

**URBAN HOUSING SOLUTIONS, INC.**

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

**DECEMBER 31, 2019 AND 2018**

# URBAN HOUSING SOLUTIONS, INC.

## **TABLE OF CONTENTS**

Independent Auditor's Report	3
Financial Statements:	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6
Consolidated Statement of Functional Expenses - 2019	7
Consolidated Statement of Functional Expenses - 2018	8
Consolidated Statements of Cash Flows	9
Notes to Financial Statements	10
Supplemental Information	
Schedule of Changes in Total OPEB liability and related ratios	25
Consolidating Statement of Financial Position, December 31, 2019	26
Consolidating Statement of Activities, December 31, 2019	27
Consolidating Statement of Functional Expenses, December 31, 2019	28
Consolidating Statement of Cash Flows, December 31, 2019	30
Schedule of Expenditures of Federal Awards and State Financial Assistance - 2019	32
Schedule of Expenditures of Federal Awards and State Financial Assistance - 2018	33
Schedule of Program Services Revenues and Expenses - 2019	34
Schedule of Program Services Revenues and Expenses - 2018	38
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 <i>Government Auditing Standards</i>	42
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	44
Schedule of Findings and Questioned Costs	46
Schedule of Prior Audit Findings	47

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS &amp; ADVISORS

Professional Accounting &amp; Consulting Services

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying combined financial statements of Urban Housing Solutions, Inc. and affiliates, which comprise the combined statements of financial position as of December 31, 2019 and 2018, 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 combined 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 combined financial statements based on our audits. We did not audit the financial statements of 300 E. Webster Street Holdings, L.P., which represent 41.0%, 1.6%, and 6.8%, respectively of the assets, net assets, and revenues of Urban Housing Solutions, Inc. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 300 E. Webster Street Holdings, L.P., is based solely on the report of the other auditors. 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

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 combined financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. and affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their 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 Consolidating Statements of Financial Position, Consolidating Statements of Activities, and Consolidating Statements of Cash Flows, Schedule of Changes in Total OPEB Liability and Related Ratios, and the Schedule of Program Services Revenues and Expenses for 2019 and 2018 as listed in the Table of Contents 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 September 10, 2020 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*

September 10, 2020

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Cash	\$ 12,178,009	\$ 11,526,238
Restricted cash:		
Tenant security deposits	284,161	233,771
Replacement reserves	585,421	15,553,738
Investment Securities	14,862,804	-
Accounts receivable:		
Grants	286,512	1,321,981
Tenants, net of doubtful accounts	51,469	75,277
Other	79,221	254,000
Investment - Skyliner	716,619	-
Prepaid expenses	6,074	-
Fixed assets - net of accumulated depreciation of \$19,780,426 and \$17,579,356 for 2019 and 2018	66,652,061	47,922,481
Loan closing costs, net of accumulated amortization of \$222,051 and \$222,508 for 2019 and 2018	<u>64,043</u>	<u>34,045</u>
Total Assets	95,766,394	76,921,531
Deferred Outflows of Resources	<u>2,361</u>	<u>284</u>
Total Assets and Deferred Outflows	<u><u>\$ 95,768,755</u></u>	<u><u>\$ 76,921,815</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 1,826,520	\$ 1,009,705
Tenant security deposits	287,821	195,966
OPEB Liability	38,309	39,306
Development fee payable	5,080,523	-
Bonds payable	14,945,082	14,780,326
Prepaid rent	22,894	-
Lines of credit	-	1,050,648
Current notes payable	11,515,680	848,851
Non-current notes payable	<u>20,931,545</u>	<u>25,179,838</u>
Total Liabilities	54,648,374	43,104,640
Deferred Inflows of Resources	<u>10,711</u>	<u>1,424</u>

**NET ASSETS**

Without Donor Restrictions	41,109,670	33,811,751
With Donor Restrictions	<u>-</u>	<u>4,000</u>
Total Net Assets	41,109,670	33,815,751
Total Liabilities, Deferred Inflows and Net Assets	<u><u>\$ 95,768,755</u></u>	<u><u>\$ 76,921,815</u></u>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	WITHOUT DONOR RES.	WITH DONOR RES.	TOTAL	WITHOUT DONOR RES.	WITH DONOR RES.	TOTAL
<b>SUPPORT AND REVENUES</b>						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 5,019,811	\$ -	\$ 5,019,811	\$ 2,186,943	\$ 5,975	\$ 2,192,918
Grants:						
Government	893,163	-	893,163	878,603	-	878,603
Total public support	5,912,974	-	5,912,974	3,065,546	5,975	3,071,521
Revenues:						
Rental income	7,192,948	-	7,192,948	7,064,488	-	7,064,488
Laundry and vending machine income	36,606	-	36,606	29,591	-	29,591
Investment income	453,406	-	453,406	155,963	-	155,963
Developer fees	253,300	-	253,300	342,500	-	342,500
Insurance proceeds	737,835	-	737,835	60,133	-	60,133
Miscellaneous	97,088	-	97,088	55,545	-	55,545
Application fees	25,091	-	25,091	21,272	-	21,272
Net assets released from restrictions:						
Satisfaction of time and purpose restrictions	4,000	(4,000)	-	163,925	(163,925)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>14,713,248</b>	<b>(4,000)</b>	<b>14,709,248</b>	<b>10,958,963</b>	<b>(157,950)</b>	<b>10,801,013</b>
<b>EXPENSES</b>						
Program services:						
Rental projects	7,062,605	-	7,062,605	6,852,428	-	6,852,428
Resident support programs	628,451	-	628,451	739,678	-	739,678
Total program services	7,691,056	-	7,691,056	7,592,106	-	7,592,106
Supporting services:						
Management and general	632,964	-	632,964	271,889	-	271,889
<b>TOTAL EXPENSES</b>	<b>8,324,020</b>	<b>-</b>	<b>8,324,020</b>	<b>7,863,995</b>	<b>-</b>	<b>7,863,995</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,389,228</b>	<b>(4,000)</b>	<b>6,385,228</b>	<b>3,094,968</b>	<b>(157,950)</b>	<b>2,937,018</b>
NET ASSETS - BEGINNING OF YEAR	33,811,751	4,000	33,815,751	30,749,680	161,950	30,911,630
PRIOR PERIOD ADJUSTMENT	42,073	-	42,073	(32,897)	-	(32,897)
SYNDICATION	(178,524)	-	(178,524)	-	-	-
CAPITAL CONTRIBUTIONS	1,045,142	-	1,045,142	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 41,109,670</u>	<u>\$ -</u>	<u>\$ 41,109,670</u>	<u>\$ 33,811,751</u>	<u>\$ 4,000</u>	<u>\$ 33,815,751</u>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>TOTAL PROGRAM SERVICES</b>	<b>TOTAL MANAGEMENT &amp; GENERAL</b>	<b>TOTAL EXPENSES</b>
Payroll and related expenses	\$ 1,893,747	\$ 273,345	\$ 2,167,092
OPEB Expense	-	6,213	6,213
Advertising	8,248	195	8,443
Contract services	691,051	5,848	696,899
Insurance	364,549	1,914	366,463
Interest	453,764	22,357	476,121
Legal and professional	79,799	71,803	151,602
Miscellaneous	1,723	112,953	114,676
Printing and postage	4,238	6,760	10,998
Repairs and maintenance	534,799	3,637	538,436
Social program funds	109,552	255	109,807
Supplies	105,381	29,871	135,252
Taxes and licenses	232,168	41,945	274,113
Telephone	17,964	3,828	21,792
Travel	40,959	2,623	43,582
Utilities	957,485	19,943	977,428
<b>Total Functional Expenses before Depreciation and Amortization</b>	5,495,427	603,490	6,098,917
Depreciation and amortization	2,195,629	29,474	2,225,103
<b>Total Functional Expenses</b>	<b>\$ 7,691,056</b>	<b>\$ 632,964</b>	<b>\$ 8,324,020</b>

