

**NATIONAL CENTER FOR HEALTHY HOUSING, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2023 AND 2022

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Independent Auditor's Report

To the Board of Directors
National Center for Healthy Housing, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of National Center for Healthy Housing, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Center for Healthy Housing, Inc. and Subsidiary as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 National Center for Healthy Housing Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 National Center for Healthy Housing, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditor's Report (Continued)

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 generally accepted auditing standards 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 generally accepted auditing standards 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 National Center for Healthy Housing, 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 National Center for Healthy Housing, 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.

Independent Auditor's Report (Continued)

Supplementary 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 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 auditing standards generally accepted in the United States of America. 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 February 19, 2024, on our consideration of National Center for Healthy Housing, 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 National Center for Healthy Housing, 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 National Center for Healthy Housing, Inc. and Subsidiary's internal control over financial reporting and compliance.

Gross, Mendelsohn & Associates, P. A.

Baltimore, Maryland
February 19, 2024

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,119,848	\$ 641,991
Grants and other receivables	503,486	573,065
Pledges receivable	20,000	470,000
Income taxes receivable	26,795	50,086
Employee retention credit receivable	-0-	86,163
Prepaid expenses and other assets	32,353	28,188
Total Current Assets	<u>1,702,482</u>	<u>1,849,493</u>
Property		
Office equipment	57,260	55,368
Less: Accumulated depreciation	43,692	34,222
Net Property	<u>13,568</u>	<u>21,146</u>
Other Asset		
Deferred tax asset	-0-	3,433
Total Assets	<u>\$ 1,716,050</u>	<u>\$ 1,874,072</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 35,508	\$ 40,926
Income taxes payable	15,834	493
Accrued expenses	143,535	82,189
Deferred revenue	78,345	69,624
Total Current Liabilities	<u>273,222</u>	<u>193,232</u>
Non-Current Liability		
Deferred tax liability	765	-0-
Long-term debt, net of current maturity	113,900	113,900
Total Non-Current Liability	<u>114,665</u>	<u>113,900</u>
Total Liabilities	<u>387,887</u>	<u>307,132</u>
Commitments (Notes 5, 7 and 10)		
Net Assets		
Without donor restrictions	678,443	377,115
With donor restrictions	649,720	1,189,825
Total Net Assets	<u>1,328,163</u>	<u>1,566,940</u>
Total Liabilities and Net Assets	<u>\$ 1,716,050</u>	<u>\$ 1,874,072</u>

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

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidated Statements of Activities
Years Ended September 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contracts	\$ 2,742,358	\$ -0-	\$ 2,742,358
Contributions	41,813	205,000	246,813
Gifts-in-kind	140,750	-0-	140,750
Interest income	10,389	-0-	10,389
Other revenue	3,250	-0-	3,250
	<u>2,938,560</u>	<u>205,000</u>	<u>3,143,560</u>
Net assets released from restriction	745,105	(745,105)	-0-
Total Support and Revenue	<u>3,683,665</u>	<u>(540,105)</u>	<u>3,143,560</u>
Expenses			
Program	3,169,174	-0-	3,169,174
General and administrative	119,626	-0-	119,626
Fundraising	70,348	-0-	70,348
Total Expenses	<u>3,359,148</u>	<u>-0-</u>	<u>3,359,148</u>
Change in Net Assets before Other Income (Expense)	324,517	(540,105)	(215,588)
Other Income (Expense)			
Employee Retention Credit (Adjustment)	(1,918)	-0-	(1,918)
Loss on disposal of property	(732)	-0-	(732)
Total Other Income (Expense)	<u>(2,650)</u>	<u>-0-</u>	<u>(2,650)</u>
Change in Net Assets after Other Income (Expense) before Income Taxes	321,867	(540,105)	(218,238)
Income Tax Expense	20,539	-0-	20,539
Change in Net Assets	301,328	(540,105)	(238,777)
Net Assets - Beginning of Year	377,115	1,189,825	1,566,940
Net Assets - End of Year	<u>\$ 678,443</u>	<u>\$ 649,720</u>	<u>\$ 1,328,163</u>

