

**FUNDING AGREEMENT BETWEEN THE CITY OF FRANKLIN AND
COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY**

COF Contract No. 2019-0192

This Funding Agreement is effective on July 1, 2019, between and among the City of Franklin, Tennessee, a political subdivision of the State of Tennessee (the "City") and **COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY** (the "Agency"), a Tennessee nonprofit corporation.

RECITALS

WHEREAS, Tennessee Code Annotated ("TCA") Section 6-54-111, as amended, authorizes a municipality's governing body to appropriate funds for the financial aid of any nonprofit charitable organization that provides year-round services benefiting the general welfare of the residents of the municipality or any nonprofit civic organization working to maintain and increase employment opportunities in the municipality; and

WHEREAS, the TCA also provides for the Comptroller of the Treasury to establish standard procedures to assist the municipal governing body in the disposition of funds so appropriated; and

WHEREAS, the municipality wishes to comply with the following laws and rules:

1. A municipality may appropriate funds for only those nonprofit charitable organizations that provide year-round services benefiting the general welfare of the residents of the municipality, or any nonprofit civic organization classified under Sections 501(c)(4) or (6) of the Internal Revenue Code working to maintain and increase employment opportunities in the municipality.

2. The governing body of each municipality shall adopt an adequate agreement stating the purpose for which the funds are being appropriated, for each nonprofit organization that is to receive municipal funds.

3. The budget document of the municipality shall include the name of each nonprofit organization and the specific amount appropriated for each organization.

4. Municipal payments to nonprofit organizations shall be limited to the amounts appropriated for such purposes and in keeping with the municipality's guidelines for how the appropriated funds may be spent.

5. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality (a blank copy of which is attached as Exhibit B); and
- (c) The proposed use of the municipal assistance (a blank copy of which is attached as Exhibit C).

The report filed shall be open for public inspections during regular business hours of the City.

6. For appropriations to nonprofit civic organizations, notices shall be published in a newspaper of general circulation in the municipality of the intent to make an appropriation, specifying the intended amount and purpose; and

WHEREAS, the City and the Agency intend to enter into this agreement for the purpose of defining the Agency's use of the monies received from the City in fiscal year 2019-2020.

NOW, THEREFORE, in consideration of the mutual covenants and promises, the parties agree as follows:

1. TERM

This agreement shall be effective from and after the effective date and shall extend through June 30, 2020, unless otherwise terminated in accordance herewith.

2. OBLIGATIONS OF CITY OF FRANKLIN

2.1 In accordance with City guidelines after all administrative costs are deducted therefrom, the City will contribute to the Agency the amount of EIGHT THOUSAND FOUR HUNDRED SIXTY and 00/100 DOLLARS (\$8,460.00).

2.2 Payments will be made in quarterly installments, payable at or near the beginning of each quarter and will begin only after this Agreement has been executed.

3. OBLIGATIONS OF THE AGENCY

3.1 Use of Funds. The Agency shall use the City funds for the sole and limited purpose of community and economic development of the City of Franklin according to the Statement of Work and Program Objectives provided in Exhibit B, a copy of which is attached hereto and incorporated by reference herein.

3.2 Work Plan. In order to accomplish the objective(s) set forth in paragraph 3.1, the agency shall submit to the City a Work Plan that describes, in detail, the efforts to be undertaken by the Agency to accomplish the performance objectives set forth in Exhibit B, a copy of which is attached hereto as Exhibit C and incorporated by reference herein. At a

minimum, the Work Plan shall include that information required by Exhibit B. The Agency shall coordinate its performance under this Agreement with the City. The Agency shall advise and consult with the City Administrator or his/her designee, with respect to its performance under this Agreement.

3.3 Annual Budget. The Agency shall submit an annual budget in a form and on a schedule acceptable to the City. The annual budget shall contain a detailed analysis of the project administrative expenses for operations and reasonable estimates of the projected amounts to be spent for the services to be provided and Work Plan to be implemented for the calendar year. The budget shall be submitted to the City with this agreement.

3.4 Reporting. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality; and
- (c) The proposed use of the municipal assistance.

The report filed shall be open for public inspections during regular business hours of the City.

3.5 Insurance. The Agency shall maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Agency and its employees. The Agency shall maintain workers' compensation insurance as required by the laws of the State of Tennessee.

The Agency shall require all third parties utilized by the Agency ("Contractors") to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Contractors and its employees. The Agency shall require contractors to maintain workers' compensation as required by the State of Tennessee. The contractor's general liability insurance shall be of sufficient limits to provide defense and settlement expenses for Agency that result from the contractor liability. To the extent permissible, the Agency shall require each Contractor to endorse the Agency as an additional insured on the Contractor's general liability policies.

