Green & Healthy Homes Initiative, Inc. and Subsidiary

Consolidated Financial Statements (With Supplementary Information) and Independent Auditor's Reports

December 31, 2020

CohnReznick
ADVISORY • ASSURANCE • TAX

Green & Healthy Homes Initiative, Inc. and Subsidiary

Index

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Green & Healthy Homes Initiative, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Green & Healthy Housing Strategies, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Green & Healthy Homes Initiative, Inc. and Subsidiary as of December 31, 2020, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principals, 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 auditing standards generally accepted in the United States of America. In our opinion, the information 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 August 19, 2021, 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 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.

CohnReznick LLP

Baltimore, Maryland
August 19, 2021

Green & Healthy Homes Initiative, Inc. and Subsidiary

Consolidated Statement of Financial Position
December 31, 2020

Assets

Current assets		
Cash and cash equivalents	$	2,674,848
Accounts receivable - contracts and grants		718,545
Prepaid expenses		148,441
Total current assets		3,541,834
Property and equipment		
Furnishings and equipment, net of accumulated depreciation of $624,221		25,623
Leasehold improvements, net of accumulated depreciation of $375,035		105,866
Other assets		
Investment		250,000
Security deposits		11,775
Total assets	$	3,935,098

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	$	179,668
Note payable, current		1,501
Accrued retirement		38,917
Deferred contracts and refundable advances		2,508,761
Total current liabilities		2,728,847
Long-term liabilities		
Note payable, long-term		147,640
Total liabilities		2,876,487
Commitments and contingencies		
Net assets		
Without donor restrictions		1,058,611
Total liabilities and net assets	$	3,935,098

See Notes to Consolidated Financial Statements.

Green & Healthy Homes Initiative, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended December 31, 2020

	Without donor restrictions
Support and revenue	
Support	
Contracts and grants	$ 5,866,792
Individual and business donations	8,300
Total support	5,875,092
Revenue	
Program income	95,725
Interest income	197
Total revenue	95,922
Total support and revenue	5,971,014
Expenses	
Maryland direct service	1,455,791
Client services/technical assistance	1,015,242
Policy and innovation	579,990
Data management	176,277
Special initiatives	1,281,386
Management and general	1,017,638
Total expenses	5,526,324
Increase in net assets	444,690
Net assets without donor restrictions, beginning of year	613,921
Net assets without donor restrictions, end of year	$ 1,058,611

See Notes to Consolidated Financial Statements.

Green & Healthy Homes Initiative, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program services							
	Maryland direct service	Client services/ technical assistance	Policy and innovation	Data management	Special initiatives	Total program services	Management and general	Total
Salaries and benefits	$ 1,124,792	$ 617,418	$ 507,094	$ 165,329	$ 1,039,248	$ 3,453,881	$ 433,102	$ 3,886,983
Mission marketing	-	-	-	-	-	-	750	750
Communications and information syster	36,182	6,334	8,383	10,763	77,472	139,134	58,606	197,740
Consulting	-	120,000	10,938	-	22,596	153,534	67,443	220,977
Contract professional services	10,376	5,860	7,423	59	49,679	73,397	202,695	276,092
Delivery	58	270	14	126	305	773	551	1,324
Depreciation	910	116	-	-	524	1,550	83,889	85,439
Dues and registrations	739	149	70	-	1,009	1,967	2,776	4,743
Equipment rental and expenses	5,491	3,739	-	-	4,006	13,236	5,384	18,620
Insurance	2,200	7,316	-	-	6,247	15,763	47,700	63,463
Licenses and permits	1,012	-	-	-	137	1,149	1,418	2,567
Contributions	1,250	-	-	-	1,270	2,520	6,307	8,827
Printing	550	1,169	222	-	55	1,996	1,578	3,574
Housing expenses	230,578	227,297	2,641	-	24,302	484,818	3,881	488,699
Rent and occupancy	13,497	14,241	28,322	-	29,177	85,237	39,206	124,443
Staff and organizational development	8,473	4,169	1,348	-	13,540	27,530	36,024	63,554
Supplies	3,612	2,639	1,421	-	2,047	9,719	3,746	13,465
Travel and mileage	16,071	4,525	12,114	-	9,706	42,416	22,582	64,998
Taxes	-	-	-	-	66	66	-	66
Total functional expenses	$ 1,455,791	$ 1,015,242	$ 579,990	$ 176,277	$ 1,281,386	$ 4,508,686	$ 1,017,638	$ 5,526,324

See Notes to Consolidated Financial Statements.

