

NOTICE OF MEETING AND AGENDA

**GHI BOARD OF DIRECTORS
SPECIAL OPEN MEETING**

Begins At 5:30 p.m.

Thursday, April 14, 2022

VIRTUAL ZOOM MEETING ROOM

Members & Visitors may attend remotely.

1. Approval of Agenda

2. For Action and Discussion

- | | | |
|--|------------|-------------------|
| a. Presentation of the 2021 Audit Report and Letters Received from the External Auditor – (Attachments #1a-1c) | 35 Minutes | Discussion/Action |
| b. Proposed Agenda for the May 12, 2022 Annual Membership Meeting – (Attachment #2) | 5 Minutes | Discussion/Action |
| c. Decide Whether Members Attending the Annual meeting In-person Should Register Beforehand – (Attachment #3) | 10 Minutes | Discussion/Action |

Ed James

Secretary

MANAGER'S MEMORANDUM

TO: GHI Board of Directors
FROM: Eldon Ralph, General Manager 
DATE: April 7, 2022
SUBJECT: Items for the **GHI SPECIAL OPEN** Board Meeting on April 14, 2022

2a. Presentation of the 2021 Audit Report and Letters Received from the External Auditor – (Attachments #1a-1c)

After conducting an external audit, Wegner CPAs, LLP (GHI's external auditor) submitted an audit report comprised of the following documents:

- Board Communication Letter (attachment #1a)
- Management Letter (attachment #1b)
- Financial Statements with supplementary Information as of December 31, 2021 and December 31, 2020 (attachment #1c)

A principal from Wegner CPA's, LLP will present the audit report during the Board meeting. Questions may be directed to Mr. Perry, GHI's Finance Director, prior to the meeting.

Suggested motion: I move that the Board of Directors accept the 2021 audit report from Wegner CPAs, LLP that includes the Consolidated Financial Statements for Greenbelt Homes, Inc. as of December 31, 2021 and December 31, 2020.

2b. Proposed Agenda for the May 12, 2022 Annual Membership Meeting – (Attachment #2)

Attachment #2 is the proposed agenda for the annual membership meeting on May 12, 2022. The Board should review the proposed agenda and decide what changes should be made.

Suggested motion: I move that the Board of Directors accept the agenda for the annual membership meeting on May 12, 2022 (as presented/as revised.)

2c. Decide Whether Members Attending the Annual meeting In-person Should Register Beforehand – (Attachment #3)

Attachment #3 is an email from Tom Jones, Chair of the Nominations and Elections (N&E) Committee, who is requesting the Board to decide whether members who attend the 2022 hybrid annual membership in person should be required to register in advance. Mr. Jones suggests that the Board consider the following two options:

Either:

1. Not require members to register in advance to attend the annual membership meeting in person, and N&E will not allow anyone to cast a paper ballot that night after the meeting.

Or:

2. Require any member attending the annual meeting in person to register in advance, with a registration deadline 2+ days before the meeting; staff will then ensure all advance-registered users are sent to GetQuorum (host for the virtual meeting) with instructions to remove them from the list of members who can vote online. N&E will allow registered members to cast ballots in person Thursday night – but only those members – and registered members will be prohibited from casting Board & Audit committee ballots online.

The Board may adopt the option it prefers by consensus.

April 4, 2022

To the Board of Directors
Greenbelt Homes, Inc.
Greenbelt, Maryland

We have audited the financial statements of Greenbelt Homes, Inc. for the year ended December 31, 2021, and we will issue our report thereon dated April 4, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 20, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Greenbelt Homes, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the depreciable lives of property and equipment.

Management's estimate of the depreciable lives of property and equipment is based on the use of the respective assets and management's experience with similar assets used by the Cooperative. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 4, 2022. Attached is a copy of management's written representations.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the method of preparing it has not changed from the prior period, and the information is appropriate in relation to our audit of the financial statements.

This information is intended solely for the use of the board of directors of Greenbelt Homes, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP



Bruce Mayer, CPA
Partner

April 4, 2022

To the Board of Directors
Greenbelt Homes, Inc.
Greenbelt, Maryland

In planning and performing our audit of the financial statements of Greenbelt Homes, Inc. as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Cooperative'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 Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

However, during our audit we noted certain matters involving internal control that are presented for your consideration.

Documentation of Reviews of Payroll Reports

During our audit we noted that the Director of Finance systematically reviews the payroll reports before and after each payroll run to verify that the information seems reasonable. While he explicitly documents his review prior to the payroll submission, his review subsequent to the payroll run is not currently being documented. We recommend that the review of the payroll reports that are generated by the payroll service following each payroll run be formally documented to confirm that this control has been implemented. The results of any follow-up action should also be clearly documented.

Financial Education for the Board of Directors

Many of the current members of the Cooperative's board of directors are relatively new to their positions. We would like to emphasize the importance of financial education and literacy for new board members. Basic financial comprehension is imperative for understanding and interpreting financial reports in general and Greenbelt Homes, Inc.'s financial statements in particular. It's important for all board members, not just certain officer positions, to take ownership of and feel responsibility for the financial results of the Cooperative. We encourage the Cooperative to offer financial trainings to the board of directors and provide educational resources that board members can easily access.

