

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

**Consolidated Financial Statements and Supplementary Information
For the Year Ended December 31, 2022
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Consolidated Financial Statements and Supplementary Information
For the Year Ended December 31, 2022

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1–3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8–19
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	20–21
Notes to Schedule of Expenditures of Federal Awards	22
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23–24
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	25–27
Schedule of Findings and Questioned Costs	28



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Green & Healthy Homes Initiative, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Green & Healthy Homes Initiative, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Green & Healthy Homes Initiative, Inc. and Subsidiary as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Green & Healthy Homes Initiative, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of GHHS were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Green & Healthy Homes Initiative, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Green & Healthy Homes Initiative, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of Green & Healthy Homes Initiative Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Green & Healthy Homes Initiative Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Green & Healthy Homes Initiative Inc. and Subsidiary's internal control over financial reporting and compliance.

Mitchell Titus, LLP

September 28, 2023

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Consolidated Statement of Financial Position
As of December 31, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 4,982,107
Restricted cash	161,729
Contracts and grants receivable	3,893,800
Prepaid expenses	<u>141,754</u>
Total current assets	<u>9,179,390</u>

Property and equipment

Furnishings and equipment, net of accumulated depreciation of \$663,409	22,587
Leasehold improvements, net of accumulated depreciation of \$457,980	26,151
Right-of-use asset, net	<u>66,105</u>
Total non-current assets	<u>114,843</u>

Other assets

Investments	645,366
Security deposits	<u>4,069</u>
Total other assets	<u>649,435</u>

Total assets \$ 9,943,668

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 711,664
Accrued retirement	80,324
Contributions payable, short term	141,258
Deferred contracts and refundable advances	<u>5,465,125</u>
Total current liabilities	6,398,371

Long-term liabilities

Operating lease liability	<u>66,433</u>
Total liabilities	<u>6,464,804</u>

COMMITMENTS AND CONTINGENCIES

Net assets

Without donor restrictions	3,317,135
With donor restrictions	<u>161,729</u>
Total net assets	<u>3,478,864</u>
Total liabilities and net assets	<u><u>\$ 9,943,668</u></u>

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

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
<i>Support</i>			
Contracts and grants	\$ 11,047,938	\$ -	\$ 11,047,938
Individual and business donations	2,220	-	2,220
Other	907,598	-	907,598
Net assets released from restriction	809,860	(809,860)	-
Total support	<u>12,767,616</u>	<u>(809,860)</u>	<u>11,957,756</u>
<i>Revenue</i>			
Program income	85,102	-	85,102
Interest income	3,885	-	3,885
Total revenue	<u>88,987</u>	<u>-</u>	<u>88,987</u>
Total support and revenue	<u>12,856,604</u>	<u>(809,860)</u>	<u>12,046,744</u>
<i>Expenses</i>			
Maryland direct service	1,746,936	-	1,746,936
State and local strategic services	4,045,818	-	4,045,818
Policy and innovation	832,453	-	832,453
Climate, energy and equity	582,987	-	582,987
Data management	288,488	-	288,488
Special initiatives	1,886,587	-	1,886,587
Management and general	1,177,868	-	1,177,868
Total expenses	<u>10,561,137</u>	<u>-</u>	<u>10,561,137</u>
Increase (decrease) in net assets	2,295,467	(809,860)	1,485,607
Net assets, beginning of year	<u>1,021,668</u>	<u>971,589</u>	<u>1,993,257</u>
Net assets, end of year	<u><u>\$ 3,317,135</u></u>	<u><u>\$ 161,729</u></u>	<u><u>\$ 3,478,864</u></u>

