



HeroTrust FlipHero, Inc.  
E.I.N. 47-1939776

I.R.S. Form 1023 501(c)(3)  
Application Narrative Attachments

Respectfully Submitted:  
James L. Larsen, Donald F. Tabron, Roger D. True, Jerome Arnold  
Director's Emeritus  
9/26/2014

**Part IV Narrative Description of your Activity**

- **PAST ACTIVITIES:** As a newly formed entity, a Summary of Past Activities would state our collective dedication to further charitable public benefit efforts in Home Improvement Education. Recent PAST ACTIVITIES included the filing of Form 1023, including narrative and attachments, on behalf of an ill-advised business entity (HeroTrust Housing Education LLC (FlipHero)) as referenced in an IRS Request for Information Letter (First Request) dated August 27, 2014 from Felicia Johnson (ID#46-3949642). This application is our response to this request.
- **U.S. TRADEMARK APPLICATION NO.86106606 & NO.86106656** Trademark protection for the FlipHero Logo was originally filed October 31, 2013 by HeroTrust Housing Education (FlipHero). Prior to filing Articles of Termination, the Board, by unanimous vote, conveyed these Trademark protections to the new nonprofit corporation HeroTrust FlipHero, Inc., which is submitting this new revised application.
- HeroTrust Housing Education LLC (FlipHero) did not receive contributions and did not have debt. Therefore, by unanimous Board action, the entity was terminated by filing form SS-4244 Articles of Termination by the Organizers (Limited Liability Company).
- A letter was sent to the IRS requesting to close the EIN account of this now terminated entity (copy provided).

**PRESENT ACTIVITIES:** Summary provided in Chronological Order:

**Name Request:** In order to form a proper nonprofit corporation named **HeroTrust FlipHero, Inc.** in Tennessee, specifically using the word "Trust" in the legal name, it was necessary according to Tennessee Code Annotated Section 45-2-1709(a)(1)(C) to ask written permission from the Tennessee Commissioner of Finance to organize as **HeroTrust FlipHero, Inc.** The letter of response from Commissioner Gonzales (dated 12 September, 2014) granting name usage permission is attached.

**Date Formed: 25 September, 2014** Organizational Meeting held with all of our Initial 4 Board Members, Directors Emeritus. HeroTrust FlipHero, Inc. was formally incorporated - filing on September 26, 2014, with the Secretary of State of Tennessee (Secretary of State Control #773005). We filed using State form (ss-4418) and Articles of Incorporation duly executed by the Board of Directors- copies attached.

**Employer Identification Number: 47-1939776** Assigned September 26, 2014

**Action of the Board:** Reviewed and authorized submission of this new Form 1023(revised), as hereby drawn, (including accompanying documents, and exhibits).

Approved and Executed on the date set forth.

**Part IV Narrative Description of your Activity – cont.**

**FUTURE ACTIVITIES:** Summary includes references to the Bylaws of FlipHero.

- Public charitable educational activities for FlipHero build with Social Media updates and posts made on our FlipHero Facebook page and @FlipHero or @HeroTrust on Twitter.
- Fundraising appeals will not be undertaken by HeroTrust FlipHero, Inc. until such time as a letter of exemption, and public charity status, has been received.
- Granted Exempt Public Charity status, and in response to expected press coverage highlighting the need for Home Improvement Education and the tools to plan, budget, and execute home improvement activities, FlipHero will ramp up with a two phase roll-out;

**[FlipHero Bylaws Article 17 Means of Communication §1-4.]**

- Phase One: Consolidation of our emerging Social Media (Facebook, Twitter, Google+) around the FlipHero brand, giving the general public a meeting place where they can come to share their designs for proper home improvement.
- Phase Two: Introduce and offer free of charge an Affiliate-sponsored **[FlipHero Bylaws Article 15 Affiliate Organizations]** Home Improvement Education **Smartsheet** (FlipHeroU Curriculum included) whereby a task-by-task tool of organization embellishes our phase one roll-out by helping organize the public discourse into task-specific learning discussions placed smartly side by side within a member's own project scope of work which they can voluntarily organize by required task. With a ready-tested online template of home improvement project planning and execution management in place, coupled with the public resource of open-source project planning activity, FlipHero will be positioned, and have the smartsheet tool necessary, to move into the next level of charitable home improvement educational support.

