March 9, 2018

To the Board of Directors
Be A Helping Hand Foundation
Nashville, Tennessee

We have audited the financial statements of Be A Helping Hand Foundation (the Foundation) for the year ended December 31, 2017, and have issued our report thereon dated March 9, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Foundation's financial statements were the allowance for doubtful accounts, and the allocation of functional expenses.

> Management's estimate of the allowance for doubtful accounts is based on historical collection experience and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. Management's estimate of the allocation of various expenses on a functional basis is based on management's knowledge and analysis of daily activities of the Executive Director and other employees. We evaluated the key assumptions used to develop the allocations in determining that it is reasonable in relation to the financial statements taken as a whole.

James E. Hamilton : Jeffrey J. Hausman : Ronald T. Wood : Jami A. Pope : Stephanie A. Richerson : Troy J. Tschantz

1000 Corporate Centre Drive : Suite 200 : Franklin, Tennessee : 37067

ph 615.771.3600 : fax 615.771.0081

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

Cash overstated	$13,465
Grants receivable – MDHA overstated	$30,880
Property and equipment overstated	$155,609

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management that are included in the management representation letter dated March 9, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the

Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * * *

This information is intended solely for the use of the Board of Directors of the Foundation, the Audit Committee, management, and others within Be A Helping Hand Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Puryear, Hamilton, Hausman & Wood, PLC

Franklin, Tennessee

BE A HELPING HAND FOUNDATION

SUMMARY OF AUDIT DIFFERENCES

Year Ended December 31, 2017

	Current Year Effect on Statement
Statement of Activities Misstatement:	
Interest expense	$ (3,842)
Rental income	(2,553)
Total increase in net assets - Overstated (understated)	(6,395)
Effect of unadjusted audit difference - Prior year	-
Cumulative effect	$ (6,395)
Statement of Financial Position Misstatement:	
Total assets	$ (2,553)
Total liabilities	$ 3,842
Net assets:	
Beginning	$ -
Ending	(6,395)
Total	$ (6,395)

BE A HELPING HAND FOUNDATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017 AND 2016

BE A HELPING HAND FOUNDATION

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December 31, 2017 and 2016

March 9, 2018

Independent Auditor's Report

To the Board of Directors of
Be A Helping Hand Foundation
Nashville, Tennessee

We have audited the accompanying financial statements of Be A Helping Hand Foundation (the Foundation), a non-profit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

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ph 615.771.3600 : fax 615.771.0081

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be A Helping Hand Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Puryear, Hamilton, Hausman & Wood, PLC

Franklin, Tennessee

BE A HELPING HAND FOUNDATION

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 10,629	$ 5,744
Cash and cash equivalents - Restricted	24,466	23,055
Accounts receivable	11,565	15,399
Grants receivable - MDHA	30,880	-
Total current assets	77,540	44,198
Property and equipment, net	2,912,551	3,128,866
Other asset	400	400
Total assets	$ 2,990,491	$ 3,173,464
Liabilities and Net Assets		
Current liabilities:		
Lines of credit	$ 65,902	$ 74,758
Current portion of notes payable - Related parties	37,408	12,121
Current portion of notes payable	133,692	165,491
Accounts payable	35,324	41,248
Accrued payroll	6,599	3,615
Accrued property taxes payable	32,475	29,414
Other deposits payable	4,000	4,000
Security deposits	24,335	24,036
Total current liabilities	339,735	354,683
Long-term portion of notes payable - Related parties	-	9,178
Lines of credit	70,370	34,500
Long-term portion of notes payable	752,343	820,604
Total long-term liabilities	822,713	864,282
Total liabilities	1,162,448	1,218,965
Net assets - Unrestricted	1,828,043	1,954,499
Total liabilities and net assets	$ 2,990,491	$ 3,173,464

See independent auditor's report and accompanying notes to financial statements.