To the extent permitted by law, the Agency shall require such Contractor to indemnify and hold the Agency harmless against any liability caused by acts or omissions of the Contractor and its employees.

Insurance information will be provided to the City upon request. The Agency shall notify the City immediately of incidents that could lead to a major claim against the Agency.

4. RESTRICTION ON USE OF FUNDS

The Agency does hereby warrant and represent that the City Funds shall not be utilized by either the Agency or any of its Contractors for the following purposes:

- 4.1 Any claim or litigation against the City or any department or division of the City.
- 4.2 Any political or levy campaigning purposes.

5. RECORDS AND AUDITS

5.1 **Accounting.** The Agency shall maintain full, accurate and complete financial and accounting books, records and reports ("Records") of all direct and indirect uses and expenditures of the City Funds consistent with generally accepted accounting principles (GAAP).

5.2 **Maintenance of Records.** The Agency shall keep records relating to all uses and expenditures of the City Funds received pursuant to this Agreement. The Agency shall maintain a system of bookkeeping adequate for its operations hereunder and shall submit reports from such system to the City and the Agency on an annual basis for review and approval. The Agency shall keep and preserve for at least seven (7) years following each calendar year all sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, payroll records, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books and other evidence of receipts and expenditures for such period.

5.3 **Audit.** The City or the City's designated representative, at the City's cost and expense, shall have the right to audit the Agency's Records at any time but shall not unreasonably interfere with the Agency's business or operations in connection with any such audit. The Agency acknowledges that this Agreement may be subject to audit by the Auditor of the State of Tennessee.

5.4 **Repayment.** If an audit discloses the Agency has received or retained City Funds in error or in excess of those to which the Agency is entitled under this Agreement or has used the City Funds for a purpose not authorized by this Agreement, the Agency agrees to promptly repay to the City the full amount of such City Funds, with interest thereon at the rate equal to the 90-day U.S. Treasury Note at the time. In the event the Agency fails to promptly repay to the City the full amount of such City Funds, the City may elect to withhold said City Funds from any future payments to the Agency.

5.5 **Additional Remedies.** In addition to the repayment remedy set forth in paragraph 5.4 herein, the City may elect to terminate this Agreement as set forth in section 6, herein with a minimum of 30 days written notice to the Agency's President and Chair of the Board with opportunity to cure any breach.

6. TERMINATION

If either party hereto breaches any term, condition, representation, warranty or covenant contained in this Agreement, or if the Agency engages in any malfeasance or misfeasance with respect to the City Funds, the non-breaching party may elect to terminate this Agreement with a minimum of 30 days written notice to the other party with opportunity to cure any breach.

7. MISCELLANEOUS PROVISIONS

7.1 The Agency and the City agree that, as a condition to this Agreement, they shall not discriminate against any employee on the basis of race, color, sex, religion, natural origin, handicap, or any other factor specified in Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans with Disabilities Act, and subsequent amendments thereto, and all other federal and state laws regarding such discrimination.

7.2 The Agreement may be amended at any time, or any provision hereof may be waived, by written consent of all parties hereto.

7.3 This Agreement shall be governed by and construed under the laws of the State of Tennessee.

7.4 The Agency and the City shall conform to the requirements of all applicable laws and regulations of the State of Tennessee governing the execution of their respective duties under this Agreement.

(Signatures on next page)

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS Agreement as of this 27 day of June, 2019 by

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY

By: Zabrina Gregg
Name: Zabrina Minor Gregg
Title: Executive Director Designate
Date: 6/27/19

CITY OF FRANKLIN

By: Eric S. Stuckey
Eric S. Stuckey, City Administrator
Date: 6-27-19

Approved as to form:

By: Shauna R. Billingsley
Shauna R. Billingsley, City Attorney

EXHIBIT A

Annual Reporting Form for Nonprofit Organizations

Seeking Financial Assistance from Local Governments

Community Housing Partnership of Williamson County
Name of Nonprofit Organization

129 West Fowler St. Franklin TN 37064
Street Address City County State Zip

* See audit attached

Annual Financial Report of Cash Receipts, Disbursements, and Balances

For the Fiscal Year from _____ through _____

Report Required by Title 5, Chapter 9, Part 1,

And Title 6, Chapter 54, Part 1, *Tennessee Code Annotated*

Receipts

Federal Grants	\$ _____
State Grants	_____
Financial Assistance from Local Governments	_____
Donations and Gifts from Citizens	_____
Membership Dues	_____
Fees/Charges for Services	_____
Fundraising Events	_____
Sale of Assets	_____
Loans-Borrowed Funds	_____
Investment Income	_____
Other Receipts	_____
Total Receipts	\$ _____ (A)