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

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

	<b><u>TOTAL PROGRAM SERVICES</u></b>	<b><u>TOTAL MANAGEMENT &amp; GENERAL</u></b>	<b><u>TOTAL EXPENSES</u></b>
Payroll and related expenses	\$ 2,228,625	\$ 156,862	\$ 2,385,487
OPEB Expense	-	7,833	7,833
Advertising	190	-	190
Contract services	659,659	2,947	662,606
Insurance	431,339	1,921	433,260
Interest	196,177	-	196,177
Legal and professional	100,472	15,269	115,741
Miscellaneous	10,956	9,395	20,351
Printing and postage	7,008	5,299	12,307
Repairs and maintenance	388,864	460	389,324
Social program funds	83,839	472	84,311
Supplies	112,212	30,143	142,355
Taxes and licenses	449,891	-	449,891
Telephone	20,036	6,485	26,521
Travel	40,405	6,154	46,559
Utilities	885,697	12,220	897,917
<b>Total Functional Expenses before Depreciation and Amortization</b>	5,615,370	255,460	5,870,830
Depreciation and amortization	1,976,736	16,429	1,993,165
<b>Total Functional Expenses</b>	<b>\$ 7,592,106</b>	<b>\$ 271,889</b>	<b>\$ 7,863,995</b>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets:	\$ 6,385,228	\$ 2,937,018
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,225,103	1,993,165
(Increase) decrease in:		
Restricted deposits	(47,821)	(14,905,866)
Accounts receivable:		
Grants	1,035,469	(1,104,383)
Tenants	23,808	2,558
Other	174,779	(179,000)
Prepaid expenses	(6,074)	-
Other assets	(496,945)	183,374
Deferred Outflows	(2,077)	(284)
Increase (decrease) in:		
Accounts payable and accrued expenses	816,815	618,210
Tenant security deposits payable	91,855	18,733
Prepaid rent	22,894	-
Development fee payable	5,080,523	-
OPEB Liability	(997)	39,306
Deferred Inflows	9,287	1,424
Net cash provided (used) by operating activities	<u>15,311,847</u>	<u>(10,395,745)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(20,930,649)	(19,306,128)
Sale of investment securities, net	102,944	-
Net cash provided (used) by investing activities	<u>(20,827,705)</u>	<u>(19,306,128)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan closing costs incurred	39,212	(133,151)
Bond issue costs	(54,918)	(329,511)
Proceeds from bonds payable	-	15,000,000
Proceeds from notes payable	7,639,446	23,250,878
Principal payments on notes payable	(2,364,802)	(2,128,965)
Contributions	1,045,142	-
Syndication	(178,524)	-
Net cash provided (used) by financing activities	<u>6,125,556</u>	<u>35,659,251</u>
NET INCREASE (DECREASE) IN CASH	609,698	5,957,378
CASH - BEGINNING OF YEAR	11,526,238	5,601,757
PRIOR PERIOD ADJUSTMENT	<u>42,073</u>	<u>(32,897)</u>
CASH - END OF YEAR	<u>\$ 12,178,009</u>	<u>\$ 11,526,238</u>

Supplemental Information:

Interest expense of \$476,121 was paid in 2019 and \$196,177 in 2018.

Closing costs of \$0 and \$133,151 were capitalized during 2019 and 2018, respectively, and added to principal of notes payable.

Increase in fixed assets was \$5,694,415 in 2019 due to increase in contractor payable and deferred developer fee

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 \$41,109,670 and \$33,811,751 of net assets without donor restrictions as of December 31, 2019 and 2018, respectively.

*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 \$0 and \$4,000 of net assets with donor restrictions as of December 31, 2019 and 2018, 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, 2019 AND 2018**

**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 2017 are no longer open for examination.

**Fixed Assets**

Fixed assets 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:

**New Pronouncements**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for UHS for the year ended December 31, 2019.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for UHS for the year ended December 31, 2019.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

**New Pronouncements (Continued)**

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2021. UHS is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Old Hickory** - land purchase

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

**Resident Support Programs:**

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

**Service Coordinator Program** - provides the supportive service staff that is essential to assess and assist the formerly homeless residents of 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, rent concessions 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.

**Low Income Housing Tax Credit Programs:**

**Gibson Creek:**

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

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

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

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

**26th Avenue North (Clarksville Phase 3):**

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

**Skyliner:**

In December 2019 UHS paid pre-development costs, fees, and expenses amounting to \$716,619 for the closing of Skyliner. This property was transferred to Skyliner, LP, a limited partnership, for a .01% ownership interest through its wholly owned subsidiary, Skyliner Development, LLC. These expenses will be reimbursed once the first substantial funding of equity occurs in 2020.