**[FlipHero Bylaws Article 18 Property Acquisitions]**

- Everybody knows that a home requires constant updating and maintenance. Moreover, with each and every home improvement project conducted, people learn. This next level of HeroTrust FlipHero, Inc. community activity necessitates the procurement of properties to serve as "campus" where HeroTrust FlipHero, Inc. home improvement charitable and educational activities can be organized and conducted.

**Part IV** Narrative Description of your Activity - cont.

**FUTURE ACTIVITIES:** Summary includes references to the Bylaws of FlipHero.

**[FlipHero Bylaws Article 19 Lease Agreements]**

- All HeroTrust properties will be available to the public via leases that are based on determining factors outlined in our Bylaws including: affordable-flexible lease terms and 100% of the revenues viewable in a public property ledger let in support of continuing home improvement education activities conducted at the property.

**[FlipHero Bylaws Article 20 Community Service]**

- It is the stated intention of HeroTrust FlipHero, Inc. to elevate the manner in which donated dollars are reported respective of donor intent, while furthering the development of sustainable education programs in concert with other local tax-exempt entities, and to deliver public charitable and educational efforts far exceeding the requirements to maintain tax-exempt status under Code §501(c)(3).
- In order to operate within the Code, and without prejudice, all mathematical equations are clearly defined in this section of our Bylaws. Additional guidelines will be adopted by public Board action according to IRS §501(c)(3) Code requirements and the FlipHero Bylaws as the need may arise.

Lastly, it is of the highest possible importance moving forward that HeroTrust FlipHero, Inc. becomes synonymous with absolute transparency that builds on what is our namesake - **HeroTrust**. For this reason, we will not undertake fundraising activities until our planned activities meet with Code approval. Starting with the first donation, we will account for each and every penny that passes through our organization with absolute public transparency. We welcome oversight and guidance to this end.

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors**

**1a** List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position.

The totals listed under the heading "Compensation Amount" reflect the total for a full fiscal year. Therefore, this total is for Year Two [the first full fiscal year for financial reporting]. The amount listed in Part V Financial Data (year one) assumes one-half this total to be paid out during the remainder of this fiscal year. Further, year three is calculated at 125% the year two total reflecting anticipated workload increases in duties of the Chief Executive and also the scope of special services that will be required and commensurate with our anticipated growth.

**2a** Are any of your officers, directors, or trustees related to each other through family or business relationships?

Currently, each of our initial Board Members possesses a 25% "voting power" in HeroTrust FlipHero, Inc. Therefore, any two of the Directors listed on this application, when combined, exceed the 35% "Ownership" threshold via this combined "voting power."

Two points:

- 1) Aside from the initial voting Director Emeritus positions with HeroTrust, NO OTHER BUSINESS RELATIONSHIP exist between the listed Directors; and
- 2)The 4 initial Board of Directors of HeroTrust FlipHero, Inc. after having been granted tax-exempt status as a result of this application, must hasten to increase the number of Directors to a minimum of 6 voting members as outlined in the FlipHero Bylaws Article 4 Section1(a).

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors**

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**Name: Jim Larsen**

**Qualifications:** Jim is a Founding Director and co-author of the FlipHero design. Jim was largely responsible for identifying the need for Home Improvement Education, wrote the Articles of Incorporation, secured website domains, secured permission for the name (HeroTrust), then acting as Incorporator, formally filed with the State. Jim authored the Bylaws which set apart the internal rules for operating FlipHero. Jim has extensive understanding of Residential Construction, Architectural Design and Construction. Jim also has experience in the nonprofit arena having served in the capacity of a Chapter Health and Safety Director and a Public Affairs Officer for the Montgomery County Chapter of the American Red Cross.