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

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Maryland Direct Service</u>	<u>State and Local Strategic Services</u>	<u>Policy and Innovation</u>	<u>Climate, Energy & Equity</u>	<u>Data Management</u>	<u>Special Initiatives</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 993,240	\$ 940,081	\$ 327,981	\$ 490,716	\$ 277,604	\$ 917,756	\$ 3,947,378	\$ 626,796	\$ 4,574,174
Mission marketing	1,730	-	-	-	-	-	1,730	-	1,730
Communications and information systems	15,266	14,499	90,544	3,507	7,862	170,295	301,973	47,934	349,907
Consulting	-	3,260	-	15,000	-	20,875	39,135	-	39,135
Contract professional services	21,135	7,417	3,389	2,250	327	137,839	172,357	185,430	357,787
Delivery	766	320	-	44	-	357	1,487	1,053	2,540
Depreciation	2,390	1,220	281	-	-	14,729	18,620	48,878	67,498
Dues and registrations	1,006	635	280	-	25	27,989	29,935	5,893.00	35,828
Equipment rental and expenses	8,694	1,918	190	190	852	2,792	14,636	3,509	18,145
Insurance	1,467	8,009	-	-	-	-	9,476	89,348	98,824
Licenses and permits	3,528	2,400	-	-	-	-	5,928	1,185	7,113
Contributions	-	-	-	-	-	1,500	1,500	105	1,605
Printing	10,476	5,074	1,108	380	452	2,775	20,265	2,739	23,004
Program expenses	652,189	2,993,063	399,073	60,000	-	452,379	4,556,704	76,028	4,632,732
Rent and occupancy	9,953	20,742	-	-	-	44,490	75,185	19,443	94,628
Staff and organizational development	6,175	5,778	-	228	-	37,984	50,165	37,409	87,574
Supplies	1,038	3,831	-	390	30	1,462	6,751	8,082	14,833
Travel and mileage	17,883	37,571	9,607	10,282	1,336	53,365	130,044	23,658	153,702
Taxes	-	-	-	-	-	-	-	378	378
Total functional expenses	<u>\$ 1,746,936</u>	<u>\$ 4,045,818</u>	<u>\$ 832,453</u>	<u>\$ 582,987</u>	<u>\$ 288,488</u>	<u>\$ 1,886,587</u>	<u>\$ 9,383,269</u>	<u>\$ 1,177,868</u>	<u>\$ 10,561,137</u>

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

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,485,607
<i>Adjustments to reconcile change in net assets to net cash used in operating activities</i>	
Depreciation	67,498
<i>(Increase) decrease in assets</i>	
Contracts and grants receivable	(2,246,182)
Prepaid expenses	10,752
Right-of-use assets	(66,105)
<i>Increase in liabilities</i>	
Accounts payable and accrued expenses	427,562
Accrued retirement	12,242
Change in contribution payable	(639,073)
Operating lease liability	66,433
Deferred contracts and grants	<u>2,069,823</u>
Net cash used in operating activities	<u>(297,050)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(142,000)
Purchase of furniture and equipment	<u>(22,500)</u>
Net cash used in investing activities	<u>(164,500)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of notes payable	<u>(289,459)</u>
Net cash used in financing activities	<u>(289,459)</u>

Net increase in cash, cash equivalents and restricted cash 734,598

Cash, cash equivalents and restricted cash, beginning of year 4,409,238

Cash, cash equivalents and restricted cash, end of year \$ 5,143,836

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest \$ 556

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

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Green & Healthy Homes Initiative, Inc. (d/b/a Green & Healthy Homes Initiative, hereafter referred to as GHHI) was formed in July 1992 for the purpose of creating resources, programs, and policies to aid in the prevention of childhood lead poisoning and the creation of green, healthy and safe housing. GHHI works in partnership with federal, state and local government agencies, communities and families to develop lead-safe housing initiatives with a comprehensive approach to lead poisoning prevention. GHHI is supported primarily through government grants, contracts and donor contributions.

Green & Healthy Housing Strategies, Inc. (GHHS) is a stock-based corporation with 100 shares authorized, of which 10 shares are outstanding and owned by GHHI. GHHS was formed in July 2009 for the purpose of assisting GHHI in creating resources, programs and policies for green and healthy housing initiatives. GHHS works in partnership with communities and families to develop energy efficient green and healthy housing that not only reduces energy costs, but asthma, lead poisoning and injury hazards.