**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.

**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.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

**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, 2019 and 2018, which was \$10,929 and \$9,540, 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. FIXED ASSETS**

Fixed assets consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 6,781,299	\$ 6,668,800
Building and improvements	73,111,435	51,697,149
Furniture and equipment	5,489,960	3,071,073
Construction in progress	<u>1,049,793</u>	<u>4,064,815</u>
	86,432,487	65,501,837
Less accumulated depreciation	<u>(19,780,426)</u>	<u>(17,579,356)</u>
Total Fixed Assets	<u><u>\$ 66,652,061</u></u>	<u><u>\$ 47,922,481</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, 2019 AND 2018**

**5. NOTES PAYABLE**

Notes payable consist of the following at December 31:	<b><u>2019</u></b>	<b><u>2018</u></b>
Note payable - Renasant Bank (prime rate - 4.00%); payable in monthly installments of \$6,400 beginning January 2017 final balloon payment for balance due January 2022; secured by real estate.	\$ 404,505	\$ 478,765
Note payable - Pinnacle Bank (index rate - 4.00%); payable in monthly principal and interest payment of \$5,479 beginning October 2008, final balloon payment for the balance due August 2027; secured by real estate at Mercury Courts.	508,852	567,488
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.	102,832	166,972
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.	557,520	641,560
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.	466,270	536,560
Note payable - Pinnacle (index rate - 4.00%); payable in monthly principal and interest payment of \$7,248, final balloon payment for balance due August 2027; secured by real estate.	-	750,793
Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payments of \$11,031 plus interest, beginning February 2018, final balloon payment January 2028; secured by real estate.	1,081,017	1,202,358
Note payable - Renasant (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 2023; secured by real estate.	2,153,422	1,696,880
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,149; beginning June 2016, final balloon payment for balance due December 2024; secured by real estate.	863,068	900,905
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,518; beginning January 2020, final balloon payment for balance due June 2024; secured by real estate.	703,829	-

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

<b>5. NOTES PAYABLE (Continued)</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Note Payable - Pinnacle (prime rate - 4.00%); payable in monthly principal and interest payments of \$5,416; beginning January 2020, final balloon payment for balance due May 2024; secured by real estate.	\$ 1,089,577	\$ -
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be payable monthly for the first 24 months, final balloon payment for balance due April 2035; secured by real estate.	12,497,484	12,500,000
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be due and payable monthly for the first 24 months, all principal and interest payments are due on April 26, 2020; secured by real estate.	5,499,024	-
Note Payable - 2125 26th Ave. N Holdings, LP; Pinnacle Bank (prime rate - 4.00%); secured by real estate. Interest only due until full balance due 1/6/2020. Subject to SWAP agreement stating fixed rate of 1.62%.	5,000,000	5,000,000
Note Payable - 2125 26th Ave. N. Holdings, LP; Pinnacle Bank (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,000; beginning December 2020, and payments of \$5,000 beginning December 2024; final balloon payment for balance due May 2029; secured by real estate. Subject to a SWAP agreement stating a fixed rate of 1.62%.	1,679,651	1,679,651
Total Notes Payable	32,607,051	26,121,932
Less: Unamortized Fees	(159,826)	(93,243)
Notes Payable, Net of Unamortized Fees	<u>\$ 32,447,225</u>	<u>\$ 26,028,689</u>

Annual principal maturities of notes payable as of December 31, 2019 are as follows:

2020	\$ 11,515,680
2021	1,159,482
2022	1,172,359
2023	1,177,152
2024	2,497,390
2025 and thereafter	15,084,988
	<u>\$ 32,607,051</u>

Interest expense of \$476,121 and \$196,177 was paid in 2019 and 2018,

**6. BONDS PAYABLE**

On April 26, 2018, the Organization obtained financing from the issuance of Health and Educational Facilities Board issued by the Metro Government of Nashville and Davidson County. The bond bears interest at 2.05% per annum and are secured by the mortgage. All outstanding principal and interest is due and payable at maturity on April 26, 2020. As of December 31, 2019 and 2018, the outstanding principal balance was \$15,000,000.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**6. BONDS PAYABLE (CONTINUED)**

The bonds payable consist of the following at December 31, 2019:

	<u>2019</u>	<u>2018</u>
Principal balance	\$ 15,000,000	\$ 15,000,000
Less: unamortized bond fees	(54,918)	(219,674)
Bonds payable, net of unamortized bond fees	<u>\$ 14,945,082</u>	<u>\$ 14,780,326</u>

Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2019, the effective interest rate was 2.05%. Amortization expense for debt issuance costs was \$180,397 and \$114,174 for the years ended December 31, 2019 and 2018, respectively.

**7. 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 seven financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. UHS had excess uninsured balances in 2019 and 2018. In management's opinion, the risk is mitigated by the use of high quality financial institutions.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Architect compensation	<u>\$ -</u>	<u>\$ 4,000</u>

**9. 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.

**10. 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 \$666,551 and \$67,881 for the years ended December 31, 2019 and 2018, respectively.

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**11. 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).

**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, 2019 and 2018, the amount of accrued leave was \$23,639 and \$21,639, respectively.

**13. PENSION**

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 5.0% of compensation. Employees are eligible after ninety days of service. Total contributions were \$75,814 and \$89,063 for the years ended December 31, 2019 and 2018, respectively.

**14. CLOSED LOCAL GOVERNMENT OPEB PLAN**

**Plan description** - Employees of UHS are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be 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.

**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, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. UHS does not directly subsidize and are only subject to the implicit subsidy. 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, 2018, 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	40
Total	<u>40</u>

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**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, 2019, UHS paid \$386 to the LGOP for OPEB benefits as they came due.

***Total OPEB Liability***

Actuarial assumptions - The total OPEB liability in the June 30, 2018 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	6.75% for 2019, decreasing annually over a 32 year period to an ultimate rate of 3.81%.
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 3.62 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, 2019 AND 2018**

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

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

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	<u>\$ 39,306</u>
Changes for the year:	
Service cost	6,054
Interest	1,610
Changes of benefit terms	-
Differences between expected and actual experience	(10,590)
Change in assumptions	2,213
Benefit payments	<u>(284)</u>
Net changes	<u>(997)</u>
Total OPEB liability - ending balance	<u><u>\$ 38,309</u></u>

***Changes in assumptions*** - The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability. It was also decided to changed the status of the LGOP from a closed plan to one that us ipen to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial percapita costs and slight changes to the near term health trend rates.