**Average Hours Worked:** FlipHero was originally conceived in 2007 by both Jim Larsen and Roger True. It is accurate to say that both Jim and Roger have invested "their all" in preparation for making this application and, as such, each have rightly earned their designation as Director Emeritus. In the future, Jim will continue to invest all his energies to the success of FlipHero, estimated average of 100+ hours per week.

**Duties:** Jim serves as President, and Chief Executive Officer of FlipHero. His duties as President are defined [FlipHero Bylaws Article 5 Section §5]. All of Jim's duties are predicated on powers granted by Board Action. However, in as much as compensation as Chief Executive Officer may be acted upon, Jim's participation in the discussion shall be limited as well as his power to vote [FlipHero Bylaws Article 4 Section §6(c)]. Jim's duties shall consist of program development, fundraising, public affairs spokesperson, advocate, and FlipHero Chief Executive Affairs manager.

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors –cont.**

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**Name: Don Tabron**

Qualifications: Don served in the United States Army for 34 years, over half in the 160<sup>th</sup> special Operations Aviation Regiment "NightStalkers." Don earned both the Purple Heart and Silver Star. Don has been an ardent supporter of both Jim Larsen and Roger True while they worked to build FlipHero. Don knows firsthand of the challenges faced by families who are left at the mercy of unscrupulous and shoddy home improvement firms especially in and around military installations. Don's dedication to FlipHero is only surpassed by his dedication to Carolyn, the other members of his family, and to the United States of America.

Average Hours Worked: Don has offered both time and support to Jim and Roger starting as early as 2007. Don's support for FlipHero continues even now in making preparation for this application. His dedication and support has been instrumental in getting to this point and therefore, Don has rightly earned his designation as Director Emeritus. In the future, Don will continue to invest energies to the success of FlipHero, estimated average of 20+ hours pledged per week.

Duties: Don will serve as Vice-President of FlipHero. His duties as Vice-President are defined [FlipHero Bylaws Article 5 Section §6]. Don's duties are predicated on powers granted by Board Action. In addition to his normal duties as Vice-President, Don has agreed to provide "special services" to FlipHero consisting of active recruitment of honored military veterans who will agree to serve on the FlipHero Board of Directors. However, in as much as compensation for other "special services" require Board approval, Don's participation in the discussion shall be limited as well as his power to vote [FlipHero Bylaws Article 4 Section §6(c)].

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors –cont.**

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**Name: Roger True**

Qualifications: Roger is a Founding Director and co-author of the FlipHero design. Roger has extensive understanding of Residential Construction and experience in the nonprofit arena having served as a Chapter Disaster Action Team (D.A.T.) member for the Montgomery County Chapter of the American Red Cross. Additionally, Roger has provided essential funding for the establishment of HeroTrust, including: Roger paid the State Filing Fee (\$100) receipted in the Affidavit of Filing contained herein, and Roger has provided (\$425) towards the user fee submitted with our application, for a total of (\$525). These funds (\$525), along with other monies received from Jerome Arnold (\$2,075) (listed below) are reflected in our Financial Data Part IV.

Average Hours Worked: FlipHero was originally conceived in 2007 by both Jim Larsen and Roger True. It is accurate to say that Roger has invested "his all" in preparation for making this application and, as such, has rightly earned by his effort, dedication, service and sacrifice the designation Director Emeritus. In the future, Roger will continue to invest all his energies to the success of FlipHero, estimated average of 60+ hours per week.

Duties: Roger will serve as Secretary of FlipHero. His duties as Secretary are defined [FlipHero Bylaws Article 5 Section §7]. All of Roger's duties are predicated on powers granted by Board Action. However, in as much as compensation for other "special services" may be acted upon, Roger's participation in the discussion shall be limited as well as his power to vote [FlipHero Bylaws Article 4 Section §6(c)]. Aside from his normal duties as a Director and Secretary of FlipHero, Roger has agreed to perform "special services" which consist of FlipHero's Curriculum planning, filming, editing and online posts, in addition to a scope of work for the development of all FlipHero Social Media integration and implementation.