Principles of Consolidation

The consolidated financial statements include the accounts of GHHI and its wholly owned subsidiary, GHHS (collectively, referred to as the Corporation). All significant intercompany accounts and transactions have been eliminated in the consolidation.

Net Assets

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts 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.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

Government grants and contracts, other grants and contracts, and contributions are classified as either conditional or unconditional. Revenue is recognized on a conditional grant or contribution once a barrier or hurdle to be entitled to the resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Corporation fails to overcome the barrier.

A portion of the Corporation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. GHHI has executed conditional grants and contracts of approximately \$9,351,404 that have not been recognized at December 31, 2022 because qualifying expenditures have not yet been incurred.

For other grants and contracts, amounts are recognized as revenue when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are considered refundable advances and are classified as deferred revenue in the consolidated statement of financial position. At December 31, 2022, the Corporation had refundable advances of \$5,465,125.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contracts and Grants Receivable and Bad Debt

Grants receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investments

Certificates of deposit held for investment that are not debt securities and have original maturities greater than three months are included in investments.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Refer to Note 10 for additional discussion.

Donated Services

GHHI receives volunteer time from many individuals that has not been recorded in the consolidated financial statements because it does not meet the recognition criteria prescribed by U.S. GAAP.

Property and Equipment

Property and equipment are carried at cost. It is the Corporation's policy to capitalize expenditures for property and equipment in excess of \$1,000. Depreciation is provided for in amounts sufficient to apportion the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method as follows:

Furnishings and equipment 3 - 7 years

Leasehold improvements 10 - 39 years

Rent Expense

Rent expense is recognized in accordance with the payment schedule included in the lease agreements. All leases between GHHI and its landlords of the properties are operating leases. Under U.S. GAAP, rental expenses with leases having scheduled rental increases are recognized on a straight-line basis over the term of the lease; however, the effect of recognizing rent expense in accordance with the payment schedule included in the lease agreements is not materially different than using the straight-line method.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

GHHI has applied for and received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended December 31, 2022. Due to its tax-exempt status, GHHI is not subject to income taxes. GHHI is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions which must be considered for disclosure.

GHHS is identified as a taxable C-Corporation for federal income tax purposes. GHHS is subject to federal and state income taxes, but the minimal operating activity during 2022 resulted in no tax liability or deferred tax asset for the year ended December 31, 2022.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Costs incurred by a program service or supporting service are charged directly to that service. Other management and general administrative expenses are allocated based on the percentage of time spent by each person on each service and a federally approved indirect cost rate.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update intends to clarify the scope and the accounting guidance for (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The guidance is effective for GHHI for the year ended December 31, 2022, as it relates to contributions received and the year ended December 31, 2023, as it related to contributions made with early adoption permitted. GHHI has evaluated the ASU and has determined it will have no impact on the consolidated financial statements for 2022.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

GHHI adopted Accounting Standards Codification (ASC) 842, effective January 1, 2022, under the modified retrospective approach and elected the optional transition method to apply the provisions of ASC 842 as of the adoption date, rather than the prior year presented. GHHI also elected the practical expedient transition package, which permits GHHI to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases and (3) any initial direct costs for any existing leases as of the effective date.

In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow-scope improvements to the standard for specific issues. GHHI adopted this ASU, effective January 1, 2022.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation has \$8,875,907 of financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$4,982,107 and contracts and grants receivable of \$3,893,800. In addition, the Corporation maintains a \$250,000 line of credit, as discussed in Note 6. As of December 31, 2022, \$250,000 remained available on the Corporation's line of credit.

Financial assets of the Corporation are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. Project operations are designed to break even and not result in either a gain or a loss.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 3 INVESTMENTS

On September 23, 2020, the Corporation purchased a certificate of deposit from Truist Bank (formally SunTrust) with a 12-month term in the amount of \$250,000, which was extended for an additional 12-month period. As of December 31, 2022, the balance of the certificate of deposit was \$250,156, and is included in investments on the consolidated statement of financial position.

