

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Be A Helping Hand Foundation

We have audited the accompanying financial statements of Be A Helping Hand Foundation (a Tennessee not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be A Helping Hand Foundation as of December 31, 2020 and 2019, 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.

Edmondson, Betzler & Dame, PLLC

July 19, 2021

**BE A HELPING HAND FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

| | ASSETS | 2020 | 2019 |
|----------------------------------------|---------------|----------------------------|----------------------------|
| Current assets: | | | |
| Cash and cash equivalents | | \$ 317,346 | \$ 155,971 |
| Cash and cash equivalents - restricted | | <u>24,848</u> | <u>21,300</u> |
| Total cash and cash equivalents | | 342,194 | 177,271 |
| Accounts receivable, net | | 18,826 | 48,975 |
| Grants receivable | | <u>-</u> | <u>16,063</u> |
| Total current assets | | 361,020 | 242,309 |
| Property and equipment, net | | 3,921,462 | 3,223,500 |
| Other assets | | <u>-</u> | <u>5,400</u> |
| Total assets | | <u><u>\$ 4,282,482</u></u> | <u><u>\$ 3,471,209</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Accounts payable | | \$ 172,349 | \$ 162,705 |
| Accrued property taxes payable | | 47,668 | 32,161 |
| Lines of credit | | 127,545 | 137,806 |
| Current portion of notes payable | | 628,194 | 893,795 |
| Tenant security deposits | | 26,400 | 19,885 |
| Other current liabilities | | <u>11,182</u> | <u>11,368</u> |
| Total current liabilities: | | <u>1,013,338</u> | <u>1,257,720</u> |
| Long-term portion of notes payable | | 1,085,385 | 235,223 |
| Total liabilities | | <u>2,098,723</u> | <u>1,492,943</u> |
| Net assets: | | | |
| Without donor restrictions | | <u>2,183,759</u> | <u>1,978,266</u> |
| Total net assets | | <u>2,183,759</u> | <u>1,978,266</u> |
| Total liabilities and net assets | | <u><u>\$ 4,282,482</u></u> | <u><u>\$ 3,471,209</u></u> |

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

**BE A HELPING HAND FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|----------------------------------------------------------|---------------------|---------------------|
| SUPPORT AND REVENUE: | | |
| Grant revenue | \$ 582,102 | \$ 562,111 |
| Rental income and fees | 392,804 | 342,942 |
| Insurance claims | 198,798 | - |
| Contributions | 17,890 | 32,203 |
| Other income | 9,336 | 3,451 |
| | <u>1,200,930</u> | <u>940,707</u> |
| EXPENSES: | | |
| Program services | 773,692 | 522,948 |
| Management and general | 221,745 | 193,311 |
| | <u>995,437</u> | <u>716,259</u> |
| Gain on property sales, net of closing costs of \$30,064 | <u>-</u> | <u>244,544</u> |
| Change in net assets | 205,493 | 468,992 |
| Net assets, beginning of year | <u>1,978,266</u> | <u>1,509,274</u> |
| Net assets, end of year | <u>\$ 2,183,759</u> | <u>\$ 1,978,266</u> |

