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

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

**NOTE 6 - LINES OF CREDIT**

The Foundation established a revolving line of credit with Pinnacle National Bank, that matures at October 3, 2034. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% at December 31, 2021 and 2020, is due monthly. At December 2021 and 2020, the line of credit had an outstanding balance of \$71,617 and \$75,273, respectively, and is secured by a house and real property, which had a carrying value of \$124,027 at December 31, 2021 and 2020, and is personally guaranteed by the Executive Director and his spouse.

The Foundation has established a \$90,000 revolving line of credit at SunTrust Bank, which is due on demand. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% and 4.25%, at December 31, 2021 and 2020, is due monthly. At December 31, 2021 and 2020, the line of credit had an outstanding balance of \$45,019 and \$52,272, respectively, and is secured by a lien on the Foundation's assets.



**BE A HELPING HAND FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 7 - OTHER CURRENT LIABILITIES**

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

	<u>2021</u>	<u>2020</u>
Accrued payroll and related liabilities	\$ 20,752	\$ 6,486
Contract liabilities	7,830	-
Other deposits payable	4,000	4,000
Accrued interest payable	695	696
	<u>33,277</u>	<u>11,182</u>

**NOTE 8 - NOTES PAYABLE**

Notes payable secured by low income rental properties at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	\$ 54,580	\$ 61,803
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	26,804	31,242

**BE A HELPING HAND FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 8 - NOTES PAYABLE (CONTINUED)**

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$855 beginning October 2016, secured by a house and real property with a carrying value of approximately \$83,665, at December 31, 2021 and 2020, including a fixed interest rate of 5.50% at December 31, 2021 and 2020, until September 2021 when a variable rate applies.	\$ 44,268	\$ 51,914
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	25,373	30,250
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	68,157	70,920
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,776 refinanced January 2021, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in December 2025, with final balloon payment.	466,573	499,887

**BE A HELPING HAND FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 8 - NOTES PAYABLE (CONTINUED)**

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,500 beginning December 2020, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in November 2025, with final balloon payment.	\$ 417,500	\$ 447,500
Secured promissory note payable to The Housing Fund, interest only payments beginning April 2020 with interest at 3.75% at December 31, 2021 and 2020, secured by real property with a carrying value of \$993,038 at December 31, 2021 and 2020.	288,150	300,000
Secured promissory note payable to Pinnacle Bank in 180 monthly installments of \$611 beginning March 2021, secured by a house and real property with a carrying value of approximately \$232,116 at December 31, 2021, including interest at Prime less 4% (0% at December 31, 2021), maturing in February 2036.	103,889	-
Paid-off loans	<u>-</u>	<u>228,200</u>
Total notes payable	1,495,294	1,721,716
Less: current portion	(395,477)	(628,194)
Less: unamortized issuance costs, net	<u>(2,329)</u>	<u>(8,137)</u>
Long-term debt portion	<u>\$1,097,488</u>	<u>\$1,085,385</u>

**BE A HELPING HAND FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 8 - NOTES PAYABLE (CONTINUED)**

Maturities of notes payable as of December 31, 2021 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 395,477
2023	107,327
2024	107,327
2025	738,142
2026	37,965
2027 and thereafter	109,056
	<u>\$ 1,495,294</u>

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Foundation leases office space from the Executive Director under a lease agreement ending in April 2022. Total rent expense under this lease in 2021 and 2020 was \$23,400 and \$21,400, respectively. Future minimum lease commitments for the lease agreement are \$7,800 for 2022.

The Foundation subleased some of its office space to Life Choice Management, a company owned by the Executive Director's spouse. The sublease was \$500 a month beginning October 1, 2019. Total sublease income was \$6,000 in 2020, which was included in rental income. This sublease was terminated in December 2020 by Life Choice Management.

The Foundation is also in an agreement with Life Choice Management for rental property management services. Management fees paid to Life Choice Management were \$3,775 and \$36,050 in 2021 and 2020, respectively. The property management agreement with Life Choice Management ended in January 2021.

The Foundation advanced employees approximately \$7,300 and \$12,000 in 2021 and 2020, respectively. Additionally, the Foundation allowed employees' personal use of Foundation credit cards amounting to approximately \$1,504 and \$4,977 in 2021 and 2020, respectively. The total unpaid balance of these employee loans as of December 31, 2021 and 2020 was \$16,602 and \$17,726, respectively, and is recorded in accounts receivable.