Green & Healthy Homes Initiative, Inc. and Subsidiary

Consolidated Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets without donor restrictions	$ 444,690
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities	
Depreciation	85,439
Decrease in assets	
Accounts receivable - contracts and grants	461,756
Prepaid expenses	813
(Decrease) increase in liabilities	
Accounts payable and accrued expenses	(389,909)
Accrued retirement	2,813
Deferred contracts and grants	1,637,919
Net cash provided by operating activities	2,243,521
Cash flows from investing activities	
Purchase of investment	(250,000)
Purchases of furnishings and equipment	(23,454)
Net cash used in investing activities	(273,454)
Cash flows from financing activities	
Note payable proceeds	150,000
Principal payments on note payable	(859)
Net cash provided by financing activities	149,141
Net increase in cash and cash equivalents	2,119,208
Cash and cash equivalents, beginning of year	555,640
Cash and cash equivalents, end of year	$ 2,674,848
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 1,704

See Notes to Consolidated Financial Statements.

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 statement of activities as net assets released from restrictions. As of December 31, 2020, all net assets are net assets without donor restrictions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

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 $474,630 that have not been recognized at December 31, 2020 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, 2020, the Corporation had refundable advances of $2,508,761.

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.

Accounts receivable and bad debt
Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America ("GAAP") require 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.

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

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 generally accepted accounting principles.

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 accounting principles generally accepted in the United States, 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.

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, 2020. 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.

Open tax years subject to IRS audit are 2017, 2018 and 2019.

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 2020 resulted in no tax liability or deferred tax asset for the year ended December 31, 2020.

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.

Adoption of new accounting pronouncement

During the year ended December 31, 2020, the Corporation adopted Financial Accounting Status Board ("FASB") Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). This ASU provided revised guidance to improve the effectiveness of the disclosure requirements for fair value measurements. Adopting the new standard did not have a material effect on the Corporation's fair value measurements for the year ended December 31, 2020.

Note 2 - Liquidity and availability of resources

The Corporation has $3,393,393 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 of $2,674,848 and accounts receivable of $718,545. In addition, the Corporation maintains a $250,000 line of credit, as discussed in Note 6. As of December 31, 2020, $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.

Note 3 - Investment

On September 23, 2020, the Corporation purchased a certificate of deposit with a 12-month term in the amount of $250,000 which is 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, 2020, 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, 2020, rent expense under this lease was $47,260. Future minimum annual lease payments under this lease through the next three years are as follows:

For the year ended	Amount
2021	$ 48,195
2022	49,215
2023	37,485
Total	$ 134,895

The Corporation leased its Washington, DC office facility under an operating lease that expired on December 31, 2020 and the Corporation vacated the space. For the year ended December 31, 2020, rent expense under this lease was $50,399.

The Corporation entered into an original lease agreement on November 7, 2014 to lease a Jackson, Mississippi office facility. The original lease agreement expired on September 30, 2018 and converted to a month-to-month lease with a base monthly rental expense of $779. On August 31, 2020, the lease agreement expired, and the Corporation vacated the space. For the year ended December 31, 2020, rent expense under this lease was $6,232.

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. For the year ended December 31, 2020, rent expense under this lease was $4,002. Future minimum annual lease payments for 2021 and 2022 are $10,022 and $2,941, respectively.

Note 5 - Accounts receivable - contracts and grants

Contracts and grants receivable at December 31, 2020 consist of the following:

AMCHP	$	13,829
Amerigroup		64,700
Baltimore City DHCD		9,946
Baltimore City Department of Social Services		20,067
Baltimore City Department of HCD		4,653
Baltimore County Department of Social Services		13,626
Baltimore Regional Housing Partnership		3,000
BMC Services		8,850
Carroll County Department of Social Services		1,810
CDBG		59,201
City of Jackson, Office of HCD		540
City of Lancaster		40,000
City of Memphis		12,806
City of Pittsburgh		670
City of Providence		4,767
City of Utica		30,500
Contract receivables		2,836
Data Across Sectors for Health		2,500
EPA		18,716
Fee for Service		11,715
Harford County Department of Social Services		878
Healthy Homes Des Moines		550
Institutions of Higher Learning		1,875
Lancaster General Hospital		50,000
Listen4Good		10,000
Maryland Affordable Housing Trust		3,186
Maryland Department of Planning		12,500
Maryland Department of the Environment		43,191
MDH Prevention and Health Promotion Adm.		60,000
MEA City		25,540
MEA County		3,649
Memphis Habitat AIP		5,605
Mississippi State Department of Health		12,258
MLCO		49,235
Neighborhood Housing and Community Devl.		4,864
Partners for a Healthier Community, Inc.		3,660
PG County DSS		2,076
Regional Housing Legal Services		3,300
Rhode Island Housing		13,000
Richmond projectHOMES		1,905
Salt Lake County		3,691
SE Sustainability		29,793
TN Cares		49,582
United Way		1,808
United Way of the Capital Area, Inc.		1,667
	$	718,545