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

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

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

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

| | Program Services Low Income Housing | Support Services Management and General | Total |
|------------------------------------------|-------------------------------------------|-----------------------------------------------|-------------------|
| Salaries | \$ 125,422 | \$ 53,752 | \$ 179,174 |
| Payroll taxes | 10,272 | 4,403 | 14,675 |
| Employee benefits | 9,491 | 4,068 | 13,559 |
| Total payroll and related expense | 145,185 | 62,223 | 207,408 |
| Depreciation | 107,058 | - | 107,058 |
| Repairs and maintenance | 95,771 | 5,641 | 101,412 |
| Interest | 43,273 | 16,344 | 59,617 |
| Contract services | 19,946 | 24,734 | 44,680 |
| Property tax | 31,635 | - | 31,635 |
| Property management fees | 30,642 | - | 30,642 |
| Bad debt expense | - | 23,514 | 23,514 |
| Utilities | 9,952 | 12,841 | 22,793 |
| Insurance | 19,371 | - | 19,371 |
| Rent | - | 17,400 | 17,400 |
| Contributions | 11,963 | - | 11,963 |
| Professional fees | 6,267 | 4,971 | 11,238 |
| Travel and meals | - | 9,692 | 9,692 |
| Office expenses | - | 7,227 | 7,227 |
| Memberships and subscriptions | - | 4,916 | 4,916 |
| Miscellaneous | - | 2,553 | 2,553 |
| Security | 741 | 478 | 1,219 |
| Bank charges and recording fees | 637 | 377 | 1,014 |
| Penalties and late fees | 507 | - | 507 |
| Advertising | - | 400 | 400 |
| | \$ 522,948 | \$ 193,311 | \$ 716,259 |

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

**BE A HELPING HAND FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 205,493 | \$ 468,992 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 131,397 | 107,058 |
| Amortization of deferred loan costs | - | 6,169 |
| Donated land for home construction | - | (29,800) |
| Bad debt expense | - | 23,514 |
| Gain on property sales | - | (244,544) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 30,149 | (48,903) |
| (Increase) decrease in grants receivable | 16,063 | (16,063) |
| Increase (decrease) in other assets | 5,400 | (5,000) |
| Increase in accounts payable | 9,644 | 75,370 |
| Increase in accrued property taxes payable | 15,507 | 449 |
| Decrease in other current liabilities | (186) | (11,615) |
| Increase (decrease) in refundable security deposits | 6,515 | (3,400) |
| | <u>419,982</u> | <u>322,227</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (804,856) | - |
| Additions to construction in progress | (24,503) | (484,108) |
| Proceeds from sales of property | - | 434,000 |
| Costs associated with sale of property | - | (83,966) |
| Costs associated with donated land | - | (12,106) |
| | <u>(829,359)</u> | <u>(146,180)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Payments on lines of credit | (10,261) | (4,276) |
| Proceeds from notes payable - related parties | - | 20,000 |
| Payments on notes payable - related parties | - | (216,598) |
| Proceeds from notes payable | 888,200 | 325,050 |
| Payments on notes payable | (303,639) | (119,939) |
| Deferred loan costs incurred | - | (5,805) |
| | <u>574,300</u> | <u>(1,568)</u> |
| Net cash provided by (used in) financing activities | | |
| Net increase in cash, cash equivalents, and restricted cash | 164,923 | 174,479 |
| Cash, cash equivalents, and restricted cash, beginning of year | <u>177,271</u> | <u>2,792</u> |
| Cash, cash equivalents, and restricted cash, end of year | <u>\$ 342,194</u> | <u>\$ 177,271</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | <u>\$ 59,678</u> | <u>\$ 74,817</u> |

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

Basis of Accounting

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

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation reported no net assets with donor restrictions at December 31, 2020 and 2019.

Use of Estimates

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

Revenue Recognition

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

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

Cash and Cash Equivalents

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

Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current composition of the receivables. At December 31, 2020 and 2019, there was an allowance for doubtful accounts of \$2,861 and \$30,637, respectively. It is reasonably possible that management's estimate of the allowance for doubtful accounts may change. Receivables are charged against the allowance when collection is considered unlikely due to historic or current experience. Bad debt expense for the year ended December 31, 2019 was \$23,514. No bad debt expense was recorded for 2020. Receivables are considered past due after 30 days, however, it is not the policy of the Foundation to assess a late fee, or apply interest to past due accounts.

Property and Equipment

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

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The Foundation reviews the carrying value of property and equipment for impairment if events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, the Foundation recognizes an impairment loss equal to the amount by which the carrying value exceeds the fair market value of the asset. The factors considered by management in performing this assessment include current operating results, trends, and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on management's assessment, there is no impairment required at December 31, 2020 and 2019.