On January 22, 2021, the Corporation purchased a certificate of deposit with a 12-month term from CFG Community Bank in the amount of \$250,000. As of December 31, 2022, the balance of the certificate of deposit was \$253,083. On January 21, 2022, the Corporation purchased another certificate of deposit with a 12-month term from CFG Community Bank in the amount of \$140,000. As of December 31, 2022, the balance of the certificate of deposit was \$142,126. Both balances are included in investments on the consolidated statement of financial position.

NOTE 4 LEASES

The Corporation entered into an agreement on December 1, 2010 to lease a Providence, Rhode Island office facility. On August 23, 2018, the Corporation extended the lease agreement for 12 months, with monthly rent expense of \$450. The extended lease agreement expired and is currently on a month-to-month lease. For the year ended December 31, 2022, rent expense under this lease was \$5,400.

The Corporation leases its Baltimore office facility under an operating lease that expires on September 30, 2023. For the year ended December 31, 2022, rent expense under this lease was \$49,215. Future minimum annual lease payments under this lease through the next year is \$50,605. The Corporation extended th

<u>For the Year Ending</u>	<u>Amount</u>
2023	<u>\$ 50,605</u>
Total	<u>\$ 50,605</u>

The Corporation moved its office location and entered into an office operating lease agreement that began on September 1, 2022, and will end on August 31, 2023, with a monthly rent expense of \$376. The Corporation extended the lease agreed for an additional 12-month period ending on August 31, 2024, with a monthly rent expense of \$387. Future minimum lease payments are \$4,553 and \$3,096 for 2023 and 2024, respectively.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 4 LEASES (continued)

The Corporation entered into an agreement on March 19, 2020 to lease a Memphis, Tennessee office facility for the period from April 1, 2020 through March 31, 2021. During 2021, the Corporation entered into a new lease agreement for the period from April 1, 2021 through March 31, 2022. During 2022, the lease was extended to March 31, 2023. For the year ended December 31, 2022, rent expense under this lease was \$11,762. Future minimum annual lease payments for 2023 is \$11,762.

Adoption of New Accounting Standard

Effective January 1, 2022, GHHI adopted the new lease accounting guidance in ASC 842, *Leases*. GHHI selected the package of practical expedients permitted in ASC 842. Accordingly, GHHI accounted for its existing operating leases as operating leases under the new guidance, without reassessing whether the contracts contain leases under ASC 842 and whether classification of the operating leases would be different under ASC 842. As a result of the adoption of the new lease accounting guidance, GHHI recognized on January 1, 2022 (a) a lease liability of \$146,201, which represents the present value of the remaining lease payments, discounted using a risk-free discount rate of 0.25% per year and (b) a right-of-use asset of \$146,201, since there were no deferred lease incentives or lease allowances.

NOTE 5 CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable at December 31, 2022 consisted of the following:

Amerigroup	\$	2,791
Accrued receivables		265,933
Austin TX		4,864
Balt City DHCD Lead Program		4,651
Baltimore City Dept. of Social Services		9,941
Baltimore City DHCD Lead Program		89,454
Baltimore City DHCD LHRD		9,946
Baltimore County Dept. of Social Services		10,552
Baltimore City CREC		2
Blue Cross Blue Shield of NC		125
Baltimore City Health Department		3,570
Baltimore City CDBG		48,198
City of Jackson, MS Office of HCD		540
City of Memphis, TN CDBG		53,108
City of Pittsburgh, PA		670
City of Providence, RI		10,157

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 5 CONTRACTS AND GRANTS RECEIVABLE (continued)

City of Richmond, VA	\$	1,905
MD EPA EJ		6,283
Shelby County EPA EJ		11,000
Employee receivable		905
Fee for Service		2,356
Due from GHHS		1,450
Johns Hopkins/Bloomberg SPH HHTS		3,572
Lancaster General Hospital		700,775
Memphis Department of Housing LCH WAP		6,844
Le Bonheur Community Health & Well-Being		12
Legal Service Discovery Requests		1,150
Maryland Energy Association		374,610
MD Dept of Health - Asthma Program		83,133
Memphis Habitat AIP		10,007
Memphis HUD - Older Adults		3,463
Memphis Le Bonheur Community Outreach		19,116
Molina Healthcare Cincinnati, OH		6,161
New Jersey Board of Public Utilities		25,017
New York Healthy Homes Collaborative		12,477
Programmatic Receivable		514
The ProMedica Foundation		925,000
Reimbursed Receivables		200
Rhode Island Housing		19,192
Salt Lake County, UT		23,900
United Way of Central Maryland		142
United Way of the Capital Area, Inc.		1,667
Contract receivable		80,657
Grant receivable		1,057,790
		<u>\$ 3,893,800</u>