Disbursements

Grants and Other Assistance Paid to Other Organizations and Individuals	\$ _____	
Salaries and Wages	_____	
Employee Benefits	_____	
Payroll Taxes	_____	
Fees for Services (non-employee)	_____	
Advertising and Promotion	_____	
Office Expenses	_____	
Leases/Rentals	_____	
Maintenance and Repairs	_____	
Supplies	_____	
Travel	_____	
Utilities	_____	
Insurance	_____	
Conferences, Conventions and Meetings	_____	
Interest	_____	
Purchase of Capital Assets – Vehicles and Equipment	_____	
Purchase of capital Assets – Property and Buildings	_____	
Loan Payments	_____	
Other	_____	
Total Disbursements		\$ _____ (B)
Cash Receipts Less Disbursements for the fiscal Year (A-B=C)		\$ _____ (C)
Cash Balance - at the beginning of the fiscal year		\$ _____ (D)
Cash Balance - at the end of the fiscal year (C+D=E)		\$ _____ (E)

Details of Cash Balance - at the end of the fiscal year

Cash on Hand	\$ _____
Cash in Bank – Checking	_____
Cash in Bank – Savings Accounts	_____

Cash in Bank – Certificates of Deposits _____
Other Cash _____
Total Cash - at the end of the fiscal year \$ _____ (E)

Please Explain Proposed Use of the Financial Assistance from Local Governments.

owner occupied rehab and emergency
repairs for williamson County,
Franklin TN Residents.

I certify that this report accurately presents the cash receipts, disbursements, and balances of the

CHPWC _____ for the fiscal year noted above.

Name of Nonprofit Organization

Person Preparing Report

Zabrina Gregg

Printed Name

Zabrina Gregg

Signature

Phone Number

615.790.5586

Email Address

zabrina@chpwc.org

Date

6/27/19

EXHIBIT B

The Agency 2019-2020 Statement of Work and Program Objectives (description of program) shall include:

- 1. Solicit applications for low income, low income elderly or low income elderly homeowner residents for emergency repairs to their homes through an application process that allows for the leveraging of additional funding through United Way of Williamson County, Greater Nashville Regional Council, Williamson County and Tennessee Housing Development Agency to maximize the funding from the City of Franklin.**
- 2. Verify all documentation on the application including incomes and ownership of the structure as well additional documentation for insurance and mortgage status.**
- 3. Conduct a work write up of the requested work to verify the condition of the structure, the legitimacy of the repair request, the emergency nature of the request and other mitigating factors. Conduct a cost estimate of the requested work.**
- 4. Submit to the Community Housing Partnership of Williamson County Board of Directors for approval of the request.**
- 5. Conduct bidding for the work if the size of the requested work so dictates. If the job request is smaller use approved contractors that were previously vetted through a bid process. Award contracts.**
- 6. Inspect all finished work with the homeowner to insure the proper quality of work and all codes conditions were met prior to authorizing payment.**
- 7. Authorize payment, insure the release of any liens if applicable.**
- 8. Maintain records in the Community Housing Partnership of Williamson County office.**

EXHIBIT C

The Agency 2019-2020 Annual Work Plan shall include:

- 1. Owner occupied emergency housing rehabilitation for low income City of Franklin homeowner residents**

- 2. Owner occupied emergency housing rehabilitation for elderly low income City of Franklin homeowner residents**

- 3. Owner occupied emergency housing rehabilitation for disabled low income City of Franklin homeowner residents**

**COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2018**

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MCMURRAY, FOX & ASSOCIATES, PLLC CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Community Housing Partnership of Williamson County (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows 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 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 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 Community Housing Partnership of Williamson County as of June 30, 2018, and the changes in its net assets, cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McMurray, Fox & Associates

McMurray, Fox & Associates, PLLC
Hendersonville, Tennessee
March 11, 2019

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current assets

Cash and cash equivalents	\$	184,343
Marketable securities		118,398
Accounts and notes receivable, net		8,043
Inventory of rehabilitation homes		3,640,105
Contributions receivable - United Way		51,315
Escrow deposit		20,000
Total current assets		<u>4,022,204</u>

Property and equipment

Land		269,602
Building		2,622,086
Equipment		32,268
Less: accumulated depreciation		<u>(1,132,114)</u>
Net property and equipment		1,791,842

Other Assets

Notes receivable - property sales		336,432
Discount on notes receivable - property sales		<u>(247,640)</u>
Total other assets		88,792