2022

Without Donor Restrictions	With Donor Restrictions	Total	Increase (Decrease)
\$ 1,609,151	\$ -0-	\$ 1,609,151	\$ 1,133,207
35,455	1,200,000	1,235,455	(988,642)
18,352	-0-	18,352	122,398
3,016	-0-	3,016	7,373
4,232	-0-	4,232	(982)
<u>1,670,206</u>	<u>1,200,000</u>	<u>2,870,206</u>	<u>273,354</u>
603,097	(603,097)	-0-	-0-
<u>2,273,303</u>	<u>596,903</u>	<u>2,870,206</u>	<u>273,354</u>
2,228,422	-0-	2,228,422	940,752
8,322	-0-	8,322	111,304
47,046	-0-	47,046	23,302
<u>2,283,790</u>	<u>-0-</u>	<u>2,283,790</u>	<u>1,075,358</u>
(10,487)	596,903	586,416	(802,004)
198,961	-0-	198,961	(200,879)
(973)	-0-	(973)	241
<u>197,988</u>	<u>-0-</u>	<u>197,988</u>	<u>(200,638)</u>
187,501	596,903	784,404	(1,002,642)
12,874	-0-	12,874	7,665
174,627	596,903	771,530	<u>\$ (1,010,307)</u>
<u>202,488</u>	<u>592,922</u>	<u>795,410</u>	
<u>\$ 377,115</u>	<u>\$ 1,189,825</u>	<u>\$ 1,566,940</u>	

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

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidated Statements of Functional Expenses
Years Ended September 30, 2023 and 2022

	2023			
	Program Services	General and Administrative	Fundraising	Total
Salaries and fringe benefits	\$ 1,550,396	\$ 215,161	\$ 45,927	\$ 1,811,484
Consultants	908,464	46,778	5,368	960,610
Professional fees	-0-	185,542	-0-	185,542
Other costs and supplies	116,746	-0-	-0-	116,746
Grants	73,980	-0-	-0-	73,980
Travel	50,476	603	-0-	51,079
Software	8,030	18,986	-0-	27,016
Insurance	-0-	20,918	-0-	20,918
Storage	-0-	16,415	-0-	16,415
Temporary help	13,920	-0-	-0-	13,920
Dues and subscriptions	275	9,322	1,298	10,895
Telecommunications	-0-	10,055	-0-	10,055
Payroll processing	-0-	9,868	-0-	9,868
Depreciation	-0-	9,673	-0-	9,673
Trustee expenses	-0-	9,479	-0-	9,479
Rent	-0-	8,775	-0-	8,775
Meetings and conferences	6,616	403	-0-	7,019
Equipment rental and maintenance	-0-	3,304	-0-	3,304
Interest expense	-0-	3,132	-0-	3,132
Training and professional development	-0-	2,767	-0-	2,767
Office supplies	190	1,709	-0-	1,899
Bank service fees	-0-	1,848	-0-	1,848
Bad debt	-0-	1,260	-0-	1,260
Miscellaneous	-0-	664	-0-	664
Postage and delivery	187	454	-0-	641
Printing and reproduction	-0-	159	-0-	159
Indirect cost allocation	439,894	(457,649)	17,755	-0-
Total Expenses	\$ 3,169,174	\$ 119,626	\$ 70,348	\$ 3,359,148

2022

Program Services	General and Administrative	Fundraising	Total	Increase (Decrease)
\$ 1,069,785	\$ 291,473	\$ 27,440	\$ 1,388,698	\$ 422,786
254,613	50,082	3,425	308,120	652,490
-0-	160,559	-0-	160,559	24,983
23,330	-0-	-0-	23,330	93,416
256,250	-0-	-0-	256,250	(182,270)
8,148	1,038	-0-	9,186	41,893
5,125	13,556	-0-	18,681	8,335
-0-	21,428	-0-	21,428	(510)
-0-	12,231	-0-	12,231	4,184
19,347	1,168	-0-	20,515	(6,595)
125	5,269	995	6,389	4,506
-0-	9,906	-0-	9,906	149
-0-	8,437	-0-	8,437	1,431
-0-	6,980	-0-	6,980	2,693
-0-	96	-0-	96	9,383
-0-	6,921	-0-	6,921	1,854
11,216	495	-0-	11,711	(4,692)
-0-	5,019	-0-	5,019	(1,715)
-0-	3,132	-0-	3,132	-0-
-0-	719	-0-	719	2,048
-0-	875	143	1,018	881
-0-	2,127	-0-	2,127	(279)
-0-	-0-	-0-	-0-	1,260
-0-	951	-0-	951	(287)
110	775	-0-	885	(244)
9	492	-0-	501	(342)
580,364	(595,407)	15,043	-0-	-0-
\$ 2,228,422	\$ 8,322	\$ 47,046	\$ 2,283,790	\$ 1,075,358