Transition to New Accounting Software

We are aware that the Cooperative is planning to transition to a new accounting software in 2022. We understand that the new software will continue to integrate the accounting system with members' charges and account balances, as well as allowing for additional member payment options. We encourage the Cooperative to use this transition as an opportunity to change the way it tracks its fixed assets and maintains its depreciation schedules. Currently, the Cooperative uses Excel spreadsheets to account for its fixed assets; and while that system is adequate, it does not provide a platform for fixed assets oversight as robust or thorough as an accounting software package would. Additionally, we encourage the Cooperative to make sure it takes advantage of all the financial tools that might be available with the new software.

We will review the status of these comments during our next audit engagement. We have already discussed these matters with Cooperative personnel, and we will be pleased to discuss them in further detail at your convenience or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the board of directors, and others within the Cooperative, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP

A handwritten signature in cursive script that reads "Bruce Mayer".

Bruce Mayer, CPA
Partner



GREENBELT HOMES, INC.

HAMILTON PLACE, GREENBELT, MARYLAND 20770

Area Code (301) 474-4161 Fax (301) 474-4006



April 4, 2022

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of Greenbelt Homes, Inc., which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, 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 financial statements. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 4, 2022, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 6, 2022, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Cooperative's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

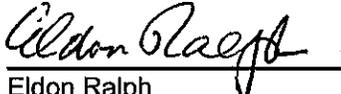
10. Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Cooperative is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

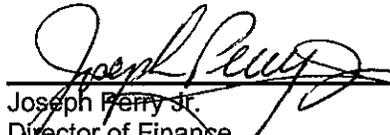
12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Cooperative from whom you determined it necessary to obtain audit evidence.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Cooperative and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Cooperative's financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
19. We have disclosed to you the names of all of the Cooperative's related parties and all the related-party relationships and transactions, including any side agreements.
20. The Cooperative has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. We acknowledge our responsibility for presenting the supplementary schedule of future major repairs and replacements, and we believe the supplementary information, including its form and content, is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

22. The final version of the documents to be included in the annual report will be provided to you as soon as available, and prior to the issuance of the annual report.
23. In regard to the tax services, preparation of the financial statements and supplementary information, and bookkeeping services performed by you, we have—
- Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of Greenbelt Homes, Inc. to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.



Eldon Ralph
General Manager



Joseph Perry Jr.
Director of Finance



GREENBELT HOMES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
December 31, 2021 and 2020

CONTENTS

Independent Auditor's Report	1
Consolidated Balance Sheets	3
Consolidated Statements of Income	4
Consolidated Statements of Members' Equity.....	5
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information on Future Major Repairs and Replacements (Unaudited).....	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greenbelt Homes, Inc.
Greenbelt, Maryland

Opinion

We have audited the financial statements of Greenbelt Homes, Inc., which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greenbelt Homes, Inc. as of December 31, 2021 and 2020, and the results of its operations and its 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenbelt Homes, Inc. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenbelt Homes, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Greenbelt Homes, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenbelt Homes, Inc.'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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 16 be presented to supplement the financial statements. Such information, which is the responsibility of management, is presented for the purpose of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Wegner CPAs, LLP
Madison, Wisconsin
April 4, 2022

GREENBELT HOMES, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash (Note 2)	\$ 11,284,089	\$ 7,623,727
Accounts receivable - net	176,001	632,911
Inventory	106,749	124,378
Prepaid expenses	21,626	13,038
Current portion of notes receivable	1,813	3,811
Total current assets	11,590,278	8,397,865
OTHER ASSETS		
Accounts receivable - noncurrent (Note 3)	36,047	34,225
Notes receivable - less current portion	15,614	18,668
Homes for sale (Note 4)	183,747	66,729
Investments (Note 5)	1,552,317	3,060,687
Property and equipment - net (Note 6)	27,241,647	26,065,244
Investment in NCB (Note 7)	885,137	885,137
Deferred taxes (Note 10)	16,000	10,000
Total other assets	29,930,509	30,140,690
Total assets	\$ 41,520,787	\$ 38,538,555
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 328,786	\$ 978,538
Accounts payable - other	13,810	291,174
Deposits and deferred revenue	379,845	377,356
Prepaid rents	11,387	15,481
Accrued expenses	293,110	354,284
Total liabilities	1,026,938	2,016,833
MEMBERS' EQUITY		
Replacement reserve	5,800,679	5,148,742
Contingency reserve	569,406	569,406
Addition maintenance reserve	1,154,136	1,090,093
Working capital fund	1,895,747	1,803,980
Property and equipment	27,241,647	26,065,244
Unreserved operating fund	3,832,234	1,844,257
Total members' equity	40,493,849	36,521,722
Total liabilities and members' equity	\$ 41,520,787	\$ 38,538,555