***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 or 1-percentage-point higher than the current discount rate.

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB liability	<u>\$ 40,899</u>	<u>\$ 38,309</u>	<u>\$ 35,892</u>

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

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

***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 or 1-percentage-point higher than the current healthcare cost trend rate.

	<b>1% Decrease (5.75% decreasing to 2.81%)</b>	<b>Healthcare Cost Trend Rates (6.75% decreasing to 3.81%)</b>	<b>1% Increase (7.75% decreasing to 4.81%)</b>
Total OPEB liability	\$ 34,158	\$ 38,309	\$ 43,241

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

***OPEB expense*** - For the fiscal year ended June, 30, 2019, UHS recognized OPEB expense of \$6,599.

***Deferred outflows of resources and deferred inflows of resources*** - For the fiscal year ended June, 30, 2019, UHS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<b>Deferred Outflows of resources</b>	<b>Deferred Inflows of resources</b>
Differences between actual and expected experience	\$ -	\$ 9,451
Changes of assumptions	1,975	1,260
Employer payments subsequent to the measurement date	386	-
Total	\$ 2,361	\$ 10,711

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:	2020	\$ (1,065)
	2021	\$ (1,065)
	2022	\$ (1,065)
	2023	\$ (1,065)
	2024	\$ (1,065)
	Thereafter	\$ (3,411)

**URBAN HOUSING SOLUTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

**15. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment for 300 E. Wester Street Holdings, L.P. was recorded in the amount of \$42,073 and for Urban Housing Solutions in the amount of \$32,897 for the years ended December 31, 2019 and 2018, respectively.

**17. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 10, 2020 which is the date the financial statements were available to be issued.

As of September 10, 2020, the date the financial statements were available to be issued, the COVID-19 outbreak in the United States has caused business disruption by causing periods where staff must work from home and limiting the number of employees allowed to work together. The disruption is expected to be temporary. This may negatively impact operating results; however, the financial impact and duration cannot be reasonably estimated at this time.

In March 2020, a tornado damaged properties at Woodland and Russell Street and caused power outages at 26th and Clarksville. No residents had to leave the properties. Rent concessions were offered for those who lost power. The damage was covered by insurance. The financial impact should be minimal.

Vanderbilt Clinic at Mercury Court closed in August 2020. This property will be demolished as part of a redevelopment occurring in the next few years. Vanderbilt had not been generating revenue, so the financial impact should be minimal.

## **SUPPLEMENTAL INFORMATION**

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2019**

	<u>2018</u>	<u>2019</u>
<b>Total OPEB liability</b>		
Service cost	\$ 6,837	\$ 6,054
Interest	1,160	1,610
Changes of benefit terms	-	-
Differences between expected and	-	(10,590)
Changes of assumptions	(1,588)	2,213
Benefit payments	-	(284)
<b>Net change in total OPEB liability</b>	<u>6,409</u>	<u>(997)</u>
<b>Total OPEB liability - beginning</b>	32,897	39,306
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 39,306</u></u>	<u><u>\$ 38,309</u></u>

**Covered-employee payroll** \$ 1,905,957

**Total OPEB liability as a percentage** 2.06%

**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.

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



**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATING STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Urban Housing Solutions</b>	<b>300 E . Webster St. Holdings, LP</b>	<b>2125 26th Ave. N. Holdings, LP</b>	<b>TOTAL</b>
<b>SUPPORT AND REVENUES</b>				
Public Support:				
Individual and corporate gifts & Barnes Fund	\$ 5,019,811	\$ -	\$ -	\$ 5,019,811
Grants:				
Government	893,163	-	-	893,163
Total public support	5,912,974	-	-	5,912,974
Revenues:				
Rental income	6,612,940	580,008	-	7,192,948
Laundry and vending machine income	36,606	-	-	36,606
Investment income	73,905	307,500	72,001	453,406
Developer fees	146,977	106,323	-	253,300
Insurance proceeds	737,835	-	-	737,835
Miscellaneous	85,633	11,455	-	97,088
Application fees	25,091	-	-	25,091
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	-	-	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	13,631,961	1,005,286	72,001	14,709,248
<b>EXPENSES</b>				
Program services:				
Rental projects	5,574,358	1,482,625	5,622	7,062,605
Resident support programs	628,451	-	-	628,451
Total program services	6,202,809	1,482,625	5,622	7,691,056
Supporting services:				
Management and general	466,011	166,953	-	632,964
<b>TOTAL EXPENSES</b>	6,668,820	1,649,578	5,622	8,324,020
<b>CHANGE IN NET ASSETS</b>	6,963,141	(644,292)	66,379	6,385,228
NET ASSETS, Beginning of year	31,427,053	1,446,763	941,935	33,815,751
PRIOR PERIOD ADJUSTMENT	-	42,073	-	42,073
SYNDICATION	-	(178,524)	-	(178,524)
CAPITAL CONTRIBUTIONS	-	-	1,045,142	1,045,142
NET ASSETS, End of year	\$ 38,390,194	\$ 666,020	\$ 2,053,456	\$ 41,109,670