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

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (238,777)	\$ 771,530
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debts	1,260	-0-
Depreciation	9,673	6,980
Deferred income taxes	4,198	12,381
Loss on disposal of property	732	973
Changes in operating assets and liabilities:		
Grants and other receivables	68,319	(148,390)
Pledges receivable	450,000	(425,500)
Income taxes receivable	23,291	-0-
Employee retention credit receivable	86,163	(86,163)
Prepaid expenses and other assets	(4,165)	(3,926)
Accounts payable, income taxes and accrued expenses	71,269	33,071
Deferred revenue	8,721	22,381
Net Cash Provided by Operating Activities	<u>480,684</u>	<u>183,337</u>
Cash Flows from Investing Activities		
Purchase of property	<u>(2,827)</u>	<u>(8,386)</u>
Net Increase in Cash and Cash Equivalents	477,857	174,951
Cash and Cash Equivalents at Beginning of Year	<u>641,991</u>	<u>467,040</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,119,848</u>	<u>\$ 641,991</u>
Supplemental Information:		
Interest paid	<u><u>\$ 487</u></u>	<u><u>\$ -0-</u></u>

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

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies

National Center for Healthy Housing, Inc. (the Center) was formed under the laws of Maryland in 1992 for charitable, educational, and scientific purposes to conduct research, demonstrations, training and capacity building, and public policy regarding healthy housing. The Center's wholly-owned subsidiary, Healthy Housing Solutions, Inc. (Solutions), was incorporated as a Maryland for-profit stock corporation in 2003. Solutions is engaged in activities similar to that of the Center and was organized to support the Center's mission through fee-for-service work. The Center and Solutions are collectively referred to as the Organization.

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

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

Basis of Accounting and Principles of Consolidation: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The consolidated financial statements include the accounts of National Center for Healthy Housing, Inc. and Healthy Housing Solutions, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents: The Organization classifies all investments that are readily convertible to cash and that have a maturity of three months or less when purchased as cash equivalents.

Grants and Other Receivables: Grants and other receivables are recorded net of an allowance for uncollectible receivables, based on management's evaluation of outstanding receivables at year end. The Center has grants and cooperative agreements with U.S. Government agencies, various state agencies, and other private sources. Estimated losses are generally determined from historical collection experience and a review of outstanding receivables. Receivables are written off by management when, in their determination, all appropriate collection efforts have been taken. The Center has not recorded an allowance for uncollectible receivables since it is management's opinion that all outstanding receivables are collectible.

Pledges Receivable: Unconditional promises to give are recorded as pledges receivable and recognized as revenue in the period received. Unconditional pledges to be received in a future period are discounted to their net present value at the time the revenue is recorded. A provision is made for uncollectible pledges based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and a review of outstanding pledges receivable. Pledges receivable are written off by management when, in their determination, all appropriate collection efforts have been taken. The Center has not recorded an allowance for uncollectible pledges since it is management's opinion that all outstanding pledges receivable are collectible.

Property and Depreciation: Property is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 7 years for office equipment. Expenditures for maintenance and routine repairs are charged to expense as incurred. Expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition: The Organization generates revenue primarily from federal grants, contributions, program fees and net investment return. Conditional grants are earned and recognized as revenue without donor restrictions in proportion to the related expenditures incurred or when all conditions of the grant have been substantially met. Grants earned but not yet received are recorded as grants receivable and grants received in advance are recorded as deferred revenue.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. An unconditional pledge to give support is recognized as a receivable and contribution in the year the pledge is made. Conditional pledges to give, which depend on the occurrence of a specified future and uncertain event, are not recognized as revenue until the condition has been met.

Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-imposed restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization generates contract revenue primarily from program fees. Revenue from program fees is recognized when control of the promised good or service is transferred to a customer, in an amount that reflects the consideration to which the Organization expects to be entitled from customers, in exchange for those goods and services.

Performance obligations are determined based on the nature of the services provided. Each of the Organization's revenue streams are treated as separate performance obligations, which are satisfied over a specified time period. The Organization determines the transaction price based on contractually agreed-upon amounts or rates.