Total assets	\$	<u><u>5,902,838</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$	15,107
Tenants' deposits		10,800
Payroll liabilities		2,164
Current portion of long-term debt		<u>3,031,529</u>
Total current liabilities		3,059,600

Long term liabilities

Line of credit		26,025
Long-term debt		<u>321,089</u>
Total long term liabilities		347,114

Net assets

Unrestricted		2,444,809
Temporarily restricted		<u>51,315</u>
Total net assets		2,496,124

Total liabilities and net assets	\$	<u><u>5,902,838</u></u>
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COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Grant income	\$ -	\$ 511,254	\$ 511,254
Contributions	-	15,550	15,550
In-kind contributions	29,476	-	29,476
Homebuyers counseling	17,465	-	17,465
Rental Income	305,468	-	305,468
Net gain from property sales	27,438	-	27,438
Other income	6,259	-	6,259
Interest income	7,835	-	7,835
Unrealized gain (loss) on investment	11,693	-	11,693
Net assets released from restrictions	530,489	(530,489)	-
Total revenues	936,123	(3,685)	932,438
Expenses			
Program services	742,004	-	742,004
Management and general	76,830	-	76,830
Total expenses	818,834	-	818,834
Change in net assets	117,289	(3,685)	113,604
Net assets at beginning of year	2,327,520	55,000	2,382,520
Net assets at end of year	<u>\$ 2,444,809</u>	<u>\$ 51,315</u>	<u>\$ 2,496,124</u>

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

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Total
Salaries and benefits	\$ 234,354	\$ 54,972	\$ 289,326
Payroll taxes	19,400	4,551	23,951
Total wages cost	253,754	59,523	313,277
Grants to homebuyers	78,266	-	78,266
Community rehabilitation expenses	118,587	-	118,587
Bad debt	62,283	-	62,283
Insurance	18,236	4,277	22,513
Office expense and supplies	10,256	2,406	12,662
Professional services	16,020	3,758	19,778
Interest	19,623	-	19,623
Mileage	5,312	1,246	6,558
Other	3,812	894	4,706
Rent	9,040	2,121	11,161
Training, meetings and dues	2,811	659	3,470
Maintenance & repairs	31,548	-	31,548
Property taxes	14,446	-	14,446
Utilities	2,661	-	2,661
Depreciation	95,349	1,946	97,295
Total expenses	\$ 742,004	\$ 76,830	\$ 818,834

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

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Increase/ (Decrease) in net assets	\$ 113,604
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation	97,295
Amortization of discount on notes receivable	(7,319)
Unrealized gain on investment	(11,693)
(Increase)/ Decrease in accounts and notes receivable - other	33,788
(Increase)/ Decrease in notes receivable - property sales	30,400
(Increase)/ Decrease in inventory of rehabilitation homes	(1,782,509)
Increase/ (Decrease) in accounts payable and other liabilities	(49,373)
Increase/ (Decrease) in tenant deposits	300
Increase/ (Decrease) in payroll liabilities	(1,123)
Total adjustments	<u>(1,690,234)</u>
Net cash used in operating activities	<u>(1,576,630)</u>
Cash flows from investing activities:	
Sale of marketable securities	10,000
Escrow deposit	(20,000)
Purchase of fixed assets	(20,912)
Cash used in investing activities	<u>(30,912)</u>
Cash flow from financing activities	
Principal payments on Notes Payable	(881,194)
Proceeds from Notes Payable	2,522,879
Net cash provided by financing activities	<u>1,641,685</u>
Net increase in cash and cash equivalents	34,143
Cash and cash equivalents at beginning of year	<u>150,200</u>
Cash and cash equivalents at end of year	<u><u>\$ 184,343</u></u>

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

**COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

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.

B. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

C. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. All grants and contributions are considered temporarily restricted upon receipt and are commonly used within the same year. At June 30, 2018, the Organization had \$51,315 of temporarily restricted net assets which represents a United Way commitment for community rehabilitation expenses which will be paid monthly in fiscal year 2019.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets at June 30, 2018.

D. Fair Value Measurement

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 or level 1 investments.

See independent auditor's report.

**COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

G. Accounts Receivable

Accounts receivable results primarily from tenant rent and other promissory notes owed to the Organization at June 30, 2018. Accounts receivable are based on managements' evaluation of outstanding receivables at year end. Allowance for doubtful accounts, if any, is provided based on the review of outstanding receivables, management's historical experience, and economic conditions. Uncollectible accounts are expensed in the period such amounts are determined. At June 30, 2018, a reserve for uncollectible accounts of \$8,809.