BE A HELPING HAND FOUNDATION

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted support and revenues:		
Rental income and fees	$ 314,587	$ 306,357
Grant income - Local awards	30,880	-
Contributions	1,100	550
Gain (loss) on property sales	92,664	(82,336)
Other income	1,698	1,624
Total unrestricted support and revenues	440,929	226,195
Expenses:		
Program services	419,735	323,288
General and administrative	147,650	170,347
Total expenses	567,385	493,635
Decrease in unrestricted net assets	(126,456)	(267,440)
Net unrestricted net assets at beginning of year	1,954,499	2,221,939
Net unrestricted net assets at end of year	$ 1,828,043	$ 1,954,499

See independent auditor's report and accompanying notes to financial statements.

BE A HELPING HAND FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating activities:		
Decrease in net assets	$ (126,456)	$ (267,440)
Adjustments to reconcile decrease in net assets to net cash used for operating activities:		
Depreciation	104,143	106,671
(Gain) loss on property sales	(92,664)	82,336
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,834	(5,257)
(Increase) decrease in grants receivable	(30,880)	59,417
Increase (decrease) in accounts payable	(5,924)	11,376
Increase (decrease) in accrued payroll	2,984	77
Increase (decrease) in accrued property taxes payable	3,061	(8,640)
Increase (decrease) in prepaid rent	-	(12,620)
Increase (decrease) in security deposits	299	1,101
Net cash used for operating activities	(141,603)	(32,979)
Investing activities:		
Purchase of property and equipment	(70,748)	(42,756)
Purchase of property held for sale	-	(266,360)
Property sales	172,779	79,469
Net cash provided by (used for) investing activities	102,031	(229,647)
Financing activities:		
Proceeds from lines of credit	103,500	55,000
Payments on lines of credit	(76,486)	(106,600)
Proceeds from notes payable - Related parties	48,300	-
Payments on notes payable - Related parties	(32,191)	(38,122)
Proceeds from notes payable	80,000	431,966
Payments on notes payable	(80,013)	(57,347)
Deferred loan costs incurred	-	(13,789)
Reduction of deferred loan costs	2,758	2,528
Net cash provided by financing activities	45,868	273,636
Increase in cash and cash equivalents	6,296	11,010
Cash and cash equivalents at beginning of year	28,799	17,789
Cash and cash equivalents at end of year	$ 35,095	$ 28,799
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 26,515	$ 32,954

Non-cash transactions:

During 2017, the Foundation sold property and paid off notes payable totaling $102,805.

During 2016, the Foundation sold property held for sale and paid off notes payable totaling $392,586.

See independent auditor's report and accompanying notes to financial statements.

BE A HELPING HAND FOUNDATION

Statements of Functional Expenses

For the Year Ended December 31, 2017

	Program Services	Supporting Services	
	Low Income Housing	General and Administrative	Total
Payroll	$ 81,385	$ 35,538	$ 116,923
Payroll taxes	6,397	2,890	9,287
Interest	19,806	9,467	29,273
Rent	8,352	12,529	20,881
Contract services	26,366	17,535	43,901
Professional services	2,200	18,503	20,703
Depreciation	102,477	1,666	104,143
Utilities and telephone	8,107	8,707	16,814
Travel and meals	-	13,272	13,272
Insurance	16,831	200	17,031
Repairs and maintenance	91,316	3,123	94,439
Office expenses	-	12,314	12,314
Property taxes	32,846	-	32,846
Management fees	23,652	-	23,652
Security	-	1,012	1,012
Advertising	-	500	500
Contributions	-	811	811
Bank charges and recording fees	-	896	896
Penalties	-	432	432
Miscellaneous	-	8,255	8,255
Total functional expenses	$ 419,735	$ 147,650	$ 567,385

See independent auditor's report and accompanying notes to financial statements.