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**PROGRAM SERVICES**

	<b>URBAN HOUSING SOLUTIONS</b>			<b>300 E . WEBSTER ST. HOLDINGS, LP</b>	<b>2125 26TH AVE. N. HOLDINGS, LP</b>
	<b>RENTAL PROJECTS</b>	<b>RESIDENT SUPPORT PROGRAMS</b>	<b>TOTAL</b>		
Payroll and related expenses	\$ 1,114,304	\$ 518,308	\$ 1,632,612	\$ 261,135	\$ -
OPEB Expense	-	-	-	-	-
Advertising	66	-	66	8,182	-
Contract services	685,464	5,587	691,051	-	-
Insurance	325,275	6,764	332,039	32,510	-
Interest	67,617	-	67,617	386,147	-
Legal and professional	32,828	17,602	50,430	29,369	-
Miscellaneous	20	-	20	1,555	148
Printing and postage	3,254	984	4,238	-	-
Repairs and maintenance	282,915	173	283,088	251,711	-
Social program funds	59,518	50,034	109,552	-	-
Supplies	90,433	14,948	105,381	-	-
Taxes and licenses	306,378	129	306,507	(79,813)	5,474
Telephone	11,367	6,597	17,964	-	-
Travel	33,634	7,325	40,959	-	-
Utilities	835,865	-	835,865	121,620	-
<b>Total Functional Expenses before Depreciation and Amortization</b>	<b>3,848,938</b>	<b>628,451</b>	<b>4,477,389</b>	<b>1,012,416</b>	<b>5,622</b>
Depreciation and amortization	1,725,420	-	1,725,420	470,209	-
<b>Total Functional Expenses</b>	<b>\$ 5,574,358</b>	<b>\$ 628,451</b>	<b>\$ 6,202,809</b>	<b>\$ 1,482,625</b>	<b>\$ 5,622</b>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>MANAGEMENT AND GENERAL</b>					
	<b>TOTAL PROGRAM SERVICES</b>	<b>URBAN HOUSING SOLUTIONS</b>	<b>300 E . WEBSTER ST. HOLDINGS, LP</b>	<b>2125 26TH AVE. N. HOLDINGS, LP</b>	<b>TOTAL MANAGEMENT &amp; GENERAL</b>	<b>TOTAL EXPENSES</b>
Payroll and related expenses	\$ 1,893,747	\$ 273,345	\$ -	\$ -	\$ 273,345	\$ 2,167,092
OPEB Expense	-	6,213	-	-	6,213	6,213
Advertising	8,248	195	-	-	195	8,443
Contract services	691,051	5,848	-	-	5,848	696,899
Insurance	364,549	1,914	-	-	1,914	366,463
Interest	453,764	22,357	-	-	22,357	476,121
Legal and professional	79,799	17,803	54,000	-	71,803	151,602
Miscellaneous	1,723	-	112,953	-	112,953	114,676
Printing and postage	4,238	6,760	-	-	6,760	10,998
Repairs and maintenance	534,799	3,637	-	-	3,637	538,436
Social program funds	109,552	255	-	-	255	109,807
Supplies	105,381	29,871	-	-	29,871	135,252
Taxes and licenses	232,168	41,945	-	-	41,945	274,113
Telephone	17,964	3,828	-	-	3,828	21,792
Travel	40,959	2,623	-	-	2,623	43,582
Utilities	957,485	19,943	-	-	19,943	977,428
<b>Total Functional Expenses before Depreciation and Amortization</b>	<b>5,495,427</b>	<b>436,537</b>	<b>166,953</b>	<b>-</b>	<b>603,490</b>	<b>6,098,917</b>
Depreciation and amortization	2,195,629	29,474	-	-	29,474	2,225,103
<b>Total Functional Expenses</b>	<b>\$ 7,691,056</b>	<b>\$ 466,011</b>	<b>\$ 166,953</b>	<b>\$ -</b>	<b>\$ 632,964</b>	<b>\$ 8,324,020</b>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Urban Housing Solutions</b>	<b>Gibson Creek</b>	<b>26th Avenue North</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets:	\$ 6,963,141	\$ (644,292)	\$ 66,379	\$ 6,385,228
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation and amortization	1,754,894	470,209	-	2,225,103
(Increase) decrease in:				
Restricted deposits	(19,843)	(27,978)	-	(47,821)
Accounts receivable:				
Grants	1,020,469	15,000	-	1,035,469
Tenants	23,808	-	-	23,808
Other	254,000	(79,221)	-	174,779
Prepaid expenses	-	(6,074)	-	(6,074)
Other assets	(716,619)	219,674	-	(496,945)
Deferred Outflows	(2,077)	-	-	(2,077)
Increase (decrease) in:				
Accounts payable and accrued expenses	45,643	127,535	643,637	816,815
Tenant security deposits payable	29,769	62,086	-	91,855
Prepaid rent	-	22,894	-	22,894
Development fee payable	-	5,080,523	-	5,080,523
OPEB Liability	(997)	-	-	(997)
Deferred Inflows	9,287	-	-	9,287
Net cash provided (used) by operating activities	<u>9,361,475</u>	<u>5,240,356</u>	<u>710,016</u>	<u>15,311,847</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(8,203,233)	(10,272,980)	(2,454,436)	(20,930,649)
Sale of investment securities, net	<u>-</u>	<u>102,944</u>	<u>-</u>	<u>102,944</u>
Net cash provided (used) by investing activities	<u>(8,203,233)</u>	<u>(10,170,036)</u>	<u>(2,454,436)</u>	<u>(20,827,705)</u>

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

**URBAN HOUSING SOLUTIONS, INC.**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Urban Housing Solutions</b>	<b>300 E . Webster St. Holdings, LP</b>	<b>2125 26th Ave. N. Holdings, LP</b>	<b>Total</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loan closing costs incurred	(54,031)	93,243	-	39,212
Bond issue costs	-	(54,918)	-	(54,918)
Proceeds from bonds payable	-	-	-	-
Proceeds from notes payable	2,302,764	5,336,682	-	7,639,446
Principal payments on notes payable	(1,314,154)	(1,050,648)	-	(2,364,802)
Contributions	-	-	1,045,142	1,045,142
Syndication	-	(178,524)	-	(178,524)
Net cash provided (used) by financing activities	<u>934,579</u>	<u>4,145,835</u>	<u>1,045,142</u>	<u>6,125,556</u>
NET INCREASE (DECREASE) IN CASH	2,092,821	(783,845)	(699,278)	609,698
CASH - BEGINNING OF YEAR	4,000,123	814,779	6,711,336	11,526,238
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>42,073</u>	<u>-</u>	<u>42,073</u>
CASH - END OF YEAR	<u><u>\$ 6,092,944</u></u>	<u><u>\$ 73,007</u></u>	<u><u>\$ 6,012,058</u></u>	<u><u>\$ 12,178,009</u></u>

Supplemental Information:

Interest expense of \$476,121 was paid in 2019 and \$196,177 in 2018.

Closing costs of \$0 and \$133,151 were capitalized during 2019 and 2018, respectively, and added to principal of notes payable.