H. Marketable Securities

The Organization has \$118,398 primarily in stocks and bond mutual funds held at Morgan Stanley. An unrealized loss of \$11,693 was recognized in the financial statements.

I. Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Property and equipment with a cost in excess of \$300 are capitalized. Property and equipment are depreciated using the straight-line method over the life of the asset, between three and thirty years. Depreciation expense for the year ended June 30, 2018 is \$97,295. Repair and maintenance costs are expensed as incurred.

J. Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only when those services either (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. 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 efforts, under ASC 958 Accounting for Contributions Received and Contributions Made, have not been satisfied.

See independent auditor's report.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. In-Kind Contributions

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

The Organization recorded \$19,336 of interest as in-kind contribution and interest expense related to below market notes payable.

L. Accrued Time Off

The Organization allows for paid vacation and comp time. Payroll liabilities includes accrued time off of \$2,016 as of June 30, 2018.

M. Classification of Expenses

Expenses are classified functional as a measure of service efforts and accomplishments. Direct expenses, incurred for a single program and allocation entirely to that function. Joint expenses applicable to more than one function are allocated on a time study of management and staff time as estimated by management.

N. Income Taxes

Community Housing Partnership of Williamson County is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code, therefore no provision for federal or state income taxes is applicable.

O. Inventory of Rehabilitation Homes and Grants to Homebuyers

The Organization purchases residential homes, rehabs the homes and then sells the homes to qualified individuals. The profit from these homes is reinvested into the mission of the Organization. At June 30, 2018, the Organization had four of these homes that were still in a stage of rehabilitation.

The Organization also sells some of these homes to qualified individuals at prices below the Organization's cost to purchase and rehabilitate the home. The difference is awarded as Grants to homebuyers. For the year ended June 30, 2018, grants to homebuyers were \$78,266.

P. New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities effective for fiscal years beginning after December 15, 2017. The new pronouncement primarily changes net asset presentation from three net asset classifications to net assets with and without donor restrictions. We will adopt the new guidance July 1, 2018. We do not expect the adoption to have a material impact on our financial statements.

See independent auditor's report.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. New Accounting Pronouncements (Continued)

New Accounting Pronouncements (continued)

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Board adopts as of the specified effective date. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

NOTE 2 – CREDIT RISK

The Organization maintains its cash in bank deposit accounts that at times may exceed the federal insured limit of \$250,000. In addition, the Organization has credit risk associated with the purchase and rehab of residential homes, with the risk of the housing market supporting the desired price and timeframe for sale.

NOTE 3 – NOTES PAYABLE

Notes payable consists of the following at June 30, 2018:

Note payable to Pinnacle Bank, secured by property, bearing interest equal to WSJ Prime with monthly interest payments and a final balloon payment of principal and interest due November 21, 2018.	\$ 2,674,784
Note payable to Pinnacle Bank, secured by property, bearing interest at WSJ Prime less 4.0% with monthly interest payments of \$277 and a final payment of principal and interest due August 15, 2019.	38,223
Note payable to Pinnacle Bank, secured by property, bearing interest at WSJ Prime less 4.0% with a final payment of principal and interest due January 15, 2021.	180,836
Note payable to Pinnacle Bank, secured by property, bearing interest at WSJ Prime less 4.0% with monthly interest payments of \$277 and a final payment of principal and interest due November 14, 2019.	37,475
Note payable to Pinnacle Bank, secured by property, bearing interest at WSJ Prime less 4.0% with monthly interest payments of \$277 and a final payment of principal and interest due August 29, 2019.	36,665

See independent auditor's report.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
NOTE 3 – NOTES PAYABLE (CONTINUED)

Note payable to Pinnacle Bank, secured by property, bearing interest at WSJ Prime less 4.0% with annual principal payments of \$14,004 and a final payment of remaining principal and all interest due August 31, 2019.	92,133
Note payable to Reliant Bank, secured by property, bearing interest at 5.0%. The note is due on demand. If no demand, the monthly payments of \$309 with remaining principal and interest at March 1, 2027.	25,361
Note payable to Reliant Bank, secured by property, bearing interest at 5.0%. The note is due on demand. If no demand, the monthly payments of \$318 with remaining principal and interest at May 26, 2027.	27,521
Note payable to Reliant Bank, secured by property, bearing interest at 5.0%. The note is due on demand. If no demand, the monthly payments of \$334 with remaining principal and interest at August 15, 2027.	29,236
Note payable to Reliant Bank, secured by property, bearing interest at WSJ Prime less 4%. The note is due on demand. If no demand, principal and interest is due at maturity of April 30, 2019.	174,984
Note payable to Franklin Synergy Bank, secured by property, bearing interest at 0%. Principal and interest is due at maturity of August 2, 2018.	<u>35,400</u>
Total Notes Payable	3,352,618.00
Less: Current portion	<u>3,031,529.00</u>
Total Long-term debt	<u>\$ 321,089</u>