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors –cont.**

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**Name: Jerome Arnold**

**Qualifications:** Jerome is a distinguished veteran of the United States Army (retired). Jerome, along with his late wife, Martha Arnold, lent unwavering support to Jim and Roger during the many years they built FlipHero. The Arnold's invested tremendous time in helping develop the outline for FlipHero community service delivery programs early on. In addition, Jerome provided advance funding for trademark filing (\$1,650), and (\$425) towards the user fee provided for this application. His monetary support to date (\$2,075 total) was essential in our preparation to gain tax-exempt status for HeroTrust FlipHero, Inc. (particularly in lieu of our pledge not to engage in fundraising activities prior to obtaining tax-exempt status). These funds from Jerome, along with funds provided by Roger True (listed above) comprise the total funds (\$2,600) reported in our Financial Data (Part IV).

**Average Hours Worked:** In addition to the countless hours the Arnold's collectively offered in support of Jim and Roger and, in recognition of the financial support offered by Jerome to protect the FlipHero logo, and user fee accompanied with this application, Jerome has rightly earned his designation as Director Emeritus. In the future, Jerome will continue to invest significant energies to the success of FlipHero, estimated average of 40+ hours per week.

**Duties:** Jerome will serve as Treasurer of FlipHero. His duties as Treasurer are defined [FlipHero Bylaws Article 5 Section §8]. All of Jerome's duties are predicated on powers granted by Board action. However, in as much as compensation for other "special services" may be acted upon, Jerome's participation in the discussion shall be limited as well as his power to vote [FlipHero Bylaws Article 4 Section §6(c)]. Aside from his normal duties as a Director and Treasurer of FlipHero, Jerome has agreed to perform "special services" which consist of assisting Roger in FlipHero's Curriculum planning, filming, editing and online posts with his particular outreach specifically targeting the communities in and around United States military installations.

Intentionally left blank

**Part V****Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors –cont.**

**6a** As we are a newly formed corporation with no financial record and no prior fundraising activities, and given the fact that all financial projections contained in this application are based on "...a reasonable and good faith estimate of future finances," therefore, the compensation listed for the Chief Executive Officer (Jim Larsen), the compensation for "special services" performed by our Vice-President (Don Tabron), the compensation for the "special services" performed by our Secretary (Roger True), and, the compensation for the "special services" performed by our Treasurer (Jerome Arnold) listed in this application are all "non-fixed payments."

The rate of compensation actually paid out shall be determined by a pro rata percentage of actual versus estimated donations received (Cash on Hand). For each Officer listed, the amount shown is the total compensation paid when the actual donations received meet, or exceed, the estimated total.

The Board of Directors, according to our Bylaws and following a strict enforcement of our Conflict of Interest Policy shall review and approve all non-fixed payments. Further, reasonable rate of compensation shall be determined, based on a written scope of work from which HeroTrust FlipHero, Inc. may obtain additional detailed comparative cost estimates for services, like and kind, and in accordance with Board action and oversight.

Intentionally left blank

**Part VI****Your Members and Other Individuals and Organizations That receive Benefits From You****All commentary relates to PLANNED activities:**

**1a** The second phase of our roll-out (**Narrative Description Page 9 above**) includes offering via the Internet an Affiliate-sponsored **Smartsheet** ([www.smartsheet.com](http://www.smartsheet.com)) for Home Improvement project management and maintenance and will also include our FlipHero<sup>U</sup> Curriculum of Home Improvement. This will be a FREE online public offering which is made to anyone who will provide a name, valid email address, and who shall provide an electronic acceptance of the FlipHero terms and conditions including strict adherence to all those contained in FlipHero governing documents. The sign in access shall be provided at [www.FlipHero.com](http://www.FlipHero.com).