NOTE 6 LINE OF CREDIT

On April 3, 2020, the Corporation entered into a commercial note with a bank for a line of credit in an amount up to \$250,000. The line of credit is open ended and payable on demand. Interest is incurred on the outstanding balance at a rate of 1.5% plus the prime rate as defined in the commercial note agreement and due monthly. The line of credit is secured by all assets of the Corporation. As of December 31, 2022, \$0 was outstanding on the line of credit.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 7 RETIREMENT PLAN

The Corporation sponsors a retirement plan under Internal Revenue Code Section 403(b) for all eligible employees. The plan is funded by voluntary employee contributions not to exceed certain limits established by the Internal Revenue Service. The plan also allows for discretionary employer contributions to be determined by the employer on an annual basis. The Corporation contributed \$43,767 as an employer discretionary contribution for 2022, which is included in accrued retirement as of December 31, 2022.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 are restricted for the specific purpose as follows:

Donor Restricted

New York City Healthy Homes Collaborative Programs	\$ 141,258
O'Neil Foundation	<u>20,471</u>
	<u>\$ 161,729</u>

Net assets with donor restrictions were released to net assets without donor restrictions by incurring expenses satisfying the restricted purposes, time or by the occurrence of other events specified by the donor during the year ended December 31, 2022, as follows:

Releases of Restrictions

New York City Healthy Homes Collaborative Programs	\$ 780,331
O'Neil Foundation	<u>29,529</u>
Total	<u>\$ 809,860</u>

Net assets with donor restrictions are segregated from operating cash and are included in restricted cash on the consolidated statement of financial position as of December 31, 2022.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

NOTE 9 CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts in the consolidated statement of cash flows:

Cash	\$ 4,982,107
Restricted cash	<u>161,729</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 5,143,836</u>

The amount included in restricted cash consists of funds held for an asthma program (see Note 11) and the New York City Healthy Homes Collaborative Program Healthy Housing Initiative as required by the grant agreements.

NOTE 10 FAIR VALUE MEASUREMENTS

The FASB's guidance on fair value measurements established a new framework for measuring fair value of assets and liabilities and expanded related disclosures. The FASB's guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (*i.e.*, an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance established a three-level valuation hierarchy based upon observable and nonobservable inputs.

Fair value is the price the Corporation would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Corporation's market assumptions. Preference is given to observable inputs.

The fair value hierarchy under the guidance is as follows:

- Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs;

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 10 FAIR VALUE MEASUREMENTS *(continued)*

Level 2: Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The FASB's guidance requires the use of observable market data if such data is available without undue cost and effort.

When quoted market prices are unobservable, the Corporation uses other relevant information including referenced interest rates where applicable. The fair value of assets measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value Measurements	
	<u>Significant Other</u> <u>Without Donor</u> <u>Restrictions</u>	<u>Observable Inputs</u> <u>With Donor</u> <u>Restrictions</u>
Certificate of deposits	\$ 645,366	\$ -

Fair values for investments are determined by reference to other relevant information generated by market transactions for Level 2 inputs.