Increase in fixed assets was \$5,694,415 in 2019 due to increase in contractor payable and deferred developer fee

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

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b><u>Federal Awards</u></b>					
<b><u>Direct Funding:</u></b>					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041508		516,671
***Total Program 14.235					\$ 516,671
<b><u>Pass-through Funding:</u></b>					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		349,537
Total Program 14.241					\$ 349,537
<b>TOTAL FEDERAL AWARDS</b>					\$ 866,208
<b><u>State Financial Assistance</u></b>					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		9,982
Tennessee Housing Development Agency	Lewis Rehabilitation	N/A	N/A		16,973
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>					\$ 26,955
<b>TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>					\$ 893,163

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2019. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

\*\* Tested as Major Program

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

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b><u>Federal Awards</u></b>					
<b><u>Direct Funding:</u></b>					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041508		571,801
**Total Program 14.235					\$ 571,801
<b><u>Pass-through Funding:</u></b>					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		283,036
Total Program 14.241					\$ 283,036
TOTAL FEDERAL AWARDS					\$ 854,837
<b><u>State Financial Assistance</u></b>					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		23,766
TOTAL STATE FINANCIAL ASSISTANCE					\$ 23,766
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 878,603

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2018. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

\*\* Tested as Major Program

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>PROGRAM SERVICES</b>							
	<b>SKYLINER</b>	<b>WOODLAND</b>	<b>MERCURY COURTS</b>	<b>HOPE</b>	<b>CROWN</b>	<b>FISK</b>	<b>RUSSELL</b>	<b>MERCURY NORTH</b>
<b>REVENUES</b>								
Rental Income	\$ 37,935	\$ -	\$ 963,672	\$ 105,349	\$ 111,709	\$ 133,010	\$ 110,292	\$ 172,855
Grants	-	-	29,770	61,495	15,168	-	-	34,362
Other	-	5,019	26,196	6,180	3,388	1,483	521	2,032
<b>Total Revenues</b>	<b>37,935</b>	<b>5,019</b>	<b>1,019,638</b>	<b>173,024</b>	<b>130,265</b>	<b>134,493</b>	<b>110,813</b>	<b>209,249</b>
<b>EXPENSES</b>								
Payroll and related expenses	-	1,128	189,349	32,719	22,565	19,981	13,539	25,913
Advertising	-	-	1	-	4	-	2	-
Contract services	-	5,757	84,110	30,285	15,272	13,207	6,049	29,649
Insurance	-	1,797	32,507	4,871	3,727	1,786	1,957	5,372
Interest	-	-	7,114	-	2,446	-	-	-
Legal and professional	-	27	5,061	796	549	478	329	604
Miscellaneous	20	-	-	-	-	-	-	-
Printing and postage	-	-	2,151	20	14	15	8	24
Repairs and maintenance	-	5,453	26,569	8,954	5,409	3,482	1,814	7,796
Resident/Social program funds	-	338	14,319	989	126	1,778	543	3,109
Supplies/Office	-	6,426	13,794	2,724	1,753	1,583	1,049	2,388
Taxes and licenses	-	-	5,607	3,001	3,110	1,088	7	1,111
Telephone	-	13	1,841	379	263	186	158	264
Travel	9	34	6,159	984	678	575	407	775
Utilities	-	11,397	178,754	14,873	12,087	17,429	4,213	44,969
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>29</b>	<b>32,370</b>	<b>567,336</b>	<b>100,595</b>	<b>68,003</b>	<b>61,588</b>	<b>30,075</b>	<b>121,974</b>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>37,906</b>	<b>(27,351)</b>	<b>452,302</b>	<b>72,429</b>	<b>62,262</b>	<b>72,905</b>	<b>80,738</b>	<b>87,275</b>
Depreciation and amortization	1,455	15,484	136,984	29,234	17,843	15,944	19,422	48,325
<b>REVENUE OVER EXPENSES</b>	<b>\$ 36,451</b>	<b>\$ (42,835)</b>	<b>\$ 315,318</b>	<b>\$ 43,195</b>	<b>\$ 44,419</b>	<b>\$ 56,961</b>	<b>\$ 61,316</b>	<b>\$ 38,950</b>

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>PROGRAM SERVICES</b>							
	<b>GREENTREE TERRACE</b>	<b>RIVER TERRACE</b>	<b>PORTER EAST</b>	<b>NEELY MEADOWS</b>	<b>EASTWOOD COURTS</b>	<b>VILLAGE PLACE</b>	<b>LINDSLEY</b>	<b>CLARKSVILLE HIGHWAY</b>
<b>REVENUES</b>								
Rental Income	\$ 339,848	\$ 97,574	\$ 391,023	\$ 1,035,913	\$ 412,751	\$ 439,902	\$ -	\$ 146,981
Grants	37,698	15,710	27,327	97,998	45,536	60,030	-	27,785
Other	3,483	8,118	1,719	41,191	8,565	8,772	-	2,713
<b>Total Revenues</b>	<b>381,029</b>	<b>121,402</b>	<b>420,069</b>	<b>1,175,102</b>	<b>466,852</b>	<b>508,704</b>	<b>-</b>	<b>177,479</b>
<b>EXPENSES</b>								
Payroll and related expenses	64,310	22,565	22,565	154,294	68,823	100,864	-	23,589
Advertising	10	4	4	-	11		-	-
Contract services	36,292	13,952	20,272	101,952	49,627	65,021	-	15,689
Insurance	15,751	3,715	21,330	47,051	15,289	22,118	-	11,216
Interest	9,345	-	7,202	7,484	4,871	2,748	-	11,954
Legal and professional	1,565	549	549	3,386	1,674	2,454	-	562
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	39	14	21	91	49	588	-	17
Repairs and maintenance	19,461	5,716	8,356	46,518	31,026	38,768	-	1,161
Resident/Social program funds	1,857	618	1,051	11,102	1,802	3,548	-	1,732
Supplies/Office	5,001	1,750	1,759	11,806	5,466	6,772	-	1,911
Taxes and licenses	5,987	2,388	25,429	72,274	15,429	9,396	-	22,126
Telephone	745	261	263	1,323	800	894	-	221
Travel	1,934	678	678	4,374	2,292	3,201	-	693
Utilities	34,942	6,352	68,864	93,363	38,020	41,987	-	18,327
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>197,239</b>	<b>58,562</b>	<b>178,343</b>	<b>555,018</b>	<b>235,179</b>	<b>298,359</b>	<b>-</b>	<b>109,198</b>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>183,790</b>	<b>62,840</b>	<b>241,726</b>	<b>620,084</b>	<b>231,673</b>	<b>210,345</b>	<b>-</b>	<b>68,281</b>
Depreciation and amortization	65,864	16,344	168,090	169,144	65,597	82,983	-	232,044
<b>REVENUE OVER EXPENSES</b>	<b>\$ 117,926</b>	<b>\$ 46,496</b>	<b>\$ 73,636</b>	<b>\$ 450,940</b>	<b>\$ 166,076</b>	<b>\$ 127,362</b>	<b>\$ -</b>	<b>\$ (163,763)</b>