Additional Planned activities (Narrative Description Page 10 above) includes HeroTrust FlipHero, Inc. obtaining homes under strict Mortgage guidelines [FlipHero Bylaws Article 18] which will be made readily available by Director leadership [FlipHero Bylaws Article 19 §1(b)] to local FlipHero Member Tenants under strict Lease Agreement guidelines [FlipHero Bylaws Article 19]. Lease payments shall be deposited into a FlipHero Property Account that propagates a “public property ledger” [FlipHero Bylaws Article 19 §2(f)] whereby 100% of the home-related finances and lease-provisioned Home Improvement Training Activities are accounted for with complete transparency. FlipHero lease agreement proceeds are distributed according to strict guidelines [FlipHero Bylaws Article 19 §2(h)].

Note: All FlipHero Home Improvement Training Activities [FlipHero Bylaws Article 20 §3] are strictly voluntary, peer-to-peer; lease provisioned and conducted by-and-between FlipHero Members [FlipHero Bylaws Article 20 §2]. The final determination for who performs all Training is up to the FlipHero Member Tenant (Lease-holder) thus granting them final voluntary control over determining which member(s) they shall welcome into their home for training. All Training Activities shall be provisioned and funds “locked-pending training-prior to the commencement of training activities.

**1b** The FlipHero Smartsheet application is a public resource; and FlipHero Project Training Activities may be used voluntarily by other tax-exempt organizations under strict compliance to FlipHero Bylaws and governance documents. Under no circumstances shall any of our programs be used by an organization that would place in jeopardy HeroTrust FlipHero Inc. tax-exempt status under IRS Code Section §501(c)(3).

## Part VIII Your Specific Activities

**4a Fundraising Activities:** [Note: Fundraising activities are FUTURE activities as was earlier stated herein, HeroTrust FlipHero, Inc. shall not make any fundraising appeal, nor accept donations, until proper tax-exempt status is granted according to IRS Code Section §501(c)(3)].

- **Email solicitations:** FlipHero will, as outlined above, obtain email addresses as a part of our signup process. We shall use these addresses for direct communications to our FlipHero Members. All email correspondence will include an appeal for donations. No “spam” type email requests shall be undertaken at any time, under any circumstances.
- **Personal solicitations:** During the normal course of promoting FlipHero, Members will be asked to encourage the general public to visit [www.Fliphero.com](http://www.Fliphero.com) and/or [www.HeroTrust.org](http://www.HeroTrust.org) to make voluntary donations. Under no circumstances will direct cash donations be accepted unless such donation is offered as part of any FlipHero Board authorized public group appeal made with Board oversight and under complete transparent public scrutiny.
- **Vehicle, Boat, Plane, or similar donations:** Although not a primary focus of our fundraising plans, such a donation would be accepted by FlipHero and proper IRS receipts provided as outlined in the IRS Code for this type donation.
- **Foundation Grant Solicitations:** FlipHero Financial Data contains monies for future planned Grant writing appeals. Such appeals could be in reference to military housing support, or to address the problem of Veteran homelessness. Although we anticipate these types of activities, we are not prepared to state specific appeals. However, any such appeal shall be made only in accordance with IRS Code and no such appeal shall be undertaken by, or on behalf of, FlipHero that would in any way place in jeopardy our tax-exempt status as a public benefit charity.
- **Accept donations on your website:** Yes, absolutely. Electronic donations shall be accepted and receipted according to established nonprofit internet practices.
- **Government Grant Solicitations:** Once again, when FlipHero engages the services of professional Grant Writers, their expertise shall be relied upon to determine what Grants are available and whether FlipHero meets the criteria for each Grant Appeal. However, any such appeal shall be made only in accordance with IRS Code and no such appeal shall be undertaken by, or on behalf of, FlipHero that would in any way place in jeopardy our tax-exempt status as a public benefit charity.
- **Other:** FlipHero will consider any legal funding option as long as it would in no way place in jeopardy our tax-exempt status as a 501(c)(3) nonprofit public charity.