GREENBELT HOMES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUE		
Member charges	\$ 12,864,803	\$ 12,504,963
Less: contributions to reserves	(2,442,308)	(2,429,477)
Home improvement program	1,312,733	1,136,211
Apartment rental income	640,375	629,792
Garage income	252,769	239,729
Contract processing	197,505	189,956
Fee for service	43,967	33,321
Investment return (Note 5)	67,522	140,917
PPP loan forgiveness (Note 17)	689,575	-
Miscellaneous	177,931	38,219
Total revenue	13,804,872	12,483,631
OPERATING EXPENSES		
Real estate taxes	4,590,982	4,380,943
Maintenance	3,820,572	3,855,697
Administrative	1,692,117	1,778,961
Insurance	518,289	500,880
Trash collection	452,748	452,748
Depreciation on operating assets	60,859	65,739
Member services	22,241	11,456
Total operating expenses	11,157,808	11,046,424
Net income before depreciation on members' units and income taxes	2,647,064	1,437,207
Depreciation on members' units	1,208,777	1,067,384
Net income before income taxes	1,438,287	369,823
Provision for income taxes (Note 10)	(235)	(364,291)
Net income	\$ 1,438,052	\$ 5,532

GREENBELT HOMES, INC.
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2021 and 2020

	Replacement Reserve	Contingency Reserve	Addition Maintenance Reserve	Crawlspace Improvements Fund	Asbestos Remediation Fund	Working Capital Fund	Property and Equipment	Unreserved Operating Fund	Total
Balance December 31, 2019	\$ 5,842,100	\$ 440,242	\$ 1,146,865	\$ -	\$ -	\$ 1,739,296	\$ 22,657,508	\$ 2,196,018	\$ 34,022,029
Net additions to working capital account	-	-	-	-	-	64,684	-	-	64,684
Member capitalizations of reserve accounts	1,972,057	-	197,420	160,000	100,000	-	-	-	2,429,477
Interest income	77,750	-	15,690	-	-	-	-	(93,440)	-
Transfers	(396)	129,164	14,420	(160,000)	(100,000)	-	3,407,736	(3,290,924)	-
Utilization of reserves	(2,742,769)	-	(284,302)	-	-	-	-	3,027,071	-
Net income	-	-	-	-	-	-	-	5,532	5,532
Balance December 31, 2020	5,148,742	569,406	1,090,093	-	-	1,803,980	26,065,244	1,844,257	36,521,722
Net additions to working capital account	-	-	-	-	-	91,767	-	-	91,767
Member capitalizations of reserve accounts	2,047,728	-	174,580	160,000	60,000	-	-	-	2,442,308
Interest income	30,570	-	6,270	-	-	-	-	(36,840)	-
Transfers	(87)	-	65,448	(160,000)	(60,000)	-	1,176,403	(1,021,764)	-
Utilization of reserves	(1,426,274)	-	(182,255)	-	-	-	-	1,608,529	-
Net income	-	-	-	-	-	-	-	1,438,052	1,438,052
Balance December 31, 2021	<u>\$ 5,800,679</u>	<u>\$ 569,406</u>	<u>\$ 1,154,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895,747</u>	<u>\$ 27,241,647</u>	<u>\$ 3,832,234</u>	<u>\$ 40,493,849</u>

GREENBELT HOMES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,438,052	\$ 5,532
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,269,636	1,133,123
Amortization of bond premiums and discounts	8,404	15,775
Bad debts	3,500	13,179
Deferred taxes	(6,000)	356,000
(Increase) decrease in assets		
Accounts receivable	451,588	(99,970)
Inventory	17,629	(33,625)
Prepaid expenses	(8,588)	14,446
Homes for sale	(117,018)	(63,898)
Increase (decrease) in liabilities		
Accounts payable	(649,752)	(328,999)
Accounts payable - other	(277,364)	1,472
Deposits and deferred revenue	2,489	39,571
Prepaid rents	(4,094)	(610)
Accrued expenses	(61,174)	59,178
Net cash provided by operating activities	2,067,308	1,111,174
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on notes receivable	5,052	3,842
Purchases of property and equipment	(2,446,039)	(4,540,859)
Interest retained in investments	(34)	(7,116)
Proceeds from sales of investments	1,500,000	1,100,000
Net cash used in investing activities	(941,021)	(3,444,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member capitalizations of reserve accounts	2,442,308	2,429,477
Member additions to working capital account	189,328	165,970
Member redemptions from working capital account	(97,561)	(101,286)
Net cash provided by financing activities	2,534,075	2,494,161
Net change in cash	3,660,362	161,202
Cash at beginning of year	7,623,727	7,462,525
Cash at end of year	\$ 11,284,089	\$ 7,623,727
SUPPLEMENTAL DISCLOSURES		
Cash paid for income taxes	\$ 6,171	\$ 11,240

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Greenbelt Homes, Inc. (the Cooperative) is a non-stock housing cooperative incorporated in Maryland in 1949. The Cooperative provides community facilities, services, and benefits for the welfare of its members and the usefulness of the community. Each of its 1,600 members has entered into a mutual ownership contract with the Cooperative, which in turn entitles the member to occupy, as a principal residence, a dwelling unit in the buildings owned by the Cooperative, which are located in Greenbelt, Maryland. Greenbelt Development Corporation owns and operates 60 apartment units and 52 garages, also located in Greenbelt, Maryland.