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>PROGRAM SERVICES</b>							
	<b>1227-1235 LEWIS</b>	<b>OLD HICKORY</b>	<b>REX'S COURTYARD</b>	<b>VULTEE GARDENS</b>	<b>NEIGHBORHOOD STABILIZATION</b>	<b>THE PARK AT MERCURY COURT</b>	<b>MILLENNIUM</b>	<b>TOTAL RENTAL PROJECTS</b>
<b>REVENUES</b>								
Rental Income	\$ 118,225	\$ -	\$ 673,235	\$ 84,576	\$ 879,082	\$ 111,091	\$ 112,377	\$ 6,477,400
Grants	-	-	74,290	18,632	21,759	16,819	89	584,468
Other	110,477	-	22,659	1,749	719,244	1,205	675	975,389
<b>Total Revenues</b>	<b>228,702</b>	<b>-</b>	<b>770,184</b>	<b>104,957</b>	<b>1,620,085</b>	<b>129,115</b>	<b>113,141</b>	<b>8,037,257</b>
<b>EXPENSES</b>								
Payroll and related expenses	22,565	-	138,995	18,052	144,414	16,371	11,703	1,114,304
Advertising	4	-	-	3	23	-	-	66
Contract services	8,205	-	57,844	9,126	80,198	12,971	29,986	685,464
Insurance	5,595	-	29,130	3,040	85,641	5,842	7,540	325,275
Interest	-	-	2,298	-	4,666	-	7,489	67,617
Legal and professional	549	-	3,181	439	3,936	5,882	258	32,828
Miscellaneous	-	-	-	-	-	-	-	20
Printing and postage	14	-	74	11	87	11	6	3,254
Repairs and maintenance	1,566	-	23,071	4,161	22,410	4,525	16,699	282,915
Resident/Social program funds	253	-	4,926	423	8,258	1,907	839	59,518
Supplies/Office	1,752	-	8,643	1,400	11,220	1,982	1,254	90,433
Taxes and licenses	9,299	7,784	10,723	1,974	86,000	8,906	14,739	306,378
Telephone	261	-	1,332	209	1,676	166	112	11,367
Travel	678	-	3,780	543	4,341	491	330	33,634
Utilities	7,022	-	149,306	7,968	60,368	12,910	12,714	835,865
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>57,763</b>	<b>7,784</b>	<b>433,303</b>	<b>47,349</b>	<b>513,238</b>	<b>71,964</b>	<b>103,669</b>	<b>3,848,938</b>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>170,939</b>	<b>(7,784)</b>	<b>336,881</b>	<b>57,608</b>	<b>1,106,847</b>	<b>57,151</b>	<b>9,472</b>	<b>4,188,319</b>
Depreciation and amortization	47,873	4,216	90,682	25,225	427,158	45,509	-	1,725,420
<b>REVENUE OVER EXPENSES</b>	<b>\$ 123,066</b>	<b>\$ (12,000)</b>	<b>\$ 246,199</b>	<b>\$ 32,383</b>	<b>\$ 679,689</b>	<b>\$ 11,642</b>	<b>\$ 9,472</b>	<b>\$ 2,462,899</b>

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	PROGRAM SERVICES							SUPPORTING SERVICES MANAGEMENT AND GENERAL	TOTAL
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	RESIDENT SUPPORT PROGRAMS	TOTAL PROGRAM SERVICES	
<b>REVENUES</b>									
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,477,400	\$ 135,541
Grants	-	26,955	-	54,370	227,370	-	308,695	893,163	-
Other	-	27,500	104,550	-	-	-	132,050	1,107,439	4,871,425
<b>Total Revenues</b>	-	54,455	104,550	54,370	227,370	-	440,745	8,478,002	5,006,966
<b>EXPENSES</b>									
Payroll and related expenses	(1,464)	49,883	109,622	53,953	306,314	-	518,308	1,632,612	273,345
OPEB Expenses	-	-	-	-	-	-	-	-	6,213
Advertising	-	-	-	-	-	-	-	66	195
Contract services	-	-	-	-	5,587	-	5,587	691,051	5,848
Insurance	-	639	1,343	592	4,190	-	6,764	332,039	1,914
Interest	-	-	-	-	-	-	-	67,617	22,357
Legal and professional	-	999	8,729	969	6,905	-	17,602	50,430	17,803
Miscellaneous	-	-	-	-	-	-	-	20	-
Printing and postage	-	15	854	14	101	-	984	4,238	6,760
Repairs and maintenance	-	-	100	-	73	-	173	283,088	3,637
Resident/Social program funds	-	21,239	23,396	113	5,286	-	50,034	109,552	255
Supplies/Office	-	1,147	5,659	1,081	7,061	-	14,948	105,381	29,871
Taxes and licenses	-	-	109	20	-	-	129	306,507	41,945
Telephone	-	969	817	606	4,205	-	6,597	17,964	3,828
Travel	19	1,180	991	846	4,289	-	7,325	40,959	2,623
Utilities	-	-	-	-	-	-	-	835,865	19,943
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	(1,445)	76,071	151,620	58,194	344,011	-	628,451	4,477,389	436,537
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,445	(21,616)	(47,070)	(3,824)	(116,641)	-	(187,706)	4,000,613	4,570,429
Depreciation and amortization	-	-	-	-	-	-	-	1,725,420	29,474
<b>REVENUE OVER EXPENSES</b>	\$ 1,445	\$ (21,616)	\$ (47,070)	\$ (3,824)	\$ (116,641)	\$ -	\$ (187,706)	\$ 2,275,193	\$ 4,540,955