**Part VIII Your Specific Activities**

**4b** FlipHero may engage the services of a Professional Grant Writer. Please refer to Part IX Financial Data – Line 14 – where we have budgeted \$10,000 towards fundraising activity between now and the end of the fiscal year. This is a projected amount that is wholly dependent on revenues. However, this is not a “non-fixed payment” as such, rather a budgetary guideline which will require prior funding and only paid out in accordance with Board action. Such Board action will take into account other revenues, Grant Writer input, Grants available and the likelihood that FlipHero meets or exceeds the criteria to be awarded the Grant. Line 14 also includes budget allowances for fundraising in fiscal years two (\$25,000) and three (\$50,000). Again, these amounts are budget projections only, not non-fixed payments, and shall be considered by the Board in similar fashion according to the guidelines stated for year one.

Any Grant Writer compensation shall be established by the FlipHero Board, after a thorough review and based on Grant Writing Industry Guidelines for compensation. Under no circumstances shall compensation be made contingent on, or be calculated as, a percent of successful Grant monies awarded. Any Grant Writing activities will be authorized in writing by Board Action and state the specific Grant. All such activities shall be undertaken in accordance with the Code of Ethics of the Grant Writer’s Association.

No Grant Writing activity shall be undertaken by, or on behalf of, FlipHero that would in any way place in jeopardy our tax-exempt status as a 501(c)(3) public benefit charity.

**4d** To date, FlipHero has made no fundraising appeal of any kind. Once granted tax-exempt status, FlipHero will follow all appropriate steps to register as required in each State, and in each local jurisdiction, or, as may be required by local governing legal authority prior to engaging in fundraising activities. Under no circumstance shall FlipHero engage in, or authorize improper fundraising activity. FlipHero shall make every effort to encourage the establishment of local Chapter authority in order to create more localized control over all FlipHero programs including fundraising activities [FlipHero Bylaws Article 9]. FlipHero will not engage in fundraising for other organizations nor shall FlipHero allow any organization to engage in fundraising activities on the behalf of FlipHero without prior written authorization as part of an Affiliate organization agreement [FlipHero Bylaws Article 15].

**Part VIII** Your Specific Activities – cont.

**10.** HeroTrust FlipHero, Inc. was conveyed 100% of all interest in the FlipHero logo [USPTO NO.86106606; and USPTO NO.86106656] vote was a unanimous Board Action prior to the Termination of HeroTrust Housing Education LLC (FlipHero). Therefore, all protections afforded, and any and all activity related to this registered trademark shall be administered henceforth in accordance with HeroTrust FlipHero, Inc. Bylaw - Article 14, duly adopted 25 September, 2014.

---

**11.** According to FlipHero Bylaws [FlipHero Bylaws Article 11 Section 4] FlipHero will accept any legal contribution as deemed appropriate by an affirmative action of the Board of Directors. However, no FlipHero member will accept any contribution which has conditions imposed by the contributor, or accept any contribution that has an agreement attached by the donor that would in any way place in jeopardy our tax-exempt status as a 501(c)(3) public benefit charity.

Intentionally left blank

**Part IX****Financial Data**

**Revenues and Expenses are based on a reasonable good faith estimate of future finances. Calculations are based on the following assumptions:**

**A. Statement of Revenues and Expenses**

**Year One:** (Current year) FlipHero obtains tax-exempt status and gains 5 properties which are valued at \$80,000/ea. (\$400,000) + FlipHero receives \$100,000 in cash donations for a line one total of (\$500,000). The potential line 3 Gross Investment Income is rent income – (\$24,000) for a grand total of Revenue in year one of (\$524,000.) [Note: Only \$100,000 is the total estimated cash on hand. Rent income is used to service mortgage debt (including interest), voluntary local tax obligation, and to conduct onsite training activity.]

**Year Two:** FlipHero obtains 10 additional properties valued at the same average of \$80,000/ea. (\$800,000) + FlipHero receives \$200,000 cash donations + FlipHero estimates a 10 to 1 return on first year fundraising funds allocated – (line 14 Grant Writer) - (\$100,000); a total of (\$1,100,000) line one revenue. The potential line 3 Gross Investment Income is rent income – (\$120,000) for a grand total of Revenue in year two of (\$1,220,000.) [Note: Only \$300,000 is the total estimated cash on hand. Rent income is used to service mortgage debt (including interest), voluntary local tax obligation, and to conduct onsite training activity.]