Basis of Consolidation

The financial statements include the accounts of Greenbelt Homes, Inc. (GHI) and its wholly owned subsidiary, Greenbelt Development Corporation (GDC). All material intra-entity transactions have been eliminated.

Receivables

The Cooperative uses the allowance method to account for uncollectible receivable balances. The allowance is based on management's estimate of potential uncollectible receivable amounts, which stem from historical experience. When accounts become uncollectible they are charged to the allowance reserve. At December 31, 2021 and 2020 the allowance for doubtful accounts was \$18,145 and \$11,377.

Accounts receivable consist of charges due from members (GHI) and rent and other charges due from tenants (GDC). Management writes off an account when all reasonable collection efforts have been exhausted, and the member or tenant has been evicted. GDC tenant accounts receivable are secured by tenant security deposits, which may be applied to unpaid balances.

Inventory

Inventory, which consists of items for repair and replacement of buildings and improvements, is valued at the lower of cost or net realizable value determined using the first-in, first-out (FIFO) method.

Investments

All "held to maturity" securities are reported at amortized cost with realized gains and losses included in earnings. The cost of securities sold is determined by the specific identification method. All "available for sale" securities are reported at aggregate fair value with unrealized gains and losses excluded from earnings and reported as a separate component of the Cooperative's equity.

Property and Equipment

Purchases of property and equipment are recorded at cost. Depreciation is provided using the straight-line method over 5 to 35 years, the estimated useful lives of the assets.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions to Reserves

The Cooperative treats the components of member charges designated for its capital expenditures and major repairs reserve funds as contributions to members' equity. These amounts are deducted from member charges in the consolidated statements of income.

Income Tax Status

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will be taxable when the assets and liabilities are settled. The Cooperative files income tax returns in the U.S. federal jurisdiction and the state of Maryland jurisdiction.

Members' Equity

The Cooperative designates members' equity into the following reserve funds:

Replacement reserve—The replacement reserve is used to account for funds accumulated for capital expenditures and major repairs and replacement of property. Amounts received by the reserve are derived from periodic member collections and allocations of budgetary surpluses as determined by the board of directors, as well as interest earned on investment of reserve assets.

Contingency reserve—The contingency reserve is used to account for unplanned major expenditures, unbudgeted expenses, and operating deficits. Amounts received by this reserve result from surpluses from operations unless otherwise directed by the board of directors.

Addition maintenance reserve—The addition maintenance reserve is used to account for major repair and maintenance expenditures associated specifically to added structures made to members' homes. Amounts received by this reserve are derived from collections from members who are part of the addition maintenance program as well as interest earned on investment of reserve assets.

Crawlspace improvements fund—The Crawlspace improvements fund was established in 2016 for the remediation of deteriorated crawlspaces in members' homes.

Asbestos remediation fund—The Asbestos remediation fund was established in 2017 for the removal of asbestos in members' homes.

Working capital fund—In 1952 the Cooperative established a working capital requirement in the amount of 3% of the purchase price of each unit to provide sufficient financial resources to operate the Cooperative and meet acquisition costs. In 1994 the board of directors reduced the working capital collected with the purchase of a unit to 1%. In 2010 the board of directors eliminated the collection of working capital. For purchases beginning April 1, 2015 the board of directors reinstated the collection of 1% of the purchase price of each unit as a contribution to the working capital fund.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unreserved operating fund—The unreserved operating fund is used to account for the day-to-day activities of the Cooperative, including the general management and upkeep of the common property. Amounts received by this reserve are derived from the periodic member collections as determined by the board of directors. This reserve accounts for any surpluses and deficits not otherwise accounted for in the Cooperative’s equity.

Members’ Equity Transactions

Member capitalizations in the consolidated statements of members’ equity reflect the members’ contributions to the various reserve accounts. Transfers reflect the allocations among accounts that were approved by the board of directors of the Cooperative.

Revenue Recognition

Member charges, as well as Home Improvement Program charges, are recognized when GHI member assessments pertaining to their units are due. Apartment rental income is recognized when rent is due from GDC residents. Other revenues include garage rental income, contract processing fee, fees for service, and other charges to members and tenants. These other revenues are generally recognized when services are provided to members and tenants.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through April 4, 2022, the date which the financial statements were available to be issued.

NOTE 2—CASH

Cash accounts at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Greenbelt Federal Credit Union - money market	\$ 25	\$ 25
Greenbelt Federal Credit Union - savings	1,651	552
Greenbelt Federal Credit Union - security deposit escrow	59,795	55,977
Lafayette - cash sweep	3,277	35,298
National Cooperative Bank - operating cash	702,810	645,477
National Cooperative Bank - trustee cash	45,561	46,537
Vanguard - money market	10,470,970	6,839,861
Cash	\$ 11,284,089	\$ 7,623,727

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3—ACCOUNTS RECEIVABLE - NONCURRENT

Prior to January 1, 1999, the Cooperative performed rehabilitation projects that were funded by loans from the U.S. Department of Housing and Urban Development and National Cooperative Bank (NCB). Members who met predetermined qualifications were allowed to participate in the Rehabilitation Loan Deferral Program (RLDP) whereby they could defer the increases in monthly charges. Participants were required to be recertified annually. Simple interest is assessed at 3% on the unpaid principal balance. The entire balance consisting of principal and interest is due when participants terminate their memberships. The RLDP accounts receivable balance at December 31, 2021 and 2020 was \$29,313 and \$28,864.