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

	<b>PROGRAM SERVICES</b>							
	<b>SKYLINER</b>	<b>WOODLAND</b>	<b>MERCURY COURTS</b>	<b>HOPE</b>	<b>CROWN</b>	<b>FISK</b>	<b>RUSSELL</b>	<b>MERCURY 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 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>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>49,274</b>	<b>(28,518)</b>	<b>445,341</b>	<b>51,282</b>	<b>46,379</b>	<b>74,606</b>	<b>57,057</b>	<b>93,635</b>
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 EXPENDITURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>PROGRAM SERVICES</b>							
	<b>GREENTREE TERRACE</b>	<b>RIVER TERRACE</b>	<b>PORTER EAST</b>	<b>NEELY MEADOWS</b>	<b>EASTWOOD COURTS</b>	<b>VILLAGE PLACE</b>	<b>LINDSLEY</b>	<b>CLARKSVILLE 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>	<b>352,509</b>	<b>115,172</b>	<b>403,006</b>	<b>1,084,838</b>	<b>461,406</b>	<b>492,000</b>	<b>-</b>	<b>2,210,303</b>
<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 BEFORE DEPRECIATION</b>	<b>209,546</b>	<b>76,793</b>	<b>188,939</b>	<b>563,357</b>	<b>272,729</b>	<b>334,672</b>	<b>-</b>	<b>289,578</b>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>142,963</b>	<b>38,379</b>	<b>214,067</b>	<b>521,481</b>	<b>188,677</b>	<b>157,328</b>	<b>-</b>	<b>1,920,725</b>
Depreciation and amortization	64,562	16,295	168,708	157,313	62,421	82,750	-	131,866
<b>REVENUE OVER EXPENSES</b>	<b>\$ 78,401</b>	<b>\$ 22,084</b>	<b>\$ 45,359</b>	<b>\$ 364,168</b>	<b>\$ 126,256</b>	<b>\$ 74,578</b>	<b>\$ -</b>	<b>\$ 1,788,859</b>

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

	<b>PROGRAM SERVICES</b>						<b>TOTAL</b>
	<b>1227-1235 LEWIS</b>	<b>OLD HICKORY</b>	<b>REX'S COURTYARD</b>	<b>VULTEE GARDENS</b>	<b>NEIGHBORHOOD STABILIZATION</b>	<b>MERCURY COURT</b>	<b>RENTAL PROJECTS</b>
<b>REVENUES</b>							
Rental Income	\$ 115,959	\$ -	\$ 619,217	\$ 81,017	\$ 931,411	\$ 121,186	\$ 6,267,358
Grants	-	-	101,390	22,687	33,000	12,340	601,937
Other	434	-	56,281	1,614	9,983	428	2,189,205
<b>Total Revenues</b>	<b>116,393</b>	<b>-</b>	<b>776,888</b>	<b>105,318</b>	<b>974,394</b>	<b>133,954</b>	<b>9,058,500</b>
<b>EXPENSES</b>							
Payroll and related expenses	26,680	-	148,133	20,117	160,938	19,333	1,381,414
Advertising	-	-	-	-	-	-	-
Contract services	12,359	450	55,399	14,883	64,808	-	653,801
Insurance	5,471	352	38,895	6,705	102,418	4,071	414,014
Interest	-	-	-	-	3,610	488	41,453
Legal and professional	538	-	3,711	430	6,444	14,452	51,842
Miscellaneous	-	-	-	-	-	561	1,912
Printing and postage	71	-	315	45	377	-	3,965
Repairs and maintenance	2,315	21	21,799	3,749	26,573	14,838	285,571
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	8,134	313,069
Telephone	222	-	1,350	179	1,438	729	13,282
Travel	674	-	1,842	539	4,315	513	33,654
Utilities	8,473	210	139,524	7,833	61,175	9,876	820,548
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>68,151</b>	<b>7,610</b>	<b>437,534</b>	<b>58,294</b>	<b>536,274</b>	<b>72,995</b>	<b>4,159,735</b>
<b>REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>48,242</b>	<b>(7,610)</b>	<b>339,354</b>	<b>47,024</b>	<b>438,120</b>	<b>60,959</b>	<b>4,898,765</b>
Depreciation and amortization	41,422	4,216	68,683	25,137	502,131	47,458	1,600,408
<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>\$ 13,501</b>	<b>\$ 3,298,357</b>

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

	PROGRAM SERVICES							SUPPORTING SERVICES MANAGEMENT AND GENERAL	TOTAL
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	RESIDENT SUPPORT PROGRAMS	TOTAL PROGRAM SERVICES	
<b>REVENUES</b>									
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,267,358	\$ 6,277,827
Grants	-	23,766	-	49,256	203,644	-	276,666	878,603	878,603
Other	-	39,970	119,382	-	500	-	159,852	2,349,057	2,862,322
<b>Total Revenues</b>	-	63,736	119,382	49,256	204,144	-	436,518	9,495,018	10,018,752
<b>EXPENSES</b>									
Payroll and related expenses	91,711	35,082	184,750	50,021	275,209	-	636,773	2,018,187	2,175,049
OPEB Expenses	-	-	-	-	-	-	-	7,833	7,833
Advertising	-	-	-	-	-	-	-	-	-
Contract services	-	38	-	11	5,809	-	5,858	659,659	662,606
Insurance	3,282	1,210	2,447	1,226	9,160	-	17,325	431,339	433,260
Interest	-	-	-	-	-	-	-	41,453	41,453
Legal and professional	1,567	619	4,126	823	5,172	-	12,307	64,149	79,418
Miscellaneous	-	-	-	-	-	-	-	1,912	1,912
Printing and postage	146	48	2,356	68	425	-	3,043	7,008	10,877
Repairs and maintenance	-	3	-	3	20	-	26	285,597	286,057
Resident/Social program funds	-	28,412	1,595	39	2,661	-	32,707	83,839	84,311
Supplies/Office	901	330	12,575	511	3,817	-	18,134	112,212	127,775
Taxes and licenses	-	-	-	-	-	-	-	313,069	313,069
Telephone	813	608	1,085	509	3,739	-	6,754	20,036	23,230
Travel	139	777	1,561	887	3,387	-	6,751	40,405	42,261
Utilities	-	-	-	-	-	-	-	820,548	820,548
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	98,559	67,127	210,495	54,098	309,399	-	739,678	4,899,413	5,109,659
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(98,559)	(3,391)	(91,113)	(4,842)	(105,255)	-	(303,160)	4,595,605	4,909,093
Depreciation and amortization	-	-	-	-	-	-	-	1,600,408	1,616,837
<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>\$ 2,995,197</u>	<u>\$ 3,292,256</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***

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2020. Our report includes a reference to other auditors who audited the financial statements of 300 E. Webster Street Holdings, L.P., as described in our report on Urban Housing Solutions, Inc.'s financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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*

September 10, 2020

**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**

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 years ended December 31, 2019 and 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 years ended December 31, 2019 and 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*

September 10, 2020

**URBAN HOUSING SOLUTIONS, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Financial Statements**

Type of auditor's report issued: Unqualified

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 auditor's report issued on compliance  
for major programs: Unqualified

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

Identification of major programs:

14.235 Supporting 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, 2019**

There were no audit findings for the year ended December 31, 2018.