Principal repayments for the next five years and after are as follows:

2019	\$ 3,031,529
2020	193,612
2021	161,734
2022	-
2023	-
Therafter	-
Total	<u>\$ 3,386,875</u>

See independent auditor's report.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
NOTE 3 – NOTES PAYABLE (CONTINUED)

Several of the notes obtained by the Organization were issued at below market interest rates due to the nature of the projects and the Organization's status as a non profit. Interest on these notes has been imputed at 5% annually and amounted to \$19,336 for the year ended June 30, 2018.

In addition the Organization has a Line of Credit for \$100,000 with Republic Bank bearing interest at 0% which auto renews annually. The balance outstanding on the line of credit at June 30, 2018 was \$26,025.

NOTE 4 – RETIREMENT PLAN

The Organization has adopted a 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 no contributions for the year ended June 30, 2018.

NOTE 5 – 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 \$247,640 at June 30, 2018.

During the year ended June 30, 2017, one home was sold with a forgivable mortgage which had a face value of \$30,400. The mortgage was written off to bad debt during the year ended June 30, 2018.

NOTE 6 – 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.

See independent auditor's report.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
NOTE 7 - 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 8 – SUBSEQUENT EVENTS

Community Housing Partnership of Williamson County has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2018 through March 11, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

Community Housing Partnership

REVENUE	United	Will.	Franklin	USDA	HUD	REN	DEVEL	GEN.	TOTAL	Total
OPERATING REVENUE	Way	Co.		RD		TOP			19 Budget	18 Projected
CITY OF FRANKLIN	\$0	\$0	\$1,800	\$0	\$0	\$0	\$0	\$0	\$1,800	\$1,634
UNITED WAY REVENUE	\$9,240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,240	\$9,240
WILLIAMSON COUNTY REVENUE	\$0	\$9,288	\$0	\$0	\$0	\$0	\$0	\$0	\$9,288	\$9,834
USDA RD	\$0	\$0	\$0	\$2,668	\$0	\$0	\$0	\$0	\$2,668	\$0
INTEREST/Investment Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$0
GROSS RENTAL INCOME	\$0	\$0	\$0	\$0	\$0	\$340,000	\$0	\$0	\$340,000	\$312,093
OTHER REVENUE	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000	\$0	\$15,000	\$33,102
Housing Counseling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000	\$25,000
Whispering Winds Subdivision	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$0	\$200,000	\$0
DEVELOPMENT FEES	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000	\$0	\$150,000	\$8,462
DONATIONS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$500	\$11,672
DONATIONS IN KIND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MIDDLE TN EMC/US Bank	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$10,000
THDA Housing Trust Fund Administrative	\$0	\$0	\$0	\$0	\$0	\$0	\$32,200	\$0	\$32,200	\$0
1319 West Main Street	\$0	\$0	\$0	\$0	\$0	\$0	\$164,500	\$0	\$164,500	\$250,000
HNM Planning Grant	\$0	\$0	\$0	\$0	\$53,494	\$0	\$0	\$0	\$53,494	\$13,300
HNM HMIS Grant	\$0	\$0	\$0	\$0	\$157,500	\$0	\$0	\$0	\$157,500	\$39,375
City of Franklin CDBG	\$0	\$0	\$15,350	\$0	\$0	\$0	\$0	\$0	\$15,350	\$88,450
2015/18 THDA/HOME Administrative Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000	\$0	\$45,000	\$9,043
SUBTOTAL OPERATING INCOME	\$9,240	\$9,288	\$17,150	\$2,668	\$210,994	\$340,000	\$606,700	\$30,500	\$1,226,540	\$821,205
PROJECT REVENUE										
SINGLE FAMILY CONSTRUCTION	\$0	\$0	\$0	\$0	\$0	\$0	\$750,000	\$0	\$750,000	\$400,000
Whispering Winds Subdivision	\$0	\$0	\$0	\$0	\$0	\$0	\$1,320,000	\$0	\$1,320,000	\$779,816
Walker Project/Wood Duck Court	\$0	\$0	\$0	\$0	\$0	\$0	\$565,000	\$0	\$565,000	\$110,000
HOMEOWNER REHABILITATION (Franklin)	\$0	\$0	\$6,660	\$0	\$0	\$0	\$0	\$0	\$6,660	\$9,782
HOMEOWNER REHABILITATION (U Way)	\$32,072	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,072	\$42,072
HOMEOWNER REHABILITATION (W Cty)	\$0	\$28,843	\$0	\$0	\$0	\$0	\$0	\$0	\$28,843	\$28,297
USDA RD	\$0	\$0	\$0	\$30,740	\$0	\$0	\$0	\$0	\$30,740	\$2,000
2019 THDA Housing Trust Fund Project	\$0	\$0	\$0	\$0	\$0	\$0	\$551,000	\$0	\$551,000	\$58,650
FEMA/United Way Homeless	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000
1319 West Main Street	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$377,500
2018 THDA/HOME Project	\$0	\$0	\$0	\$0	\$0	\$0	\$705,000	\$0	\$705,000	\$443,000
SUBTOTAL PROJECT REVENUE	\$42,072	\$28,843	\$6,660	\$30,740	\$0	\$0	\$3,891,000	\$0	\$3,999,315	\$2,261,117
TOTAL REVENUE	\$51,312	\$38,131	\$23,810	\$33,408	\$210,994	\$340,000	\$4,497,700	\$30,500	\$5,225,855	\$3,082,322
EXPENSES	United	Will.	Franklin	USDA	HUD	REN	DEVEL	GENERAL	TOTAL	Total
OPERATING EXPENSES	Way	County	CDBG	RD		TOP			19 Budget	18 Projected
SALARIES	\$7,812	\$7,812	\$15,300	\$2,668	\$120,184	\$85,000	\$186,683.00	\$24,816	\$450,275	\$328,502
EMPLOYEE BENEFITS	\$500	\$500	\$500	\$0	\$0	\$1,000	\$50,000	\$500	\$53,000	\$35,000
PAYROLL TAXES	\$600	\$600	\$1,170	\$0	\$0	\$8,800	\$22,000	\$765	\$33,935	\$25,130