Property Held for Sale

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. During 2019, two properties were determined to be held for sale and sold by year end. No property was held for sale at December 31, 2020 and 2019.

Deferred Loan Costs

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

Advertising Costs

The Foundation expenses all advertising costs as incurred. Total advertising expense amounted to \$374 and \$400 in 2020 and 2019, respectively.

Income Tax Status

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

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December, 2020, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Foundation has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

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

Contributed Services

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

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred after December 31, 2020, through the date of the issued financial statements for possible recognition or disclosure in the financial statements. During the period, the Foundation recognized a subsequent event that required recognition in the disclosures to the December 31, 2020 financial statements (see Note 8).

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has \$361,020 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Cash and cash equivalents of \$317,346, is not restricted by donors, and \$24,848 is restricted by donors as of financial statement date and accounts receivable of \$18,826. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$210,000.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER, 2020 AND 2019**

NOTE 3 - RESTRICTED CASH

The tenant security deposit liability was \$26,400 and \$19,885 at December 31, 2020 and 2019, respectively. The Foundation is required to maintain a restricted cash account for these deposits. This cash account was underfunded by \$1,552, as the restricted cash account had a balance of \$24,848 at December 31, 2020. This account was subsequently funded during February 2021. The cash account was fully funded with a balance of \$21,300 at December 31, 2019.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | 2020 | 2019 |
|--------------------------------|---------------------|---------------------|
| Property held for lease | \$ 4,043,729 | \$ 2,796,683 |
| Land held for lease | 600,865 | 568,340 |
| Construction in progress | 24,503 | 484,108 |
| Computers and equipment | 42,233 | 32,840 |
| Leasehold improvements | 4,403 | 4,403 |
| | 4,715,733 | 3,886,374 |
| Less: accumulated depreciation | (794,271) | (662,874) |
| | \$ 3,921,462 | \$ 3,223,500 |

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$131,397 and \$107,058, respectively.

Interest costs capitalized to construction in progress during 2019 was \$9,990. No interest costs were capitalized in 2020.

At December 31, 2020 and 2019, the Foundation executed operating leases for their properties that were held for lease. None of the aforementioned leases were for more than one year. Rental income and fees from property held for lease totaled \$386,804 and \$336,442 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, accumulated depreciation for property held for lease was \$770,842 and \$646,432, respectively.

NOTE 5 - GRANTS

The Foundation has entered into a significant number of grant agreements to purchase and rehabilitate homes for affordable rental housing. Additionally, the Foundation has entered into numerous agreements for land and funding for new construction of affordable rental homes. Under the terms of these agreements, the Foundation has agreed to repay certain funds if they violate certain terms or sale the home during the "affordability period," which is from five to twenty years from the date of the project completion. The Foundation has classified these properties as available for lease and does not anticipate that the homes will be available for sale in the "affordability period." Therefore, no liability is recorded in these financial statements for the years ended December 31, 2020 and 2019.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 5 - GRANTS (CONTINUED)

During 2019, the Foundation determined it was advantageous to sale one of the aforementioned properties due to the realty market condition in Nashville. The transaction completed before the "affordability period" was complete, therefore the Foundation incurred a \$50,000 repayment of funds to Metropolitan Development and Housing Agency (MDHA). This repayment of funds is shown as a reduction to the gain on property sales in the Statement of Activities.

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

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

In September 2019, the Foundation was awarded \$155,092 by Metropolitan Housing and Development Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct a single family home for families under 60% of Area Median Income. Monthly initial rent will be \$1,109. Construction for this project began in 2019. Of the initial \$155,092 award, nothing had been received as of December 31, 2019. The full amount was received in 2020. Costs incurred are included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In May 2020, the Foundation was awarded \$100,000 by Metropolitan Housing and Development Agency (MDHA) under the Community Development Block Grant Program (CDBG). The funding provided by this agreement was used to rehabilitate single family rental homes for families under 50% of Area Median Income. Of the initial \$100,000 award, nothing had been received as of December 31, 2020. Costs incurred are included in property held for lease at December 31, 2020.