The Organization's disaggregates its revenue from contracts as follows:

	2023	2022
Performance obligations satisfied over time:		
Contract revenue	\$ 1,316,733	\$ 539,697

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Gifts-in-Kind (Donated Commodities): Donated commodities, which includes database access, are recorded at their estimated fair market value on the date of receipt. The Organization received donated commodities of \$128,750 and \$-0- for the years ended September 30, 2023 and 2022, respectively, which were used in its program services and allocated amount the functional classification of expenses.

Gifts-in-Kind (Donated Services): Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization.

During the years ended September 30, 2023 and 2022, donated services consisted of consulting services. Donated services are recorded based on comparable industry rates which management believes reflects the actual value of the services provided. The Organization received donated services of \$12,000 and \$18,352 for the years ended September 30, 2023 and 2022, respectively, which were used in its program services.

Income Taxes: The Center is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable reductions, is subject to federal and state income taxes. The Center had no unrelated business income for the years ended September 30, 2023 and 2022. The Center's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

Solutions is taxed as a for-profit corporation under the Internal Revenue Code and applicable state statutes. Certain transactions of Solutions may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the consolidated financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of Solutions reported for income tax purposes may differ from net income reflected in these consolidated financial statements. Deferred income taxes are provided to reflect the tax effect of these temporary differences between financial and income tax reporting. The federal and state income tax returns of Solutions are subject to examination by the Internal Revenue Service and state tax authorities generally for a period of three years after the returns are filed.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and by natural classification in the consolidated statements of functional expenses. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff on various functions, square footage, or other criteria.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842) which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the consolidated statements of financial position as a depreciable right-of-use asset (ROU) and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including any payments to be made in lease option periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The ROU assets will be expensed over the term of the lease and the lease liabilities will be reduced by lease payments. The Organization has adopted the new lease standard effective as of October 1, 2022. The adoption of the new lease standard had no material effect on the consolidated financial statements.

The Organization evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU assets or lease liabilities. These are expensed as incurred. The Organization has elected not to record short-term leases with initial contract terms of 12 months or less on the consolidated statements of financial position. The Organization has elected to use the risk-free rate to discount the lease payments for all classes of ROU assets.

As part of the adoption of the new lease standard, the Organization has elected the following practical expedients: a) The Organization has not reevaluated expiring or existing leases to determine lease classification, b) The Organization has not reevaluated whether expired or existing contracts are or contain a lease, and c) The Organization has not reassessed initial direct costs for an existing lease.

Recently Issued Accounting Pronouncements: The FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (ASC 326) which is effective for fiscal years beginning after December 15, 2022. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable reportable forecasts. The new guidance affects trade receivables and any other financial asset not excluded from the scope that have contractual right to receive cash. The Organization has elected not to early adopt this standard and will assess the future impact of credit losses on the consolidated financial statements.

Reclassifications: Certain amounts in the financial statements for the year ended September 30, 2022 have been reclassified to conform to the financial presentation for the year ended September 30, 2023.

Subsequent Events: In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 19, 2024, the date the consolidated financial statements were available to be issued. During the period from October 1, 2023 to February 19, 2024, the Organization did not have any material recognizable subsequent events.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of the financial position date comprise the following:

	2023	2022
Cash and cash equivalents	\$ 1,119,848	\$ 641,991
Grants and other receivables	503,486	573,065
Pledges receivable	20,000	470,000
Income taxes receivable	26,795	50,086
Employee retention credit receivable	-0-	86,163
Financial Assets Available for General Expenditure	<u>\$ 1,670,129</u>	<u>\$ 1,821,305</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Note 3: Contract Receivables

Contract receivables where performance is satisfied over all time were \$210,269 and \$146,462 at September 30, 2023 and 2022, respectively and are included in the consolidated statements of financial position under the heading grants and other receivables.

Note 4: Pledges Receivable

Pledges receivable consisted of the following at September 30, 2023 and 2022:

	2023	2022
Pledges receivable	\$ 20,000	\$ 470,000
Less: Present value discount (3%)	-0-	-0-
Unconditional pledges receivable, net	<u>\$ 20,000</u>	<u>\$ 470,000</u>
Gross amounts due in less than one year	<u>\$ 20,000</u>	<u>\$ 470,000</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 5: Long-Term Debt

On March 2, 2021, the Organization entered into a promissory note with the U.S. Small Business Administration for an Economic Injury Disaster Loan (EIDL) in the amount of \$113,900. The note bears interest at 2.75% and requires monthly principal and interest payments of \$487 beginning twelve months from the date of the agreement. In March 2022, the U.S. Small Business Administration extended the deferred period for COVID EIDL payment until the 30th month after the date of the note. While deferred the debt will continue to accrue interest. Interest expense accrued on this loan was \$7,545 and \$4,900 at September 30, 2023 and 2022, respectively.