NOTE 11 COMMITMENT AND CONTINGENCIES

During the year ended December 31, 2021, the Corporation entered into an agreement with four unrelated parties for the purpose of scaling a comprehensive asthma program in New York City. In conjunction with this agreement, the Corporation entered into a Subordinate Investment Agreement with the financial intermediary who will facilitate the asthma program. According to the Subordinate Investment Agreement, the Corporation has agreed to advance \$1,375,000 to the financial intermediary over a 10-year period and is entitled to repayment at a 2% per year interest rate depending entirely on the success of the program. As of December 31, 2022, \$141,258 remains payable, which is included in contribution payable, short-term on the consolidated statement of financial position. In addition, during 2022, a certificate of deposit was set up to segregate the remaining cash to be used for the purpose of scaling the asthma program.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 12 CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash accounts with major financial institutions. The balances consist of checking and money market accounts. These accounts are insured by the Federal Deposit Insurance Corporation at each institution. At times, the Corporation's cash balance may exceed the amount insured by the Federal Deposit Insurance Corporation; however, the Corporation has not experienced any losses with respect to bank balances in excess of government provided insurance. Management believes no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2022.

NOTE 13 RISKS AND UNCERTAINTIES

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Corporation's financial position, results of operations, and cash flows. As of December 31, 2022, the global pandemic was still ongoing. The Corporation is not able to reliably estimate the length or severity of this outbreak and the related financial impact. However, due to the fact that COVID-19 put more attention on both the need for healthy housing and health and racial disparities, the Corporation stands to provide a greater value to healthcare systems, government agencies and foundations focused on housing, health and environmental justice in the years coming out of the pandemic.

NOTE 14 SUBSEQUENT EVENTS

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events that provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through September 28, 2023, the date the consolidated financial statements were available to be issued, and concluded no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

SUPPLEMENTARY INFORMATION

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor /Pass-Through Grantor /Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
<i>Pass-through the Rhode Island Housing</i>				
Lead Hazard Reduction Demonstration Grant Program - Rhode Island Housing	14.905	RILHB0563-13	\$ -	\$ 22,052
<i>Pass-through the City of Jackson to Department of Planning and Development</i>				
Lead Hazard Reduction Demonstration Grant Program - City of Jackson	14.905	2019-2022	-	5,174
<i>Pass-through the City of Providence to Department of Planning and Development</i>				
Lead Hazard Reduction Demonstration Grant Program - Lead Safe Providence	14.905	RILHD0455-20-3	-	27,148
Subtotal			-	54,374
<i>Direct award from Department of Housing & Urban Development</i>				
Healthy Homes Production Grant Program - GHHI	14.913	MDHHP0053-22	-	97,363
<i>Pass-through Johns Hopkins Medicine to Johns Hopkins University</i>				
Healthy Homes Technical Studies Grants - Johns Hopkins HUD HHTS	14.906	MDHHU0059-20	-	50,638
<i>Direct award from Department of Housing & Urban Development</i>				
Healthy Homes and Weatherization Cooperation Demonstration Grant Program	14.901	MDLHH0007-21	-	46,189
<i>Direct award from Department of Housing & Urban Development</i>				
Older Adults Home Modification Grant Program - Memphis HUD	14.921	MDLHM0016-21	-	43,905
<i>Direct award from Department of Housing & Urban Development</i>				
Economic Development Initiative, Community Project Funding Grant	14.251	B-22-CP--MD-0401	-	15,937
<i>Pass-through the State of Michigan to Michigan Technological University</i>				
Lead Technical Studies Grant - Michigan Institute of Technology	14.902	P0107050	-	5,882
<i>Pass-through Baltimore City to Baltimore City Department of Housing and Development</i>				
Community Development Block Grants (CDBG)				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants - CDBG	14.218	CDBG-47-42660	-	116,592
<i>Pass-through Baltimore City to Baltimore City Department of Housing and Development</i>				
Community Development Block Grants (CDBG)				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants - CDBG	14.218	CDBG-48-98164	-	65,061
<i>Pass-through City of Memphis to Division of Housing & Community Development</i>				
Community Development Block Grants (CDBG)				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants - City of Memphis	14.218	39321	-	60,000
<i>Pass-through City of Central Falls to Planning and Economic Development</i>				
Community Development Block Grants (CDBG)				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants - Central Falls	14.218	19-04139	-	56,036
Rhode Island			-	297,689
Subtotal			-	611,978
Total U.S. Department of Housing and Urban Development				
U.S. Environmental Protection Agency				
<i>Direct award from U.S. Environmental Protection Agency</i>				
EPA Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations and Studies Grant - GHHI	66.716	02D24022	-	13,361
<i>Pass-Through from Shelby County to Division of Planning & Development Office of Sustainability and Resilience</i>				
EPA Environmental Justice Grant - Shelby County	66.034	CA2227953-1	-	3,802
<i>Direct award from U.S. Environmental Protection Agency</i>				
Environmental Justice Small Grant Program - GHHI	66.604	96392301	-	50,003
Total U.S. Environmental Protection Agency			-	67,166
U.S. Department of Health and Human Services				
<i>Pass-through the Centers for Disease Control and Prevention to DC Department of Energy and Environment</i>				
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	NUE2EH001403	-	36,000
<i>Pass-through the State of Mississippi to Mississippi State Department of Health</i>				
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	SG-2176-R2	-	68,451
<i>Pass-through the State of Maryland to Maryland Department of Health</i>				
Children's Health Insurance Program - Baltimore City	93.767	PHPA-G1763	-	62,500