The Cooperative's board of directors voted to discontinue the member deferral programs described above effective January 1, 1999. In November 2015, the board of directors started a new Fee Deferral Program to assist members below certain income levels to defer payments associated with their crawlspace improvements assessments through 2025. The interest rate of 4.5% compounds and resets every five years. The accounts receivable balance from this program at December 31, 2021 and 2020 was \$6,734 and \$5,361.

NOTE 4—HOMES FOR SALE

Homes for sale represents units of housing that the Cooperative now controls from former members. The units are being held for resale. The Cooperative recognizes these assets held for sale at the historical costs the Cooperative has expended on each unit.

NOTE 5—INVESTMENTS

Held to maturity securities, consisting of bonds, are recorded at amortized cost. The bonds have various maturity dates through 2023 and various interest rates ranging from 2.25% to 5.5%. The aggregate fair value of the bonds at December 31, 2021 and 2020 was \$1,411,156 and \$2,956,074.

Available for sale marketable securities, consisting of corporate bond mutual funds, are recorded at fair value, with the change in fair value during the year excluded from earnings and recorded as a separate component of members' equity. Such differences were immaterial at December 31, 2021 and 2020 and not recorded in the financial statements.

Investment return for 2021 and 2020 was comprised of interest income.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5—INVESTMENTS (continued)

The following summarizes the information relating to investments at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
HELD TO MATURITY		
Face value	\$ 1,400,000	\$ 2,900,000
Unamortized premiums	2,680	15,007
Unamortized discounts	<u>(3,514)</u>	<u>(7,437)</u>
Amortized cost	1,399,166	2,907,570
AVAILABLE FOR SALE		
Fair value	<u>153,151</u>	<u>153,117</u>
Investments	<u>\$ 1,552,317</u>	<u>\$ 3,060,687</u>

The investments are uninsured and are subject to changes in economic market conditions. The Cooperative's investment policy attempts to minimize market risk through portfolio diversification.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 26,573	\$ 26,573
Equipment	1,083,455	1,015,033
Buildings and improvements	58,902,586	56,560,063
Vehicles and operating equipment	<u>665,729</u>	<u>623,969</u>
Property and equipment	60,678,343	58,225,638
Less accumulated depreciation	<u>33,436,696</u>	<u>32,160,394</u>
Property and equipment - net	<u>\$ 27,241,647</u>	<u>\$ 26,065,244</u>

Depreciation expense for 2021 and 2020 was \$1,269,636 and \$1,133,123.

NOTE 7—INVESTMENT IN NCB

Under the terms of its former loan with NCB, the Cooperative was required to purchase stock in NCB which served as additional collateral for the mortgage. The stock is carried at the cost of the purchased shares. The investment in NCB has not been increased nor have dividends been recorded for any stock dividend received in 2021 and 2020.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8—REPLACEMENT RESERVE AND ADDITION MAINTENANCE RESERVE

The Cooperative revised its replacement reserve plan in 2013 and 2011 to estimate the remaining useful lives and the replacement costs of the common property components. The addition maintenance reserve study was conducted in 2008. The Cooperative is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may materially vary from the estimated amounts. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet future needs.

Accordingly, the replacement reserve funding requirements of \$2,047,728 and \$1,972,057 were assessed to members of the Cooperative in 2021 and 2020, and these amounts were contributed to the replacement reserve in those years. The Cooperative also added \$174,580 and \$197,420 of funding into the addition maintenance reserve in 2021 and 2020.

NOTE 9—NET INCOME OF BUSINESS COMPONENTS

The net income of the Cooperative's business components for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Net income (loss) of GHI - excluding net income derived from GDC	\$ 1,373,994	\$ (79,841)
Net income of GDC	<u>64,058</u>	<u>85,373</u>
Net income	<u>\$ 1,438,052</u>	<u>\$ 5,532</u>

NOTE 10—INCOME TAXES

The Cooperative files a consolidated federal income tax return. GHI and GDC file separate income tax returns with the State of Maryland. GDC's net income is subject to taxation at the normal corporation rates.

The Cooperative's deferred tax asset and liability at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Total deferred tax asset	\$ 714,000	\$ 626,000
Deferred tax asset valuation allowance	(675,000)	(570,000)
Total deferred tax liability	<u>(23,000)</u>	<u>(46,000)</u>
Net deferred tax asset	<u>\$ 16,000</u>	<u>\$ 10,000</u>

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 10—INCOME TAXES (continued)

The total deferred tax asset primarily relates to federal and state net operating loss carryforwards which totaled approximately \$2,452,000 at December 31, 2021. The net loss carryforwards begin to expire in 2034. Management has concluded that the likelihood of utilizing the net operating loss carryforward against future taxable income is remote, and a valuation allowance for \$675,000 and \$570,000, the full amount of the deferred tax asset stemming from the net loss carryforwards, was recorded at December 31, 2021 and 2020. The total deferred tax asset also relates to timing differences between expenses recorded in the financial statements and deducted for income tax purposes. The deferred tax liability relates to differences in depreciation methods utilized for income tax and financial statement reporting purposes.