The aggregate annual principal maturities of long-term debt for each of the years subsequent to September 30, 2023 are as follows:

Year Ending September 30:	
2024	\$ -0-
2025	-0-
2026	807
2027	2,772
2028	2,849
Thereafter	107,472
	<u>\$ 113,900</u>

Note 6: Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Equipping communities	\$ 512,195	\$ 1,041,085
Advocacy and awareness	137,525	148,740
Total	<u>\$ 649,720</u>	<u>\$ 1,189,825</u>

Net assets were released from donor restrictions for the years ended September 30, 2023 and 2022 by incurring expenses satisfying the restricted purposes, by occurrence of other events or by satisfaction of time restrictions. Below are the details of these net assets that were released from restriction.

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Equipping communities	\$ 528,889	\$ 474,217
Advocacy and awareness	216,215	128,880
Total	<u>\$ 745,104</u>	<u>\$ 603,097</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 7: Retirement Plan

The Organization has a 401(k) plan (the Plan) that permits voluntary contributions to this Plan by employees of the Center and Solutions. The Plan covers all employees who meet its eligibility requirements. The Plan provides for employer matching contributions of one hundred percent (100%) of elective deferrals up to three percent (3%) of eligible compensation and fifty percent (50%) of elective deferrals from three percent (3%) to five percent (5%) of eligible compensation. In addition, the Plan allows discretionary contributions on an annual basis in amounts determined by the Organization's management. For the years ended September 30, 2023 and 2022, the Organization made matching contributions of \$47,717 and \$23,587, respectively. There were no discretionary contributions made to the Plan during either fiscal year.

Note 8: Income Tax Provision

The income tax expense for the years ended September 30, 2023 and 2022 consist of the following components:

	2023	2022
Federal and state income taxes currently payable	\$ 16,341	\$ 493
Change in deferred income taxes	4,198	12,381
Total income tax expense	\$ 20,539	\$ 12,874

The income tax expense reflect effective tax rates which result from the applicability of federal and state statutory rates.

Solutions computes deferred income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Solutions provides for the recognition and measurement of deferred income tax benefits based on the likelihood of their realization in future years. A valuation allowance has been established to reduce deferred income tax benefits that are more likely than not that the benefits will not be realized.

The tax effects of the temporary differences between financial and income tax accounting that give rise to Solutions' deferred tax assets and deferred tax liabilities as of September 30, 2023 and 2022 relate to differences in depreciation and operating loss carryforwards that are available to offset future taxable income.

As of September 30, 2023, Solutions has available a state net operating loss of approximately \$2,600. The utilization of this loss can be carried forward indefinitely for state tax purposes.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2023 and 2022

Note 9: Concentration of Credit Risk

The Organization receives a substantial portion of its revenue from federal grants and contracts, primarily from the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development. If a significant reduction of funding occurs, it may have a significant impact on the Organization's programs. For the years ended September 30, 2023 and 2022, direct and indirect federal grants and contracts represented 74% and 44%, respectively, of the Organization's total revenue and support. Management does not anticipate any significant reduction in future funding from federal agencies.

Note 10: Compliance with Grantor or Donor Restrictions

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 11: Other Matters

Uninsured Balances: The Organization maintains its cash balances at various financial institutions. Periodically during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Employee Retention Credit: During the year ended September 30, 2022, the Organization filed for the Employee Retention Credit (ERC), a program created by the federal government, as a result of the coronavirus pandemic. The ERC is a refundable federal tax credit based on a portion of wages as specified by the program parameters. Management determined the Organization had over accrued \$1,918 for the year ended September 30, 2022 and has recognized this amount as other expense for the year ended September 30, 2023. ERC is subject to review by the IRS and results could differ from the amount reported in these financial statements.