While entering into these agreements, the Foundation also received parcels of land from MDHA. These parcels are recognized as contributions received. Appraised values of these contributions were \$62,325 and \$29,800 at December 31, 2020 and 2019, respectively.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6 - LINES OF CREDIT

The Foundation established a revolving line of credit with Pinnacle National Bank, that matures at October 3, 2034. Interest, at the Bank's Prime Rate plus 1%, which is 4.75% and 5.75% respectively, at December 31, 2020 and 2019, is due monthly. At December 2020 and 2019, the line of credit had an outstanding balance of \$75,273 and \$78,710 , respectively, and is secured by a house and real property, which had a carrying value of \$124,027 at December 31, 2020 and 2019, and is personally guaranteed by the Executive Director and his spouse.

The Foundation has established a \$90,000 revolving line of credit at SunTrust Bank, which is due on demand. Interest, at the Bank's Prime Rate plus 1%, which is 4.75% and 6.75%, at December 31, 2020 and 2019, respectively, is due monthly. At December 31, 2020 and 2019, the line of credit had an outstanding balance of \$52,272 and \$59,096 , respectively, and is secured by a lien on the Foundation's assets.

NOTE 7 - OTHER CURRENT LIABILITIES

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

| | <u>2020</u> | <u>2019</u> |
|--------------------------|------------------|------------------|
| Accrued interest payable | \$ 696 | \$ 2,534 |
| Other deposits payable | 4,000 | 4,000 |
| Accrued payroll | 6,486 | 4,834 |
| | <u>\$ 11,182</u> | <u>\$ 11,368</u> |

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 - NOTES PAYABLE

Notes payable secured by low income rental properties at December 31, 2020 and 2019 consist of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <p>Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646 and \$95,493, respectively, at December 31, 2020 and 2019, with an interest rate of 5.50% until February 2023, when a variable rate applies.</p> | \$ 61,803 | \$ 68,087 |
| <p>Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513 and \$87,018, respectively, at December 31, 2020 and 2019, including a variable interest rate which is 4% below the Index (0% and 0.75% at December 31, 2020 and 2019, respectively.)</p> | 31,242 | 35,613 |
| <p>Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$855 beginning October 2016, secured by a house and real property with a carrying value of approximately \$83,665 and \$87,164, respectively, at December 31, 2020 and 2019, including a fixed interest rate of 5.50% at December 31, 2020 and 2019, until September 2021 when a variable rate applies.</p> | 51,914 | 58,029 |

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 - NOTES PAYABLE (CONTINUED)

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <p>Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$406 beginning January 2017, secured by a house and real property with carrying value of approximately \$77,645 and \$ 64,138, respectively, at December 31, 2020 and 2019, including interest at Prime less 4% (0% and 0.75% at December 31, 2020 and 2019, respectively), maturing December 2026.</p> | \$ 30,250 | \$ 35,061 |
| <p>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 \$98,029 and \$101,905 at December 31, 2020 and 2019, respectively, including a variable interest rate of 5.50% at December 31, 2020 and 2019, maturing March 2037, and personally guaranteed by the Executive Director.</p> | 70,920 | 73,533 |
| <p>Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,776 refinanced January 2021, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 and \$1,249,919, respectively at December 31, 2020 and 2019, including interest at Prime less 4% (0% and 0.745% at December 31, 2020 and 2019, respectively), maturing in December 2025, with final balloon payment.</p> | 499,887 | 542,821 |