The provision for income taxes for 2021 and 2020 consisted of the following:

	2021	2020
Federal income taxes - current year	\$ -	\$ -
Maryland income taxes - current year	(6,235)	(8,291)
Deferred tax income (expense)	6,000	(356,000)
Provision for income taxes	\$ (235)	\$ (364,291)

NOTE 11—FUTURE MAJOR REPAIRS, REPLACEMENTS, AND CONTINGENCIES

The Cooperative's board of directors requires funds to be accumulated for future major repairs, replacements, and contingencies. The funds are not maintained in separate bank accounts. Instead, these amounts are reserves of the Cooperative's members' equity.

The reserved amounts as of December 31, 2021 and 2020 were as follows:

	2021	2020
Replacement reserve fund	\$ 5,800,679	\$ 5,148,742
Contingency reserve fund	569,406	569,406
Addition maintenance reserve fund	1,154,136	1,090,093
Total reserved amounts	\$ 7,524,221	\$ 6,808,241

Reserves are created when board of directors allocates equity for specific purposes. The contingency reserve and the replacement reserve were established by the board of directors in 1987. In 1995 the board of directors created the addition maintenance reserve. In 2016 the board of directors created the crawlspace improvements fund. In 2017 the board of directors created the asbestos remediation fund. Neither the crawlspace improvements fund nor the asbestos remediation fund had balances as of December 31, 2021 and 2020.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 12—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond mutual funds 2021	\$ 153,151	\$ 153,151	\$ -	\$ -
Bond mutual funds 2020	\$ 153,117	\$ 153,117	\$ -	\$ -

Fair values of bond mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 13—COMMITMENTS

The Cooperative has entered into numerous contracts to receive various maintenance and repair services for its properties over multiple years at fixed prices.

NOTE 14—CONCENTRATION OF CREDIT RISK

The Cooperative maintains cash balances at several financial institutions located in Greenbelt, Maryland and Washington, DC. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 and 2020, the Cooperative's uninsured cash balances totaled approximately \$416,000 and \$544,000. The entire amount of cash in the Vanguard money market is uninsured.

NOTE 15—RETIREMENT PLAN

The Cooperative sponsors a 401(k) retirement plan. All employees of the Cooperative who have completed one year of service and have attained age 21 are eligible to participate in the plan. Eligible employees may defer up to 90% of their compensation not to exceed IRS limitations. Employer contributions to the plan are based on a predetermined formula as set forth in the plan document. Pension expense was \$63,392 and \$104,002 for 2021 and 2020.

GREENBELT HOMES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 16—LEASING ARRANGEMENTS

The Cooperative leases apartment units to tenants through GDC. The Cooperative collects a security deposit from each tenant that may be retained due to nonpayment of rent and damages to the leased premises in excess of ordinary wear and tear.

Property and equipment held for leasing purposes at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 26,573	\$ 26,573
Equipment	754,644	740,173
Buildings and improvements	889,836	889,836
Property and equipment	1,671,053	1,656,582
Less accumulated depreciation	1,390,547	1,362,409
Property and equipment held for leasing purposes - net	\$ 280,506	\$ 294,173

NOTE 17—PAYCHECK PROTECTION PROGRAM

On February 12, 2021, the Cooperative received a \$689,575 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Cooperative during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years. The Cooperative expects to receive forgiveness of its loan; therefore, \$689,575 was recorded as PPP loan forgiveness income in the 2021 consolidated statements of income.

The Cooperative must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Cooperative's good-faith certification concerning the necessity of its loan request, whether the Cooperative calculated the loan amount correctly, whether the Cooperative used loan proceeds for the allowable uses specified in the CARES Act, and whether the Cooperative is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Cooperative was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

GREENBELT HOMES, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)
December 31, 2021

In 2018, GHI's Board of Directors hired DMA Inc. (a reserve advisor firm) to conduct a comprehensive study of the reserve funds that are required for future repairs and replacement of the common elements during 2018 to 2047. The study encompassed GHI's 1,600 main units and common areas. In accordance with the provisions of Maryland Code, Corporations and Associations section 5-6B-26.1, GHI will hire a reserve advisor firm in 2023 to update the 2018 reserve study. The following information is based on the 2018 reserve study report and represents significant information about the components of common property.