2019-2020 Budget

WORKMANS COMP INSURANCE	\$78	\$78	\$0	\$0	\$0	\$2,000	\$6,000	\$0	\$8,156	\$3,110		
INSURANCE	\$0	\$0	\$0	\$0	\$0	\$16,000	\$15,000	\$1,500	\$32,500	\$28,900		
FIDELTY BONDING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
MARKETING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$500	\$336		
LEGAL EXPENSE	\$0	\$0	\$0	\$0	\$0	\$500	\$1,500	\$0	\$2,000	\$400		
ACCOUNTING/AUDIT	\$0	\$0	\$0	\$0	\$0	\$7,000	\$22,500	\$1,250	\$30,750	\$20,000		
POSTAGE	\$0	\$0	\$0	\$0	\$0	\$200	\$400	\$250	\$850	\$400		
MEETING EXPENSE	\$0	\$0	\$0	\$0	\$0	\$100	\$900	\$0	\$1,000	\$1,175		
PROFESSIONAL FEES	\$0	\$0	\$0	\$0	\$0	\$300	\$2,700	\$0	\$3,000	\$1,300		
MILEAGE	\$250	\$250	\$180	\$0	\$0	\$1,300	\$2,800	\$0	\$4,780	\$2,516		
OFFICE EXPENSE/SUPPLIES	\$0	\$0	\$0	\$0	\$31,050	\$1,000	\$2,000	\$300	\$34,350	\$5,300		
PUBLICATIONS	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$100	\$300	\$0		
TELEPHONE	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$325	\$2,325	\$3,300		
UTILITIES	\$0	\$0	\$0	\$0	\$0	\$6,000	\$0	\$0	\$6,000	\$5,400		
STORAGE FACILITY	\$0	\$0	\$0	\$0	\$0	\$1,100	\$0	\$0	\$1,100	\$1,020		
PROPERTY TAXES	\$0	\$0	\$0	\$0	\$0	\$15,000	\$0	\$0	\$15,000	\$9,700		
INTEREST EXPENSE (Rental property)	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$8,000	\$5,700		
MEMBERSHIP EXPENSE	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	\$4,000		
TRAVEL/TRAINING	\$0	\$0	\$0	\$0	\$5,250	\$1,500	\$3,000	\$0	\$9,750	\$700		
CONTINGENCY	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$25,000	\$0		
EQUIPMENT PURC/RENTAL/MAIN	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$100		
CLEANING SERVICE	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$1,000	\$220		
VEHICLE EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
RENTAL REPAIRS	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$50,000	\$27,800		
RENTAL RESERVES	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$25,000	\$0		
RENTAL SUPPLIES AND MAT.	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$1,000	\$0		
BAD DEBT WRITE OFF	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$0	\$6,000	\$0		
DEPRECIATION (non cash)	\$0	\$0	\$0	\$0	\$0	\$96,000	\$0	\$0	\$96,000	\$96,000		
MATCH PLANNING	\$0	\$0	\$0	\$0	\$13,374	\$0	\$0	\$0	\$13,374	\$0		
HMIS SOFTWARE COSTS	\$0	\$0	\$0	\$0	\$47,011	\$0	\$0	\$0	\$47,011	\$0		
MATCH HMIS	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0	\$30,000	\$0		
OTHER EXPENSES	\$0	\$0	\$0	\$0	\$0	\$3,500	\$10,000	\$0	\$13,500	\$6,400		
SUBTOTAL OPERATING EXPENSES	\$9,240	\$9,240	\$17,150	\$2,668	\$246,869	\$334,500	\$358,483	\$30,306	\$1,008,456	\$612,409		
NET OPERATING REVENUE	\$0	\$48	\$0	\$0	-\$35,875	\$5,500	\$248,217	\$194	\$218,084	\$208,796		
NET CASH OPERATING REVENUE	\$0	\$48	\$0	\$0	-\$35,875	\$101,500	\$248,217	\$194	\$314,084	\$304,796		
	United Way	Will. Co.	Franklin	USDA RD	HUD	RENTOP	DEVEL	GENERAL	TOTAL 19 Budget	Total 18 Projected		
PROJECT EXPENSES												
SINGLE FAMILY CONSTRUCTION	\$0	\$0	\$0	\$0	\$0	\$0	\$750,000	\$0	\$750,000	\$350,000		
HOMEOWNER REHABILITATION	\$32,072	\$28,891	\$6,660	\$0	\$0	\$0	\$0	\$0	\$67,623	\$46,038		\$67,623
2018 THDA Housing Trust Fund Project	\$0	\$0	\$0	\$0	\$0	\$0	\$91,000	\$0	\$91,000	\$36,425		\$ 26,592.00
HOMELESS	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$9,000		\$94,215
Walker Project/Wood Duck Court	\$0	\$0	\$0	\$0	\$0	\$0	\$565,000	\$0	\$565,000	\$101,000		\$2,141.25
2014/2015 THDA HOME	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$60,000	\$48,000		
2018 THDA/HOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		