**Year Three:** FlipHero obtains 20 additional properties valued at the same average of \$80,000/ea. (\$1,600,000) + FlipHero receives \$400,000 cash donations + FlipHero estimates a 10 to 1 return on the second year fundraising funds allocated – (line 14 Grant Writer) - (\$250,000); a total of (\$2,250,000) line one revenue. The potential line 3 Gross Investment Income is rent income – (\$288,000) for a grand total of Revenue in year three of (\$2,538,000.) [Note: Only \$650,000 is the total estimated cash on hand. Rent income is used to service mortgage debt (including interest), voluntary local tax obligation, and to conduct onsite training activity.]

**Line 11: Net gain or loss on sale of capital assets:** FlipHero does not anticipate the sale of its assets.

**Line 14: Fundraising Expenses:** FlipHero will aggressively seek a Grant Writer to identify opportunities for funding which are consistent with the community Home Improvement charitable educational Mission of FlipHero.

**Part IX** **Financial Data – cont.**

**Revenues and Expenses are based on a reasonable good faith estimate of future finances. Calculations are based on the following assumptions:**

**A. Statement of Revenues and Expenses**

**Line 23: Any expense not otherwise classified, such as program services:** This line is where we are reflecting the anticipated cost of our online program support and development. In particular, website development and hosting, program embellishments for our Smartsheet platform, updated and improved delivery of Home Improvement Educational tools, member interactive support, and improved video upload capabilities to meet the anticipated need for enhancing the delivery structure for oversight of our programs and services and to relieve the need for excessive employee involvement.

In the third year, particularly in light of our anticipated increase of properties participating in our Home Improvement Educational service delivery mission of FlipHero, we do anticipate the need to substantially increase funding for a revised "new and improved" online presence. This increase of expenses needed to make these changes will allow us to design from the ground up effective applications based on the experience we, as a charitable organization, will have gained in years one and two, and the knowledge that we will use to continue to lead in the delivery of FREE online Home Improvement management and support to the general public. For these reasons, we have aggressively budgeted for a nearly 10-fold increase in year three over year two.

Intentionally left blank

**Part IX**      **Financial Data – cont.**

**Revenues and Expenses are based on a reasonable good faith estimate of future finances. Calculations are based on the following assumptions:**

**B. Balance Sheet**

**Line10. Other Assets:** HeroTrust FlipHero, Inc. exists because of the generous support of two of our Founding Directors. Below is a list of monies required to organize and file, secure trademark protection, and to make application for tax-exempt public charity status here. Each item is listed below:

- o **Initial Filing with the State of Tennessee (see Filing Affidavit).** Total Filing Fee of \$100.00. These funds were provided by Roger True.
- o **Trademark Filing.** (Two separate TEAS filings – USPTO NO. 86106606 totaling \$1,375.00; and USPTO NO. 86106656 totaling \$275.00) for a USPTO Filing Fee total of \$1,650. These funds were provided by Jerome Arnold.
- o **IRS Form 1023 User Fee.** Submitted with the original application for tax-exempt status total \$850.00. These funds were provided by Roger True (\$425.00); and Jerome Arnold (\$425.00).

Totals:

State Filing Fee	\$ 100.00	(Roger True)
Trademark Filing Fee	\$ 1,650.00	(Jerome Arnold)
Form 1023 User Fee	<u>\$ 850.00</u>	(Roger True/Jerome Arnold)
<b>Total</b>	<b>\$ 2,600.00</b>	<b>Other Assets</b>

**Line 15. Other Liabilities.** Each of the items listed above are considered Other Liabilities as Roger True and Jerome Arnold will be paid back from our initial fundraising efforts the exact amount of monetary support they offered to organize and file, protect our mark, and the User Fee that now accompanies this application for tax-exempt status.

END OF DOCUMENT