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, 2020, $0 was outstanding on the line of credit.

Note 7 - Payroll Protection Program

The Corporation was granted a $745,400 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. The Corporation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Corporation has recognized $745,400 as grant revenue for the year ended December 31, 2020. The Corporation submitted its application for PPP loan forgiveness subsequent to December 31, 2020 and received notice from its lender on June 16, 2021 that the SBA approved forgiveness for the full amount of the PPP loan. There is a six-year period during which the SBA can review the Corporation's forgiveness calculation.

Note 8 - Note payable

On June 30, 2020, the Corporation obtained a promissory note with the U.S. Small Business Administration under the Economic Injury Disaster Loan ("EID") program in an amount of $150,000. The loan is available to meet financial obligations and operating expenses that could not have been met had the disaster, coronavirus, not occurred. Interest is incurred on the outstanding balance at a rate of 2.75% as defined in the loan agreement. The first payment was deferred one year from the date of the loan. Subsequent to the deferred period, principal and interest of $641 is due monthly and the balance of the principal and interest is payable 30 years from the date of the promissory note. The loan is secured by all assets of the Corporation. During the year ended December 31, 2020, the Corporation chose to make $859 and $1,704 in principal and interest payments, respectively,. Outstanding principal as of December 31, 2020, is $149,141 and is included in Note payable, current and Note payable, long-term on the consolidated statement of financial position.

Estimated aggregate annual maturities of the note payable over each of the next five years and thereafter following December 31, 2020 are as follows:

2021	$ 1,501
2022	3,674
2023	3,777
2024	3,882
2025	3,990
Thereafter	132,317
Total	149,141
Less current maturities	(1,501)
Net long-term portion	$ 147,640

Note 9 - 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 $38,917 as an employer discretionary contribution for 2020, which is included in accrued retirement as of December 31, 2020.

Note 10 - Fair value measurements

FASB's guidance on fair value measurements established a new framework for measuring fair value of assets and liabilities and expanded related disclosures. 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 (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;
- 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, 2020 are as follows:

	Fair value measurements	
	Significant other observable inputs (Level 2)	
	Without donor restrictions	With donor restrictions
Certificate of deposit	$ 250,000	$ -

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

Note 11 - 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, 2020.

Note 12 - 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, 2020, 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 actually 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.

During 2020, management responded to the economic uncertainty caused by the pandemic by providing certain new services over virtual platforms that allowed a large portion of work to continue in service to the public without stoppage. The Corporation's ability to pivot technical assistance and consulting work to remote services allowed the Corporation to address critical key policy measures and planning to assist government and healthcare to plan post COVID services. For direct services which were halted during the pandemic, the Corporation made strong efforts to pivot services to emergency food delivery and emergency home repair which was highly needed by the constituent base. Lastly, the Corporation was able to capture COVID relief support from government agencies and foundations to assure the stability of all aspects of work.

Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the project. Future potential impacts may include disruptions or restrictions on employees' ability to work onsite or to provide certain in-home services for extended periods of time. While future effects of these issues are relatively unknown, if the length of the pandemic is further extended, the Corporation is well-prepared to withstand such impacts through its virtual and online consulting, training, and educational services and through strong health standards to protect its team for any necessary in-home work.