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 - NOTES PAYABLE (CONTINUED)

| | <u>2020</u> | <u>2019</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <p>Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,500 beginning December 2020, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2020, including interest at Prime less 4% (0% at December 31, 2020), maturing in November 2025, with final balloon payment.</p> | \$ 447,500 | \$ - |
| <p>Secured promissory note payable to The Housing Fund, interest only payments beginning February 2019 with interest at Prime plus 2% (5.75% at December 31, 2020), secured by real property with a carrying value of \$29,800 at December 31, 2020, maturing February 2021.</p> | 90,000 | 90,000 |
| <p>Secured promissory note payable to The Housing Fund, interest only payments beginning May 2020 with interest at 3.75%, secured by real property with a carrying value of \$230,790 at December 31, 2020, maturing April 2021.</p> | 100,000 | - |
| <p>Secured promissory note payable to The Housing Fund, interest only payments beginning April 2020 with interest at 3.75%, secured by real property with a carrying value of \$993,038 at December 31, 2020, maturing March 2021.</p> | 300,000 | - |

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 - NOTES PAYABLE (CONTINUED)

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| Unsecured note with Simmons Bank, received under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") dated May 4, 2020, due in 17 monthly installments of \$2,150, including interest at a fixed rate of 1.00%. Payments are scheduled to begin on December 4, 2020. The note is due in full on May 4, 2022. | \$ 38,200 | \$ - |
| Other notes | <u>-</u> | <u>235,050</u> |
| Total notes payable | 1,721,716 | 1,138,194 |
| Less: current portion | (628,194) | (893,795) |
| Less: unamortized issuance costs, net | <u>(8,137)</u> | <u>(9,176)</u> |
| Long-term portion | <u>\$ 1,085,385</u> | <u>\$ 235,223</u> |

In February 2021, the Foundation received full forgiveness of their PPP Loan in the amount of \$38,200.

Maturities of notes payable as of December 31, 2020 are summarized as follows:

| <u>Year</u> | <u>Amount</u> |
|---------------------|---------------------|
| 2021 | \$ 628,194 |
| 2022 | 99,994 |
| 2023 | 99,994 |
| 2024 | 99,994 |
| 2025 | 730,666 |
| 2026 and thereafter | <u>62,874</u> |
| | <u>\$ 1,721,716</u> |

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 – RELATED PARTY TRANSACTIONS

The Foundation leases office space from the Executive Director under a lease agreement ending in April 2022. Total rent expense under this lease in 2020 and 2019 was \$21,400. Future minimum lease commitments for the lease agreement are \$23,400 for 2021 and \$7,800 for 2022.

The Foundation subleases some of its office space to Life Choice Management, a company owned by the Executive Director's spouse. The sublease was \$500 a month for the period October 1, 2019 through September 30, 2021. Total sublease income was \$6,000 and \$6,500 in 2020 and 2019, which is included in rental income. This sublease was terminated in December 2020 by Life Choice Management.

The Foundation is also in an agreement with Life Choice Management for rental property management services. Management fees paid to Life Choice Management were \$36,050 and \$30,642 in 2020 and 2019, respectively. Amount recorded in accounts payable on the Statements of Financial Position was \$2,422 as of December 31, 2019. No amount was recorded in accounts payable as of December 31, 2020.

The Foundation advanced employees approximately \$12,000 and \$7,750 in 2020 and 2019, respectively. Additionally, the Foundation allowed employees' personal use of Foundation credit cards amounting to approximately \$4,977 and \$4,740 in 2020 and 2019, respectively. The total unpaid balance of these employee loans as of December 31, 2020 and 2019 was \$17,726 and \$17,267, respectively, and is recorded in accounts receivable.

The Foundation sold a parcel of real property to the Executive Director and his spouse in 2019. The gain recognized on this transaction was \$54,814.

The Foundation inadvertently overpaid the Executive Director while repaying the notes payable and accrued interest to him. Due to this overpayment, as of December 31, 2019 the Executive Director owes the Foundation \$30,087. This amount was recorded in accounts receivable. This amount was fully repaid by the Executive Director during 2020.