BE A HELPING HAND FOUNDATION

Statements of Functional Expenses (Continued)

For the Year Ended December 31, 2016

	Program Services	Supporting Services	
	Low Income Housing	General and Administrative	Total
Payroll	$ 29,699	$ 58,207	$ 87,906
Payroll taxes	2,570	4,751	7,321
Interest	27,225	8,257	35,482
Rent	7,912	11,868	19,780
Contract services	14,315	12,906	27,221
Professional services	3,039	28,015	31,054
Depreciation	106,239	432	106,671
Utilities and telephone	7,814	8,654	16,468
Travel and meals	-	5,819	5,819
Insurance	15,659	1,091	16,750
Repairs and maintenance	55,291	-	55,291
Office expenses	-	12,056	12,056
Property taxes	30,728	-	30,728
Management fees	22,797	-	22,797
Security	-	1,001	1,001
Advertising	-	170	170
Contributions	-	702	702
Bad debt expense	-	2,058	2,058
Miscellaneous	-	14,360	14,360
Total functional expenses	$ 323,288	$ 170,347	$ 493,635

See independent auditor's report and accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) General

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

(b) Basis of Accounting

The financial statements of the Foundation are prepared using the accrual basis of accounting under which revenue is recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

(c) Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Foundation's Board of Directors.

Temporarily Restricted – Net assets whose use by the Foundation are subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. No temporarily restricted net assets were held during 2017 and 2016 and, accordingly, these financial statements do not reflect any activity related to this class of net assets for 2017 and 2016.

(Continued)

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. No permanently restricted assets were held during 2017 and 2016 and, accordingly, these financial statements do not reflect any activity related to this class of net assets for 2017 and 2016.

(d) Use of Estimates

Preparation of the Foundation's financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual amounts may differ from these estimates.

(e) Cash Equivalents

For the purpose of the Statements of Financial Position and the Statements of Cash Flows, the Foundation considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

(f) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. There are no promises to give at December 31, 2017 and 2016.

(g) Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of the receivables. There is no allowance for receivables at December 31, 2017 and 2016. It is reasonably possible that management's estimate of the allowance for doubtful receivables could change. Receivables are charged against the allowance when management believes the collectibility of the receivable is unlikely. For the year ended December 31, 2016, bad debt expense totaled $2,058. Receivables are considered delinquent after thirty days; however, late fees are not assessed. Interest is not assessed on delinquent accounts. It is not the policy of the Foundation to place accounts on non-accrual status. At December 31, 2017 and 2016, the Foundation had $4,950 and $12,547, respectively, in accounts receivable greater than ninety days old.

(h) Contributions and Support

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted

(Continued)

net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Contributions, which are received as temporarily restricted, and whose restrictions are met within the same year are shown as unrestricted support on a first-in, first-out basis.

(i) Property and Equipment

Property and equipment are recorded at cost, or at fair market value if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets that range from 5 to 27.5 years. The Foundation capitalizes all items related to the rental properties, including interest costs, until the property is placed in service. The Foundation capitalizes other items that are greater than or equal to $1,000 and expenses items under $1,000.

The Foundation reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2017 and 2016.

(j) Property Held for Sale

Real estate held for sale is recorded at the lower of its carrying value or fair value less cost to sell. During 2016, four properties previously held for sale were developed and sold. No property was being held for sale at December 31, 2017 and 2016.

(k) Deferred Loan Costs

Deferred loan costs are related to obtaining the notes payable. In accordance with FASB ASC 350, *Intangibles – Goodwill and Other*, the Foundation amortizes these costs on a straight-line basis over the life of the related debt. When the debt is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. Unamortized loan costs are offset against the related debt on the Statements of Financial Position, with the amortization being reported as interest expense.

(l) Income Taxes

The Foundation is exempt from federal income taxes under the Internal Revenue Code (the Code) Section 501(c)(3). Accordingly, federal income taxes are not provided for in the accompanying financial statements.

(Continued)

Contributions to the Foundation qualify for the charitable contributions deduction to the extent provided by Section 170 of the Code. The Foundation follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified in general and administrative expense in the Foundation's financial statements.

(m) Program Services

Program services include low-income housing. There was no job training program service expenses in 2017 and 2016.

(n) Grant Revenue

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

(o) Functional Allocation of Expenses

The costs of providing the Foundation's program and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(p) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Foundation's program. No amounts have been recognized in the accompanying financial statements because the criteria for recognition under FASB ASC 958-205 have not been satisfied.