2019-2020 Budget

USDA RD Projects	\$0	\$0	\$0	\$30,740	\$0	\$0	\$0	\$0	\$30,740	\$2,400		
1319 West Main Street	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,039,034		
Whispering Winds Subdivision	\$0	\$0	\$0	\$0	\$0	\$0	\$1,320,000	\$0	\$1,320,000	\$779,816		
SUBTOTAL PROJECT EXPENSE	\$42,072	\$28,891	\$6,660	\$30,740	\$0	\$0	\$2,786,000	\$0	\$2,894,363	\$2,411,713		
TOTAL EXPENSES	\$51,312	\$38,131	\$23,810	\$33,408	\$246,869	\$334,500	\$3,144,483	\$30,306	\$3,902,819	\$3,024,122		
NET PROJECT REVENUE	\$0	-\$48	\$0		\$0	\$0	\$1,105,000	\$0	\$1,104,952	-\$150,596		\$ 110,000.00
NET REVENUE OVER/(UNDER) EXP.	\$0	\$0	\$0	\$0	-\$35,875	\$5,500	\$1,353,217	\$194	\$1,323,036	\$58,200		\$ 0.02
DEBT SERVICE PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$36,000	\$0	\$0	\$36,000	\$32,500		
CAPITAL Purchases/ REPAIRS	\$0	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$30,000	\$45,000		
NET REVENUE After Capitalization	\$0	\$0	\$0	\$0	-\$35,875	-\$60,500	\$1,353,217	\$194	\$1,257,036	-\$19,300		
NET CASH REVENUE After Capitalization	\$0	\$0	\$0	\$0	-\$35,875	\$35,500	\$1,353,217	\$194	\$1,353,036	\$76,700		



**community housing
partnership**
of Williamson county

129 West Fowlkes Street, Ste. 124
Franklin, Tennessee 37064
P: 615.790.5556, F: 615.595.1215
communityhousingpartnershipwc.org

July 2nd, 2019

City of Franklin
c/o Ellen Hansen
109 Third Avenue South
Franklin, TN 37064

Ms. Hansen,

Please see the attached packet. All information and exhibits are attached. I included a copy of our last audit in lieu of Exhibit A.

Please let me know if anything additional is needed.

We are grateful for these funds to continue our mission and assist individuals and families in owner occupied rehabilitation projects and emergency repairs.

Sincerely,

Zabrina R Gregg
Executive Director Designate