McKerley + Noonan
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2015

To the Board of Directors of
Community Housing Partnership of Williamson County
Franklin, TN

We have audited the financial statements of Community Housing Partnership of Williamson County for the year ended June 30, 2014, and have issued our report thereon dated February 2, 2015. Professional standards require that we provide you with the following information related to our audit under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. As stated in our engagement letter dated June 6, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 Organization are described in Note 2 to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 may be 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 financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered In Performing Audit

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

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Our audit of the financial statements resulted in proposed audit adjustments which are summarized in an attached report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. None were noted.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 2, 2015.

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 Organization's financial statements or a determination of the type of auditors' 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 Audit 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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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This information is intended solely for the use of the Board, and management of Community Housing Partnership of Williamson County and is not intended to be and should not be used by anyone other than these specified parties.

Community Housing Partnership of Williamson County

Financial Statements
June 30, 2014

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Independent Auditor's Report

To the Board of Directors of
Community Housing Partnership of Williamson County, Inc.
Franklin, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Community Housing Partnership of Williamson County, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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 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 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 the Organization as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McKerley & Noonan, P.C.
February 2, 2015

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Community Housing Partnership of Williamson County, Inc.
Statement of Financial Position
June 30, 2014

Assets

Current Assets:	
Cash in Bank	$ 4,330
Marketable Securities	228,294
Accounts Receivable - Net	4,060
Inventory of Rehabilitation Homes	535,118
Contributions Receivable - United Way	55,000
Total Current Assets	826,802
Fixed Assets:	
Land	203,493
Buildings	2,168,372
Office Furniture and Equipment	27,132
Less: Accumulated Depreciation	(752,619)
Net Fixed Assets	1,646,378
Other Assets	
Note Receivable - Other	6,702
Notes Receivable - Property Sales	336,432
Discount on Notes Receivable - Property Sales	(263,382)
Total Other Assets	79,752
Total Assets	$ 2,552,932

Liabilities and Net Assets

Current Liabilities:	
Accounts Payable and Accrued Expenses	$ 7,148
Tenants' Deposits	10,600
Payroll Liabilities	8,477
Current Portion of Line of Credit	117,956
Current Portion of Long-Term Debt	45,670
Total Current Liabilities	189,851
Line of Credit	67,924
Long-Term Debt	611,565
Total Liabilities	869,340
Net Assets:	
Unrestricted Net Assets	1,628,592
Temporarily Restricted Net Assets	55,000
Total Net Assets	1,683,592
Total Liabilities and Net Assets	$ 2,552,932

Community Housing Partnership of Williamson County, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and Support:			
Grant Income	$ -	$ 168,225	$ 168,225
Contributions	-	1,446	1,446
In-Kind Contributions	23,634	-	23,634
Rental Income	228,968	-	228,968
Net Gain from Property Sales	24,902	-	24,902
Other Income	13,164	-	13,164
Interest Income	3,506	-	3,506
Unrealized Gain on Investments	31,889	-	31,889
Net Assets Released from Restriction	169,671	(169,671)	-
Total Revenues and Support	495,734	-	495,734
Expenses:			
Program Services	423,353	-	423,353
General and Administrative	64,578	-	64,578
Total Expenses	487,931	-	487,931
Change in Net Assets	7,803	-	7,803
Net Assets, Beginning of the Year	1,620,789	55,000	1,675,789
Net Assets - End of the Year	$ 1,628,592	$ 55,000	$ 1,683,592

Community Housing Partnership of Williamson County, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2014