(q) Fair Value Measurements

The Foundation follows FASB ASC 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. FASB ASC 820-10 defines fair value and establishes a framework for measuring fair value under generally accepted accounting principles. The current practice includes: (1) the definition of fair value, which focuses on an exit price rather than on entry price; (2) the methods used to measure fair value, such as emphasis that fair value is a market-based measurement, not an entity-specific measurement, as well as the inclusion of an adjustment for risk, restrictions, and credit standing; and (3) the expanded disclosures about fair value measurements. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value as follows:

(Continued)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Foundation's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available. These inputs may be supported by little or no market activity.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(2) Restricted Cash

Tenant security deposits totaled $24,335 and $24,036 at December 31, 2017 and 2016, respectively. The Foundation is required to maintain a restricted cash account for these deposits. This cash account was fully funded at December 31, 2017; however, this cash account was underfunded by $981 at December 31, 2016. This was subsequently funded in February 2017.

(Continued)

(3) Property and Equipment

A summary of property and equipment as of December 31, 2017 and 2016 is as follows:

	2017	2016
Land held for lease	$ 490,400	$ 570,167
Property held for lease	2,880,199	2,927,449
Tools and equipment	16,796	10,243
Leasehold improvements	4,403	4,403
	3,391,798	3,512,262
Less accumulated depreciation	(479,247)	(383,396)
	$ 2,912,551	$ 3,128,866

Depreciation expense for the years ended December 31, 2017 and 2016 totaled $104,143 and $106,671, respectively. No interest costs were capitalized during 2017 and 2016, as amounts were not significant.

At December 31, 2017 and 2016, the Foundation executed operating leases on twenty-nine and thirty of its properties, respectively. None of the leases are for more than one year. Rental income and fees from property held for lease totaled $314,587 and $306,357 for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, accumulated depreciation for property held for lease was $468,826 and $376,582, respectively.

(4) Income Taxes

The Foundation recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Foundation's tax positions and has concluded that no tax liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years (2014 – 2016), or expected to be taken in the Foundation's 2017 tax return. The Foundation identifies its major tax jurisdictions as the U.S. Federal and the State of Tennessee. In early 2016, the Foundation's Form 990 for 2013 was audited by the Internal Revenue Service. The audit had two findings, which had no impact on the financial statements. The Foundation is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change in the next twelve months.

During the years ended December 31, 2017 and 2016, the Foundation did not recognize any material interest and penalties relating to taxes, nor were any accrued at December 31, 2017 and 2016.

(Continued)

(5) Lines of Credit

The Foundation has established an $80,500 revolving line of credit at Pinnacle National Bank, which is due September 2019. Interest, at the Bank's Prime Rate plus 1%, which is 5.50% and 4.50%, respectively, at December 31, 2017 and 2016, is due monthly. At December 31, 2017 and 2016, the line of credit had an outstanding balance of $70,370 and $34,500, respectively, and is secured by a house and real property, which had a carrying value of $104,713 and $108,641, respectively, at December 31, 2017 and 2016 and is personally guaranteed by the Executive Director and his spouse.

The Foundation has established a $90,000 revolving line of credit at SunTrust Bank, which is due on demand. Interest, which is 6.50% and 5.75%, respectively, at December 31, 2017 and 2016, is due monthly. At December 31, 2017 and 2016, the line of credit had an outstanding balance of $65,902 and $69,508, respectively, and is secured by a blanket lien on the Foundation's assets.

The Foundation had a credit card with Fifth Third Bank which has an unsecured credit line feature that carries an interest rate of 29.9%. The balance on this credit line was $5,250 at December 31, 2016. This credit card was paid in full during 2017.

(6) Notes Payable - Related Parties

The Foundation had an unsecured promissory note, at 0% interest, with the Executive Director. At December 31, 2016, the note balance was $7,527. During 2017, this note was paid in full. During 2017, the Foundation entered into seven (7) unsecured promissory notes, at 8.0% interest, with the Executive Director. At December 31, 2017, the balance on these notes was $29,276. These notes are due in 2018.