**NATIONAL CENTER FOR HEALTHY HOUSING, INC.
AND SUBSIDIARY**

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023 AND 2022

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures (Allowable)
U.S. Department of Housing and Urban Development				
Direct:				
Lead Hazard Reduction Grant Program		MDHHU0051-19/ MDHHU0063-21/ MDHHU0070-22	\$ 173,568	\$ 654,916
	14.900			
Pass-through programs from:				
Lead Hazard Reduction Grant Program		ILHHU0072-22/ ILHHU0052-19	-0-	25,727
	14.900			
The Silver Spring Institute				
The University of Illinois				
Lead Hazard Reduction Grant Program	14.900	MAHHU0060-20	-0-	327
Total Lead Hazard Reduction Grant Program			<u>-0-</u>	<u>327</u>
			<u>173,568</u>	<u>680,970</u>
Direct:				
Lead Technical Studies Grants	14.902	MDLTS0021-12	-0-	177,704
Pass-through programs from:				
The University of Illinois				
Lead Technical Studies Grants	14.902	ILLTS0014-19	-0-	31,703
			<u>-0-</u>	<u>31,703</u>
Total Lead Technical Studies Grants			<u>-0-</u>	<u>209,407</u>
			<u>173,568</u>	<u>890,377</u>
Total U.S. Department of Housing and Urban Development			<u>173,568</u>	<u>890,377</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures (Allowable)
U.S. Environmental Protection Agency				
Direct:				
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	XA84022801	-0-	227,619
Pass-through programs from:				
Public Health Institute				
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	84021601	-0-	103,302
Total U.S. Environmental Protection Agency			-0-	330,921
U.S. Department of Health and Human Services				
Pass-through program from:				
National Association of County and City Health Officials Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	5NU38OT000306-04-00	-0-	2,148
Association of State and Territorial Health Officials Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	6NU38OT000290-05-01	-0-	117,179
National Environmental Health Association Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	6NU38OT000300-05-02	-0-	85,000
Total U.S. Department of Health and Human Services			-0-	204,327
Total Expenditures of Federal Awards			\$ 173,568	\$ 1,425,625

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
Notes to Schedule of Expenditures of Federal Awards
September 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the National Center for Healthy Housing, Inc. (the Center), under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 the Center, it is not intended to and does not present the consolidated financial position, consolidated changes in net assets, or consolidated cash flows of the National Center for Healthy Housing, Inc. and Subsidiary.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors
National Center for Healthy Housing, 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 the National Center for Healthy Housing, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, 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 February 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 or significant deficiencies may exist that have not been identified.

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements
Performed in Accordance with Government Auditing Standards (Continued)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gross, Mendelson & Associates, P.A.

Baltimore, Maryland
February 19, 2024

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Directors
National Center for Healthy Housing, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the National Center for Healthy Housing, Inc. (the Center), 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 each of the Center's major federal programs for the year ended September 30, 2023. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center 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 September 30, 2023.

Basis for Opinion on Each Major Federal Program

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). 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 the Center 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 the Center's compliance with the compliance requirements referred to above.

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 the Center's federal programs.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by the Uniform Guidance (Continued)**

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 the Center'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 generally accepted auditing standards, *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 the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Center'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 the Center'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 the Center'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.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance (Continued)**

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.

Gross, Mendelsohn & Associates, P. A.

Baltimore, Maryland
February 19, 2024

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Summary of Auditor's Results

- 1) The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of the National Center for Healthy Housing, Inc. and Subsidiary were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
- 2) No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*.
- 3) No instances of noncompliance material to the consolidated financial statements of the National Center for Healthy Housing, Inc. and Subsidiary, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) No significant deficiencies or material weaknesses relating to internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
- 5) The auditor's report on compliance for the major federal award programs for the National Center for Healthy Housing, Inc. expresses an unmodified opinion on all major federal programs.
- 6) There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
- 7) The program tested as a major program was:

<u>Assistance Listing Number</u>	<u>Federal Program Title</u>
14.900	Lead Hazard Reduction Grant Program

- 8) The threshold used for distinguishing between Type A and B programs was \$750,000.
- 9) The National Center for Healthy Housing, Inc. was determined to be a low-risk auditee as defined by the Uniform Guidance.

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

Findings - Financial Statement Audit

None.

Findings and Questioned Costs - Major Federal Award Program Audit

None.

Summary Schedule of Prior Audit Findings

None.