See Notes to Schedule of Expenditures of Federal Awards.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2022

Federal Grantor /Pass-Through Grantor /Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (continued)				
<i>Pass-through the State of Maryland to Maryland Department of Health</i>				
Children's Health Insurance Program - Baltimore City	93.767	PHPA-G1763	\$ -	\$ 19,873
<i>Pass-through the State of Maryland to Maryland Department of Health</i>				
Children's Health Insurance Program - PG County	93.767	PHPA-G1700	-	12,171
<i>Pass-through the State of Maryland to Maryland Department of Health</i>				
Children's Health Insurance Program	93.767	PHPA-G1583	-	192,810
<i>Pass-through the State of Maryland to Maryland Department of Health</i>				
Children's Health Insurance Program	93.767	PHPA-1954	-	148,270
<i>Pass-through the State of Wisconsin to Wisconsin Department of Health</i>				
Asthma Safe Homes Program Training Provider - State of Wisconsin Department of Health Services	93.767	435100-682-ASTHMASAFEH-000	-	9,820
<i>Pass-through the State of Wisconsin to Wisconsin Department of Health</i>				
Technical Assistance Contract - State of Wisconsin Department of Health Services	93.767	2021-2022 Technical Assistance Contract	-	3,961
Subtotal			-	<u>449,405</u>
<i>Pass-through the State of Ohio to Ohio Department of Health</i>				
Asthma Evaluation and Data Analysis - State of Ohio Department of Health	93.070	CSP008666	-	18,892
Total U.S. Department of Health and Human Services			-	<u>572,748</u>
U.S. Small Business Administration				
<i>Direct award from U.S. Small Business Administration</i>				
COVID-19 - Disaster Assistance Loans	58.008		-	145,536
Total U. S. Small Business Administration			-	<u>145,536</u>
U.S. Department of the Treasury				
Coronavirus Relief Fund				
<i>Pass-through the State of Tennessee</i>				
Coronavirus Relief Fund - Regional Housing Legal Services	21.019	4100073580	-	3,570
<i>Direct award from City of Milwaukee</i>				
Technical Assistance and Consultation Services - City of Milwaukee Environmental Collaboration Office (ECO)	21.027	B0000018866	-	49,431
Total U.S. Department of the Treasury			-	<u>53,000</u>
NASA				
<i>Pass-through NASA to Yale University</i>				
Yale University Science Mission Directorate Grant	43.001	CON-80004033 (GR118562)	-	81
Total NASA			-	<u>81</u>
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,450,509</u>

See Notes to Schedule of Expenditures of Federal Awards.