The Foundation has entered into an unsecured promissory note, at 0% interest, with the estate of a former Board Member. At December 31, 2017 and 2016, the note balance is $8,132 and $13,772, respectively. The note requires 72 monthly payments of $470 beginning September 2012. The note is due October 2018.

(7) Notes Payable

Notes payable secured by low income properties at December 31, 2017 and 2016 consist of the following:

	2017	2016
Secured promissory note payable to Pinnacle National Bank in 53 monthly installments of $167 beginning June 2013, secured by a house and real property with a carrying value of approximately $94,000 and $97,500, respectively, at December 31, 2017 and 2016, including a variable interest rate that is at Prime less 4% (.5% and 0% at December 31, 2017 and 2016, respectively), matured in November 2017. This note payable was refinanced in January 2018 (see Note 11).	$21,184	$ 22,833

(Continued)

	2017	2016
Secured promissory note payable to Pinnacle National Bank in 53 monthly installments of $167 beginning June 2013, secured by a house and real property with a carrying value of approximately $103,100 and $107,000, respectively, at December 31, 2017 and 2016, including a variable interest rate that is at Prime less 4% (.5% and 0% at December 31, 2017 and 2016, respectively), matured in November 2017. This note payable was refinanced in January 2018 (see Note 11).	21,184	22,833
Secured promissory note payable to Pinnacle National Bank in 57 monthly installments of $855 beginning October 2016, secured by a house and real property with a carrying value of approximately $94,100 and $97,600, respectively, at December 31, 2017 and 2016, including a variable interest rate that is currently at 5.50% at December 31, 2017 and 2016, maturing in October 2021, with final balloon payment.	70,892	77,013
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of $406 beginning January 2017, secured by house and real property with a carrying value of approximately $68,400 and $70,600, respectively, at December 31, 2017 and 2016, including interest at Prime less 4% (.5% and 0% at December 31, 2017 and 2016, respectively), maturing in December 2026.	43,951	48,770
Secured promissory note payable to Pinnacle National Bank in 180 monthly installments of $554 beginning April 2017, secured by a house and real property with a carrying value of approximately $109,500 at December 31, 2017, including a variable interest rate that is currently at 5.50%, maturing in March 2037, and personally guaranteed by Executive Director.	78,344	-
Secured promissory note payable to Simmons Bank in 59 monthly installments of $287 beginning September 2015, secured by real property with a carrying value of approximately $52,700 at December 31, 2016, including interest at 5.57%, maturing in August 2020, with final balloon payment and personally guaranteed by the Executive Director. This property was sold during 2017, and the note payable was paid in full.	-	23,772

(Continued)

	2017	2016
Secured promissory note payable to Simmons Bank in 59 monthly installments of $623 beginning November 2016, secured by a house and real property with a carrying value of approximately $72,800 at December 31, 2016, including interest at 4.45%, maturing October 2021, with final balloon payment and personally guaranteed by the Executive Director. This property was sold during 2017, and the note payable was paid in full.	-	79,033
Secured promissory note payable to Truxton Trust in 59 monthly installments of $3,977 beginning January 2016, secured by 13 houses and real properties with a carrying value of approximately $1,433,000 and $1,485,000, respectively, at December 31, 2017 and 2016, including interest at Prime less 4% (.5% and 0% at December 31, 2017 and 2016, respectively), maturing in November 2020, with final balloon payment.	628,983	668,102
Secured promissory note payable to Truxton Trust, interest only payments beginning February 2016 with interest at Prime plus 1% (5.50% and 4.75% at December 31, 2017 and 2016, respectively), secured by real property with a carrying value of $30,000 at December 31, 2017 and 2016, maturing in October 2017. This loan was paid in full in January 2018 (see Note 11).	30,000	30,000
Secured promissory note payable to Truxton Trust, interest only payments beginning April 2016 with interest at Prime plus 1% (4.75% at December 31, 2016), secured by real property with a carrying value of approximately $25,100 at December 31, 2016, maturing March 2017. This note payable was paid in full during 2017.	-	25,000
Total notes payable	894,538	997,356
Less, current portion	(133,692)	(165,491)
Less, unamortized issuance costs, net	(8,503)	(11,261)
Long-term portion	$ 752,343	$ 820,604