Cash Flows from Operating Activities:		
Change in Net Assets	$	7,803
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		78,611
Amortization of Discount on Notes Receivable		(3,480)
Unrealized Gain on Investments		(31,889)
Decrease in Accounts and Notes Receivable - Other		9,729
Increase in Inventory of Rehabilitation Homes		(418,484)
Decrease in Accounts Payable and Other Liabilities		(5,691)
Increase in Tenant Deposits		1,300
Increase in Payroll Liabilities		2,500
Total Adjustments		(367,404)
Net Cash Provided by Operating Activities		(359,601)
Cash Flows from Investing Activities		
Proceeds from Sale of Marketable Securities		39,196
Purchase of Fixed Assets		(9,272)
Net Cash Used by Investing Activities		29,924
Cash Flows from Financing Activities		
Principal Payments on Notes Payable		(152,106)
Proceeds from Notes Payable		472,080
Net Cash Provided by Financing Activities		319,974
Net Decrease in Cash		(9,703)
Cash, Beginning of the Year		14,033
Cash, End of Year	$	4,330

Supplemental Cash Flow Information:		
Interest Paid	$	5,549
Imputed Interest		13,494
Total interest expense	$	19,043

Community Housing Partnership of Williamson County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2014

	Program Services	General and Administrative	Total
Salaries and Benefits	$ 176,865	$ 41,487	$ 218,352
Community Rehabilitation Expenses	64,282	-	64,282
Scholarships	800	-	800
Bad Debt Expense	5,165	-	5,165
Professional Services	-	10,955	10,955
Utilities	602	-	602
Maintenance and Repairs	24,138	45	24,183
Insurance	14,078	3,598	17,676
Office Expense and Supplies	8,806	2,065	10,871
Property Taxes	11,835	-	11,835
Rent	9,522	2,234	11,756
Depreciation	77,039	1,572	78,611
Mileage	3,230	758	3,988
Training, Meetings and Dues	2,055	482	2,537
Interest	19,043	-	19,043
Other Expenses	5,893	1,382	7,275
Total Functional Expenses	$ 423,353	$ 64,578	$ 487,931

Community Housing Partnership of Williamson County, Inc.

Notes to the Financial Statements
June 30, 2014

NOTE 1 - DESCRIPTION AND PURPOSE OF THE ORGANIZATION

Community Housing Partnership of Williamson County, Inc. (the Organization) is a non-profit organization in Williamson County, Tennessee. The Organization's mission is to provide affordable housing in Williamson County to low and moderate income families.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting which means that revenues are recognized when earned and expenses are recorded when incurred. The significant accounting policies of the Organization are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

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

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets are donations that are not subject to donor-imposed stipulations. Monies received without restriction or released from restriction are generally used to finance the normal day-to-day operations of the Organization.

Temporarily Restricted Net Assets

Temporarily restricted net assets are donations that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2014, there were $55,000 of net assets temporarily restricted for community rehabilitation expenses.

Permanently Restricted Net Assets

Permanently restricted net assets are donations subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2014, there were no permanently restricted net assets.

Fair Value Measurements
The Organization follows the guidance in ASC 820, Fair Value Measurements. This standard defines fair value, provides guidance for measuring fair value, and requires certain disclosures. The standard utilizes a fair value hierarchy which is categorized into three levels based on the inputs to the valuation techniques used to measure fair value. The standard does not require any new fair value measurements, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The Organization's investments are measured on a recurring basis at fair value at the reporting date using quoted prices in active markets for identical assets (Level 1).

Contributed Services
Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses based on the fair value of the services received.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under ASC 958, Accounting for Contributions Received and Contributions Made, have not been satisfied.

Marketable Securities
The Organization has $228,294 primarily in stock and bond mutual funds held at Morgan Stanley. The value of the investments increased $31,889 during the fiscal year ended June 30, 2014.

Accounts Receivable
Accounts receivable represents rent income owed to the Organization at June 30, 2014. Management has estimated an allowance for bad debts of $5,165 against these receivables as of June 30, 2014.

Contributions Receivable – United Way
United Way has committed to funding $55,000 during fiscal year 2015 for community rehabilitation expenses.

Inventory of Rehabilitation Homes
The Organization occasionally purchases residential homes, rehabs the homes and then sells the homes to qualified individuals for a small profit. The profit from these homes is reinvested into the mission of the Organization. At June 30, 2014, the Organization had five of these homes that were still in a stage of rehabilitation.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method based on the following estimated useful lives of the assets.