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Green & Healthy Homes Initiative, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Green & Healthy Homes Initiative, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of GHHI.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

Green & Healthy Homes Initiative, Inc. and Subsidiary have elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 U.S. SMALL BUSINESS ADMINISTRATION LOAN

Green & Healthy Homes Initiative, Inc. and Subsidiary received a U.S. Small Business Administration insured loan under the Economic Injury Disaster Loan program. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Green & Healthy Homes Initiative, Inc. and Subsidiary received no additional loans during the year. The balance of the loan outstanding at December 31, 2022 was \$0.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Green & Healthy Homes Initiative, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Green & Healthy Homes Initiative, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 28, 2023. The financial statements of GHHS were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with GHHS.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green & Healthy Homes Initiative, Inc. and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell Titus, LLP

September 28, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Green & Healthy Homes Initiative, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program Opinion on Major Federal Program

We have audited Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Green & Healthy Homes Initiative, Inc. and Subsidiary's major federal program for the year ended December 31, 2022. Green & Healthy Homes Initiative, Inc. and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Green & Healthy Homes Initiative, Inc. and Subsidiary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Green & Healthy Homes Initiative, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Green & Healthy Homes Initiative, Inc. and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mitchell Titus, LLP

September 28, 2023

GREEN & HEALTHY HOMES INITIATIVE, INC. AND SUBSIDIARY
 Schedule of Findings and Questioned Costs
 December 31, 2022

PART I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for the major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major program:

Federal Assistance Program Name	Listing Number	Amount
Children's Health Insurance Program	93.767	<u>\$ 449,405</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

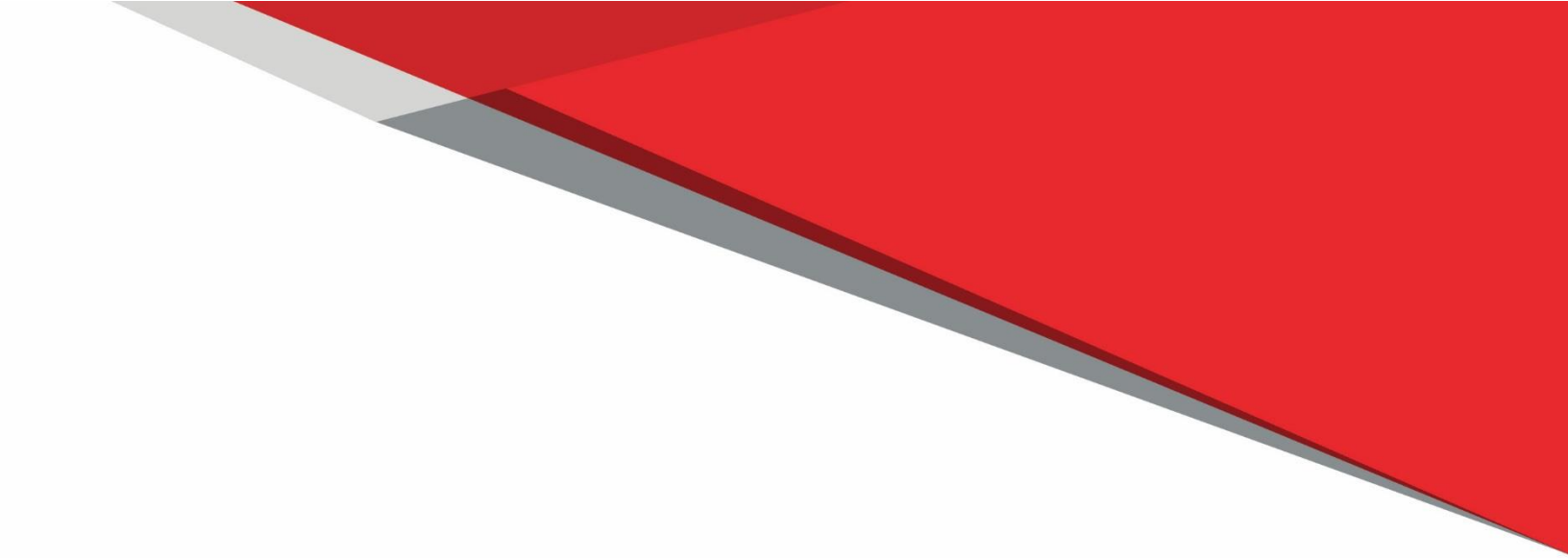
 X Yes No

PART II—CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

None reported.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



115