Independent Auditor's Report on Consolidated Supplementary Information

To the Board of Directors
National Center for Healthy Housing, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of National Center for Healthy Housing, Inc. and Subsidiary as of and for the years ended September 30, 2023 and 2022, and our report thereon dated February 19, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements for the years ended September 30, 2023 and 2022, as a whole.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
February 19, 2024

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
September 30, 2023 and 2022

Assets	2023			
	National Center For Healthy Housing, Inc.	Healthy Housing Solutions Inc.	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 919,560	\$ 200,288	\$ -0-	\$ 1,119,848
Grants and other receivables	427,763	85,791	(10,068)	503,486
Pledges receivable	20,000	-0-	-0-	20,000
Income taxes receivable	-0-	26,795	-0-	26,795
Employee retention credit receivable	-0-	-0-	-0-	-0-
Prepaid expenses and other assets	28,706	3,647	-0-	32,353
Total Current Assets	1,396,029	316,521	(10,068)	1,702,482
Property				
Office equipment	42,196	15,064	-0-	57,260
Less: Accumulated depreciation	33,887	9,805	-0-	43,692
Net Property	8,309	5,259	-0-	13,568
Other Assets				
Deferred tax asset	-0-	-0-	-0-	-0-
Investment in subsidiary	239,515	-0-	(239,515)	-0-
Total Other Assets	239,515	-0-	(239,515)	-0-
Total Assets	\$ 1,643,853	\$ 321,780	\$ (249,583)	\$ 1,716,050
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 31,981	\$ 13,595	\$ (10,068)	\$ 35,508
Income taxes payable	-0-	15,834	-0-	15,834
Accrued expenses	123,811	19,724	-0-	143,535
Deferred revenue	45,998	32,347	-0-	78,345
Total Current Liabilities	201,790	81,500	(10,068)	273,222
Non-Current Liability				
Deferred tax liability	-0-	765	-0-	765
Long-term debt, net of current maturity	113,900	-0-	-0-	113,900
	113,900	765	-0-	114,665
Total Liabilities	315,690	82,265	(10,068)	387,887
Net Assets and Equity				
Without donor restrictions	678,443	-0-	-0-	678,443
With donor restrictions	649,720	-0-	-0-	649,720
Retained earnings	-0-	239,415	(239,415)	-0-
Common stock	-0-	100	(100)	-0-
Total Net Assets and Equity	1,328,163	239,515	(239,515)	1,328,163
Total Liabilities and Net Assets	\$ 1,643,853	\$ 321,780	\$ (249,583)	\$ 1,716,050

2022

National Center For Healthy Housing, Inc.	Healthy Housing Solutions Inc.	Eliminations	Total
\$ 563,030	\$ 78,961	\$ -0-	\$ 641,991
516,418	68,241	(11,594)	573,065
470,000	-0-	-0-	470,000
-0-	50,086	-0-	50,086
86,163	-0-	-0-	86,163
26,318	1,870	-0-	28,188
<u>1,661,929</u>	<u>199,158</u>	<u>(11,594)</u>	<u>1,849,493</u>
40,512	14,856	-0-	55,368
26,822	7,400	-0-	34,222
<u>13,690</u>	<u>7,456</u>	<u>-0-</u>	<u>21,146</u>
-0-	3,433	-0-	3,433
185,687	-0-	(185,687)	-0-
<u>185,687</u>	<u>3,433</u>	<u>(185,687)</u>	<u>3,433</u>
<u>\$ 1,861,306</u>	<u>\$ 210,047</u>	<u>\$ (197,281)</u>	<u>\$ 1,874,072</u>
\$ 39,528	\$ 12,992	\$ (11,594)	\$ 40,926
-0-	493	-0-	493
71,314	10,875	-0-	82,189
69,624	-0-	-0-	69,624
<u>180,466</u>	<u>24,360</u>	<u>(11,594)</u>	<u>193,232</u>
-0-	-0-	-0-	-0-
113,900	-0-	-0-	113,900
<u>113,900</u>	<u>-0-</u>	<u>-0-</u>	<u>113,900</u>
<u>294,366</u>	<u>24,360</u>	<u>(11,594)</u>	<u>307,132</u>
377,115	-0-	-0-	377,115
1,189,825	-0-	-0-	1,189,825
-0-	185,587	(185,587)	-0-
-0-	100	(100)	-0-
<u>1,566,940</u>	<u>185,687</u>	<u>(185,687)</u>	<u>1,566,940</u>
<u>\$ 1,861,306</u>	<u>\$ 210,047</u>	<u>\$ (197,281)</u>	<u>\$ 1,874,072</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
Consolidating Statements of Activities
Years Ended September 30, 2023 and 2022