Component	Estimated Useful Life (Years)	Estimated future repair and replacement costs		
		Frame Homes	Masonry Homes	Larger Homes
HVAC, larger homes	20	\$ -	\$ -	\$ 356,580
Attached garage roofs & doors	25	-	284,615	-
Baseboard heaters	35	182,581	117,675	-
Ceiling heaters	25	345,434	201,476	-
Drainage systems, larger townhomes	50	-	-	244,394
Electrical systems	70 - 90	2,721,899	1,630,806	279,428
Porch stoops, frame	25	667,446	-	-
Entrance doors	35-40	443,995	245,016	92,249
Porch roofs, masonry	25	-	1,500,663	-
Roofs (main & porch), frame	25	2,294,725	-	-
Roofs, larger homes	25	-	-	196,108
Roofs, masonry	24-75	-	1,503,923	-
Siding (vinyl)	35-45	822,896	144,470	76,532
Sump pumps	20	97,962	-	-
Water heaters	15	1,339,947	778,993	39,265
Water supply and waste piping	90-95	7,440,000	8,686,675	-
Window sets	35-40	690,880	634,520	210,201
* Shared Components				
<i>Administrative building - windows, roofs, baseboard heaters, water heaters</i>				
	15-40	220,027	128,432	6,423
<i>Concrete sidewalks</i>	75	853,698	498,312	24,923
<i>Parking lots</i>	25	776,733	453,387	22,675
<i>Playground renovations (seven playgrounds)</i>				
	25	111,250	64,938	3,248
<i>Retaining walls at 60-E Crescent Rd, 3-D Eastway, 13-P Hillside, and 2A-F and 2G-M Plateau Place</i>				
	19-100	157,254	91,791	4,591
<i>Rental garage doors</i>	25	111,753	65,231	3,263
<i>Rental garage roofs</i>	20	347,288	202,715	10,139
<i>Underground sewer piping</i>	75	1,782,767	1,040,618	52,045
<i>Vehicles</i>	20-25	1,035,585	604,481	30,233
Total future costs		\$ 22,444,120	\$ 18,878,737	\$ 1,652,297

* Shared Components - In addition to the dedicated components for the three home groups, there are a number of shared components that are not directly related to any one home type. The costs for these shared components are apportioned among the three dedicated accounts in proportion to the number of homes in each. GHI contains 1,600 homes and the proportionate shared cost for each housing type is calculated as follows:

- Frame Homes: 992 homes / 1,600 = 62%
- Masonry Homes: 579 homes / 1,600 = 36.19%
- Larger Homes: 29 homes / 1,600 = 1.81%

2022 ANNUAL MEMBERSHIP MEETING

May 12, 2022

7:30 p.m.

MEETING LOCATIONS:

1. A virtual Zoom meeting for members to participate remotely via computer or smartphone.
2. An in-person meeting option at Greenbelt Youth Center Gymnasium located at 99 Centerway, Greenbelt, MD 20770.

AGENDA

1. Issuance of voting cards beginning at 7:00 p.m. (only for members physically attending the meeting at the Greenbelt Youth Center) *.
2. Proof of due notice of meeting.
3. Certification of presence of a quorum.
4. Approval of agenda.
5. Action on minutes for the Annual Meeting held on May 11, 2021
6. Reports of Officers, Directors, and elected committee (refer to Annual Report).
7. Presentation of Candidates.
8. Nominations and Elections of the Nominations and Elections Committee.
9. Old Business.
10. New Business:
 - Proposal to amend Bylaw provisions as outlined in the attachment to this agenda.
11. Good and Welfare.
 - a. Announcements.
 - b. Prizes for attending the meeting:
 - i. Three certificates toward co-op fees - \$100 each.
 - ii. Four gift certificates to the Co-op Supermarket - \$25 each.
 - iii. Five gift certificates to the New Deal Café - \$20 each.
12. Recess.

Ed James
Secretary

* Registration for persons attending the meeting at the Greenbelt Youth Center will be alphabetical by last name. Where two or more persons hold a membership together and their last names differ, the registration lists will first show the name of the first person on the Mutual Ownership Contract (MOC). *Example: The membership is held jointly by Pamela Arcadia and Joe Zenith. Joe Zenith's name is shown first on the MOC. Pamela Arcadia would therefore register at the table displaying the letter "Z".*

Agenda Item 10 - New Business - Proposal to Amend Bylaw Provisions

Below are four motions offered by the Board of Directors for amendments to the bylaws with supporting rationales.

Motion #1: I move that the GHI membership amend GHI Bylaws, Article VIII Financial Regulations; Section 11- Expenditure of Funds and Contracts; Subsection a. as follows, with language removed struck through ~~thusly~~; and language for inclusion shown in **bold underlined** font:

- No expenditure in excess of \$7,500 **\$15,000** shall be made, nor shall any obligation for the expenditure of more than said amount be incurred, except in pursuance of a motion adopted by the Board of Directors. All motions authorizing said expenditures of money or the incurring of an obligation for said expenditures of money shall state specifically the amounts of expenditures authorized and the specific purpose for which authorized. Sums thus authorized shall be applied solely to the specific objects for which they are made and for no others, except pursuant to a motion subsequently adopted by the Board of Directors. No motion authorizing the expenditure of money **in excess of \$100,000** or the incurring of any obligation for the expenditure of money **of more than said amount** shall be adopted until the same shall have been approved by the Board of Directors at two separate Board meetings on two different days except in emergencies, in which event the approval of two-thirds of the entire Board shall be necessary for adoption.

Rationale: To give the General Manager greater flexibility and efficiency in dealing with budgeted expenditures and contracts that fall between \$7,500 (current limit) and \$15,000 (proposed new limit) and increase the efficiency of the Board of Directors in not having to review these small items.