Note 13 - 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 which 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 August 19, 2021 (the date the consolidated financial statements were available to be issued) and concluded that 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, 2020

Federal Grantor /Pass-Through Grantor /Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Labor				
Pass-through the State of Maryland to the Maryland Department of Labor				
Workforce Innovation and Opportunity Act Adult Program - WIOA Cluster				
Covid-19 - Layoff Aversion Fund	17.258	LOA2-0790	$ -	$ 20,094
Total U.S. Department of Labor			-	20,094
U.S. Environmental Protection Agency				
Direct award from U.S. Environmental Protection Agency				
Community Campaign to Inform Residents of Risks and Rights	66.034	83924401	-	161,720
Total U.S. Environmental Protection Agency			-	161,720
U.S. Department of Health and Human Services				
Pass-through the Association of Maternal and Child Health Programs				
Association of Maternal and Child Health Programs (AMCHP)	93.110	UJ9MC31105	-	23,452
Pass-through the State of Mississippi to Mississippi State Department of Health				
Healthy Homes for Kids Project - Asthma Home Visiting Program	93.070	NUE1EH001336-02-00	-	11,237
Lead Poisoning Prevention and Healthy Homes	93.753	1NUE2EH001396-01-00	-	14,810
Pass-through the Centers for Disease Control and Prevention to DC Department of Energy and Environment				
Lead Safe and Healthy Kids DC	93.197	NUE2EH001403	-	968
Pass-through the State of Maryland to Maryland Department of Health				
Children's Health Insurance Program	93.767	PHPA-G807/ PHPA-G1257	-	270,225
Total U.S. Department of Health and Human Services			-	320,692

Green & Healthy Homes Initiative, Inc. and Subsidiary

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor /Pass-Through Grantor /Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Small Business Administration				
Covid-19 - Disaster Assistance Loans	59.008	7120478009	-	150,000
Total U.S. Small Business Administration			-	150,000
U.S. Department of the Treasury				
Coronavirus Relief Fund				
Pass-through the State of Tenessee				
Covid-19 - Tennessee Community CARES Program	21.019	Unavailable	-	49,582
Pass-through the Commonwealth of Pennsylvania to Pennsylvania Legal Aid Network, Inc.				
Covid-19 - Regional Housing Legal Services	21.019	4100073580	-	190,400
Total U.S. Department of the Treasury			-	239,982
U.S. Department of Housing and Urban Development				
Pass-through the City of Providence to Department of Planning and Development				
Operation Lead Elimination Action Program				
HUD Lead Hazard Reduction and Healthy Homes Program - Lead Safe Providence	14.905	RILHD0263-17	-	15,891
Pass-through Baltimore City to Baltimore City Department of Housing and Urban Development				
Community Development Block Grants (CDBG)				
CDBG - Entitlement Grants Cluster				
Baltimore City Community Development Block Grant	14.218	44-38616/45-39172	-	185,875
Total U.S. Department of Housing and Urban Development			-	201,766
Total expenditures of federal awards				$ 1,094,254

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2020

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, 2020. 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 - Subrecipients

Green & Healthy Homes Initiative, Inc. and Subsidiary did not pass any amounts through to subrecipients for the year ended December 31, 2020.

Note 5 - 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 in an amount of $150,000 during 2020. The amount received during 2020 is included in the federal expenditures presented in the Schedule. Green & Healthy Homes Initiative, Inc. and Subsidiary received no additional funding during the year. The balance of the loan outstanding at December 31, 2020 consist of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2020
59.008	Covid-19 - Disaster Assistance Loans	$ 149,141

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, 2020, 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 August 19, 2021. 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.

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.

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 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 determination of consolidated financial statement amounts. 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.

CohnReznick LLP

Baltimore, Maryland
August 19, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and 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

We have audited Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Green & Healthy Homes Initiative, Inc. and Subsidiary's major federal programs for the year ended December 31, 2020. Green & Healthy Homes Initiative, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Green & Healthy Homes Initiative, Inc. and Subsidiary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Green & Healthy Homes Initiative, Inc. and Subsidiary's compliance.

Opinion on the Major Federal Program

In our opinion, Green & Healthy Homes Initiative, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Green & Healthy Homes Initiative, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Green & Healthy Homes Initiative, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Green & Healthy Homes Initiative, Inc. and Subsidiary's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Baltimore, Maryland
August 19, 2021

Green & Healthy Homes Initiative, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
December 31, 2020

A. Summary Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with 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 programs:		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 programs:

Program Name	CFDA Number	Amount
Coronavirus Relief Fund	21.019	$ 239,982
Children's Health Insurance Program	93.767	$ 270,225

Dollar threshold used to distinguish between type A and type B programs:		$750,000
Auditee qualified as low-risk auditee?	______ Yes __X__	No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

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