	2023			
	National Center For Healthy Housing, Inc.	Healthy Housing Solutions Inc.	Eliminations	Total
Support and Revenue				
Grants and contracts	\$ 2,098,497	\$ 793,576	\$ (149,715)	\$ 2,742,358
Contributions	246,813	-0-	-0-	246,813
Gifts-in-kind	140,750	-0-	-0-	140,750
Interest income	8,835	1,788	(234)	10,389
Other revenue	3,750	-0-	(500)	3,250
Total Support and Revenue	<u>2,498,645</u>	<u>795,364</u>	<u>(150,449)</u>	<u>3,143,560</u>
Expenses				
Salaries and fringe benefits	1,469,756	341,728	-0-	1,811,484
Consultants	835,355	275,471	(150,215)	960,611
Rent	7,464	1,311	-0-	8,775
Professional fees	140,205	45,337	-0-	185,542
Interest expense	3,132	234	(234)	3,132
Others	333,420	56,184	-0-	389,604
Total Expenses	<u>2,789,332</u>	<u>720,265</u>	<u>(150,449)</u>	<u>3,359,148</u>
Change in Net Assets before Other Income (Expense)	<u>(290,687)</u>	<u>75,099</u>	<u>-0-</u>	<u>(215,588)</u>
Other Income (Expense)				
Employee Retention Credit (Adjustment)	(1,918)	-0-	-0-	(1,918)
Loss on disposal of property	-0-	(732)	-0-	(732)
Total Other Income (Expense)	<u>(1,918)</u>	<u>(732)</u>	<u>-0-</u>	<u>(2,650)</u>
Change in Net Assets after Other Income (Expense) before Earnings from Wholly Owned Subsidiary and Income Taxes	<u>(292,605)</u>	<u>74,367</u>	<u>-0-</u>	<u>(218,238)</u>
Income Tax Expense	<u>-0-</u>	<u>20,539</u>	<u>-0-</u>	<u>20,539</u>
Change in Net Assets before Earnings (Losses) from Subsidiary	<u>(292,605)</u>	<u>53,828</u>	<u>-0-</u>	<u>(238,777)</u>
Earnings (Losses) from Subsidiary	<u>53,828</u>	<u>-0-</u>	<u>(53,828)</u>	<u>-0-</u>
Change in Net Assets	<u>(238,777)</u>	<u>53,828</u>	<u>(53,828)</u>	<u>(238,777)</u>
Net Assets - Beginning of Year	<u>1,566,940</u>	<u>185,687</u>	<u>(185,687)</u>	<u>1,566,940</u>
Net Assets - End of Year	<u>\$ 1,328,163</u>	<u>\$ 239,515</u>	<u>\$ (239,515)</u>	<u>\$ 1,328,163</u>

2022

National Center For Healthy Housing, Inc.	Healthy Housing Solutions Inc.	Eliminations	Total
\$ 1,467,263	\$ 213,535	\$ (71,647)	\$ 1,609,151
1,235,455	-0-	-0-	1,235,455
18,352	-0-	-0-	18,352
2,310	706	-0-	3,016
4,232	-0-	-0-	4,232
<u>2,727,612</u>	<u>214,241</u>	<u>(71,647)</u>	<u>2,870,206</u>
1,290,009	98,688	-0-	1,388,697
303,218	76,550	(71,647)	308,121
6,228	693	-0-	6,921
138,630	21,929	-0-	160,559
3,132	-0-	-0-	3,132
401,554	14,806	-0-	416,360
<u>2,142,771</u>	<u>212,666</u>	<u>(71,647)</u>	<u>2,283,790</u>
584,841	1,575	-0-	586,416
170,408	28,553	-0-	198,961
(973)	-0-	-0-	(973)
<u>169,435</u>	<u>28,553</u>	<u>-0-</u>	<u>197,988</u>
754,276	30,128	-0-	784,404
-0-	12,874	-0-	12,874
754,276	17,254	-0-	771,530
17,254	-0-	(17,254)	-0-
771,530	17,254	(17,254)	771,530
795,410	168,433	(168,433)	795,410
<u>\$ 1,566,940</u>	<u>\$ 185,687</u>	<u>\$ (185,687)</u>	<u>\$ 1,566,940</u>