Building	39 years
Vehicle	5 years
Furniture & Equipment	5 – 7 years

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation expense for the year ended June 30, 2014 amounted to $78,611.

In-Kind Contributions

The Organization receives office space rent for $1 a year from Williamson County, Tennessee. The value of this free rent is estimated to be $10,140 and has been recorded as in-kind contributions and rent expense in the statement of activities.

The Organization has recorded $13,494 in in-kind interest expense related to the zero percent note payables (see Note 4).

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management estimates.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for federal or state income taxes is applicable.

The Organization has adopted the guidance in ASC 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2011. The Organization incurred no interest or penalties during the year ended June 30, 2014.

NOTE 3 – CREDIT RISK

The Organization maintains its cash in bank deposit accounts that at times may exceed the federally insured limit of $250,000. In addition, the Organization has credit risk associated with the purchase and rehab of residential homes. The Organization has risk that the homes may not sell in a timely fashion or at a desirable price.

NOTE 4 – NOTES PAYABLE

Notes payable consists of the following at June 30, 2014:

A $201,000 note secured by property payable to Franklin Synergy Bank bearing interest at 0% maturing in 2017.	120,559
A $40,000 note secured by property payable to Reliant Bank bearing interest at 5% maturing in 2027.	36,334
A $42,000 note secured by property payable to Reliant Bank bearing interest at 5% maturing in 2027.	0
A $38,500 note secured by property payable to Reliant Bank bearing interest at 5% maturing in 2027.	33,859
A line of credit with US Bank with interest at 1% above the bank's prime rate and maturing July 2015.	37,969
A $148,149 mortgage note payable with Avenue Bank with interest at 4% below Prime and maturing August 2019.	142,314
A $286,200 note payable to Reliant Bank bearing interest at 3.25% and maturing in August of 2015.	$286,200
A $100,000 line of credit to Regions Bank with an interest rate of 3.25% and maturing in November 2015.	$67,924
A $120,000 line of credit to Franklin Synergy Bank with an interest rate of 0.00% and maturing in April 2015.	$117,956
Total	$ 843,115

Principal requirements of notes payable for the next five years consists of:

2015	$ 163,626
2016	414,081
2017	60,248
2018	20,502
2019	20,580
Thereafter	164,078
Total	$ 843,115

Several of the Organizations notes were offered at zero percent because of the nature of the projects and the Organizations status as a non-profit. Interest expense on these notes has been imputed at 5% annually and amounted to $13,494 for the year ended June 30, 2014.

NOTE 5 – RETIREMENT PLAN

The Organization has adopted a defined contribution Simplified Employee Retirement Plan covering all eligible employees. Eligibility requirements are the employee must be at least 21 years old, performed services in at least three of the preceding five years, and whose compensation during the year was not less than $450. The Organization made $10,574 of contributions to the plan for the year ended June 30, 2014.

NOTE 6 – NOTES RECEIVABLE – PROPERTY SALES

In previous years, the Organization received in-kind contributions for a portion of the value of residential homes from various developers building homes in Williamson County. The Organization immediately identified buyers for the homes. In each transaction, the Organization purchased the home from the developer at the reduced price and recognized an in-kind donation for the difference between the market value of the home and the reduced price, then immediately sold the home to a buyer for the market value of the home. The buyer of the home paid the Organization the reduced price immediately and signed a long-term note for the in-kind donation amount. These notes are interest free notes and mature beginning in 2042. These notes have been discounted at 5% and will be amortized into interest income over the life of the notes. The discount totaled $263,382 at June 30, 2014.

NOTE 7 – GRANTS

The Organization has various grants from State and Local sources. In addition, the Organization received a Federal grant which is administered through the Tennessee Housing Development Agency. The grant which falls under the U.S. Department of Housing and Urban Development allows the Organization to purchase and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Once redeveloped, the properties are then rented or sold to qualified residents at reduced prices.

NOTE 8 – COMMITMENTS

Amounts received from grantors are subject to restrictions and are open to audits. Any disallowed claims including amounts already collected, could become a liability to the Organization.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2015, the date that the financial statements were available to be issued.