(Continued)

Maturities of notes payable as of December 31, 2017 are summarized as follows:

2018	$ 133,692
2019	61,851
2020	548,219
2021	57,749
2022	7,754
Thereafter	85,273
	$ 894,538

(8) Related Party Transactions

The Foundation leases office space from the Executive Director under a two-year lease ending in April 2018. Total rent expense under this lease in 2017 and 2016 was $17,400. Total rent expense overall for the Foundation was $20,881 and $19,780 in 2017 and 2016, respectively. Under this lease, the Foundation will pay $5,800 in 2018.

The Foundation subleases some of its office space to Life Choice Management, a company owned by the Executive Director's spouse. The sublease is $500 a month for the period October 1, 2017 through September 30, 2019. Total sublease income was $6,000 in 2017 and 2016, which is included in rental income. As of December 31, 2017 and 2016, $500 in sublease income is recorded as accounts receivable in the Statements of Financial Position. Under this sublease, the Foundation will receive $6,000 in 2018. The Foundation also paid management fees totaling $23,652 and $22,797, respectively, in 2017 and 2016 to Life Choice Management. As of December 31, 2016, $1,922 in management fees is recorded as accounts payable in the Statements of Financial Position. No amounts were owed for management fees as of December 31, 2017.

In 2017 and 2016, the Foundation paid a former Board member $13,500 and $3,000, respectively, for file management services. In 2017 and 2016, the Foundation paid a Board member $1,500 and $3,000, respectively, for construction management consulting services.

In 2017 and 2016, the Foundation advanced employees approximately $4,500 and $8,000. As of December 31, 2017 and 2016, $500 and $3,663, respectively, was owed to the Foundation for unpaid advances. In addition, at December 31, 2017 and 2016, employees owe the Foundation $6,116 and $4,553, respectively, for personal use of Foundation credit cards. At December 31, 2017 and 2016, the total owed by these employees for unpaid advances and credit card charges is $6,616 and $8,216, respectively, and is recorded in accounts receivable on the Statements of Financial Position.

The Foundation sold one of its properties to the Executive Director and his spouse in 2017. Gain recognized on the sale was $22,454.

(Continued)

(9) Grants

The Foundation has entered into numerous grant agreements to purchase and rehabilitate homes for affordable rental housing. Under the terms of the grant agreements, the Foundation has agreed to repay certain funds if any of the properties are sold during the "affordability period" (five to twenty years from date of project completion). However, the Foundation classified these properties as held for lease and does not anticipate that the houses will be sold during the "affordability period" and, therefore, no liability is reflected on these financial statements. Property sales in 2017 and 2016 did not involve any grant funds.

In 2017, the Metropolitan Development and Housing Agency (MDHA) awarded the Foundation $30,880 for the rehabilitation of one of its affordable rental housing properties. This grant was fully earned in 2017; however, the final inspection of the property by MDHA was not performed until January 2018; therefore, the Foundation recorded a grants receivable in the Statements of Financial Position as of December 31, 2017.

In August 2017, the Foundation was awarded $428,110 from the Barnes Fund for Affordable Housing. This funding will be used to construct four townhomes for families with monthly initial rents of $644 each and serve families at 30% - 60% of Area Medium Income. As of December 31, 2017, the construction on these new townhomes had not begun.

(10) Risk on Uninsured Cash

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The standard FDIC insurance amount is limited to $250,000 per depositor, per insured bank. Therefore, amounts in excess of this $250,000 held by the Foundation during the years December 31, 2017 and 2016 were uninsured and uncollateralized.

(11) Subsequent Events

The Foundation has evaluated subsequent events through March 9, 2018, the date the financial statements were available to be issued.

In January 2018, the Foundation combined two existing loans with Pinnacle National Bank into one for a new loan amount of $43,267. This is secured by a house and real property. The Foundation then refinanced the other existing house and real property for $80,000, of which $30,000 was used to pay off a note payable with Truxton Trust, and the balance of the funds was deposited into the Foundation's bank account (see Note 7).

In February 2018, the Executive Director loaned $20,000 to the Foundation.

(Continued)

(12) Recent Accounting Pronouncements

The FASB issued Accounting Standards Update (ASU) 2016-14, *"Not-for-Profit Entities (Topic 958),"* regarding the presentation of financial statements of not-for-profit entities. The accounting update reduces the present required three net asset classes to two and presents them as net assets without donor restrictions and net assets with donor restrictions. The standard also expands disclosures regarding restrictions imposed by donors; board designated restrictions; liquidity and expense categories. The accounting update is effective for fiscal years beginning after December 15, 2017 and will be applied on a retrospective basis.

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers,"* which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4, *"Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,"* which deferred the effective date for one year. Accordingly, this ASU will be effective for the Foundation for the year ending December 31, 2019. The Foundation is currently evaluating the effect the provisions of ASU 2014-09 will have on the financial statements.

BE A HELPING HAND FOUNDATION

MANAGEMENT RECOMMENDATION LETTER

DECEMBER 31, 2017

March 9, 2018

To the Board of Directors
Be A Helping Hand Foundation
Nashville, Tennessee

In planning and performing our audit of the financial statements of Be A Helping Hand Foundation (the Foundation) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency in internal control that we consider to be a significant deficiency.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Foundation's internal control to be a material weakness:

- Significant audit entries were made to cash, grants receivable – MDHA, and property and equipment. In total, net assets decreased by approximately $199,000. Management should implement a checklist for monthly and year-end closing procedures to obtain a greater and timelier detailed review of monthly and year-end statements. Particular areas of emphasis should be property and equipment, accumulated depreciation, depreciation expense, and repairs and maintenance related accounts. Following these procedures would strengthen the design and operation of the Foundation's current system for recording and reviewing monthly and year-end journal entries and financial statements.

A significant deficiency is a deficiency, or 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. We consider the following deficiency to be a significant deficiency in internal control:

- The Foundation does not prepare its year-end financial statements and related notes. While the Foundation does closely review, approve, and take responsibility for the year-end audited financial statements, it relies on the independent auditor to draft all of the financial statements and related notes. Per discussions with management, management does not believe that it is cost effective for the Foundation to draft the annual financial statements and related notes.

In addition, during our audit we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 9, 2018 on the financial statements of the Foundation. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

- During our audit, we noted that rents receivable, although immaterial at year-end, were being properly tracked but were not being properly recorded. We recommend that the Foundation's external CPA adjust monthly receivables to the rent schedule, which is maintained by an administrative assistant. The Executive Director should continue to follow up with the collection of any past due rent or deposits.

- During our audit, we noted that the Foundation has no formal policy for the capitalization of property and equipment purchases. We suggest that the Foundation implement a written policy requiring that all assets costing more than a set amount, as recommended by management and approved by the Board of Directors, be capitalized and depreciated over the assets' useful lives and all items under the amount be expensed. All items should be listed separately in the depreciation program.

- During our audit of cash disbursements, we noted seven of twenty-five invoices selected for this test did not contain initials indicating someone's approval of the expenditure. In addition, none of the invoices contained account codings. We recommend that the Foundation obtain an invoice or some form of substantiation for all expenditures. We also recommend that all invoices have the initials of someone in authority indicating their approval of the expenditure, and we recommend that all invoices contain account codings. This will serve as an additional safeguard that the invoice is charged to the correct account when the invoice is being reviewed and approved.

- During our walkthroughs, we noted one check clearing the bank with only one signature. Since it is the policy of the Foundation to require dual signatures, we recommend that all checks be dually signed.

* * * * *

This communication is intended solely for the information and use of the Board of Directors, the Audit Committee, management, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Puryear, Hamilton, Hausman & Wood, PLC

Franklin, Tennessee