To allow the Board of Directors to accept contracts between \$15,000 and \$100,000 in one reading, thus saving time and making Board operations more efficient. Contracts involving, for example, repairs to a unit that has been assigned to GHI by a member should not be unnecessarily delayed by two separate readings because it is expensive and inconvenient for both GHI and the member.

Motion #2: I move that the GHI membership amend GHI Bylaws, Article III Membership; Section 3 – Privileges of Members as follows, with language removed struck through ~~thusly~~; and language for inclusion shown in **bold underlined** font:

- Members of the Corporation shall be permitted to attend meetings of the Board of Directors and shall be excluded from such meetings only if the Board, by a ~~three-fourths~~ **two-thirds** vote **of the Board members in attendance at an open meeting at which a quorum of the Board is present,** should ~~decide to enter into an executive session~~ **hold a closed meeting, in accordance with the Maryland Cooperative Housing Corporation Act.** Any consideration of contracts in ~~Executive Session~~ **a closed meeting** requires prior public announcement of the nature and scope of the contracts by printed and electronic means as soon as practicable. The Board shall not make policy decisions in ~~Executive~~

~~Session~~ **a closed meeting**, but may decide in such sessions, matters affecting individual members, employees, pending litigation, or contract negotiations. All members of the Corporation shall have the right to inspect and copy the record of the names and addresses of all members of the Corporation at any time during regular office hours of the Corporation, provided that such member asking to examine and/or copy the list shall sign a statement that the list will not be used for a purpose other than for contacts with members covering business concerning the Corporation. All members of the Corporation shall have the right to inspect and copy the approved minutes of the Board of Directors (excluding minutes of any **closed** meeting ~~held in executive session~~) at reasonable times and under reasonable regulations established by the Board of Directors.

Rationale: Change “executive session” to “closed meeting” to bring the terminology in GHI Bylaws into accordance with the Maryland Cooperative Housing Corporation Act and use a term more easily understood by members.

Motion #3: I move that the GHI membership amend GHI Bylaws, Article VII Committees; Section 2 – Audit Committee; Subsection c. as follows, with language removed struck through ~~thusly~~; and language for inclusion shown in **bold underlined** font:

- The Audit Committee may make such reports and recommendations to the Board of Directors and to the membership of the Corporation as it may deem appropriate, and shall make an annual report to the membership of the Corporation concerning its findings, and its operations throughout the year, and such report shall contain an accounting of all Audit Committee expenditures throughout the year. Majority recommendations or reports made to the Board shall be placed on the Agenda for an upcoming Board meeting within three (3) months. Reports to the membership other than at the regular annual meeting of the members of the Corporation shall be mailed or delivered no later than thirty days after presentation to the secretary or to the business office of the Corporation. Vacancies on the Committee shall be filled by the remaining membership of the Committee, after notice of the vacancies is publicized by the Audit Committee and a two week period is provided for submission of suggested names of candidates to the Committee. Members of the Audit Committee shall have the right to attend all regular and special meetings of the Board of Directors of GHI and all subsidiary corporations, including ~~executive sessions~~ **closed meetings**, and shall be furnished with copies of all minutes. They shall also be given access to all books and records of the Corporation. The Audit Committee shall have the right to consult with the Corporation attorneys and auditors and shall be furnished with available clerical assistance. An annual appropriation for the Audit Committee in the amount of \$7,500 shall be included in the operating budget of the Corporation and the Audit Committee shall be authorized to engage legal, accounting, tax, or other consultants or clerical assistants as may be required to facilitate the work of the Committee up to the total amount of the appropriation. The appropriation shall also cover the reimbursement to members of the Committee for the actual expenses incurred by them in behalf of or for the benefit of the Corporation, provided that prior authorization is given by the Committee for such expenditure. Should additional funds be found necessary, the Audit Committee may request, and the Board of Directors may grant, additional funds. The members of the Audit Committee shall be compensated in such amount as the members of the Corporation shall direct.

Rationale: Change “executive sessions” to “closed meetings” to bring the terminology in GHI Bylaws into accordance with the Maryland Cooperative Housing Corporation Act and use a term more easily understood by members.

Motion #4: I move that the GHI membership amend GHI Bylaws, Article V Directors; Section 5 Meetings as follows, with language removed struck through ~~thusly~~; and language for inclusion shown in **bold underlined** font:

- The Board shall hold regular meetings at least twice monthly except during the months of June, July, and August, when it shall meet **at least** monthly. Special meetings of the Board shall be held within five days but not less than three days after call by the president or upon written request by at least two Board members to the secretary. The secretary shall mail or deliver written notice of regular and special Board meetings to each director of the Corporation at least three and not more than ten days prior to each such meeting, provided, however, that if every member of the Board shall waive his or her right to due notice of meeting, a special meeting may be called for any time. Notice of each special meeting shall state the object of the meeting, and no business other than that specified in the notice shall be transacted. A majority of the Board shall constitute a quorum at any Board meeting. Except with respect to expenditures and contracts (provided for in Section 11 of Article VIII), no item of business shall be finally acted on at a meeting at which it is first introduced if at least two directors of the Corporation request that final action be postponed until the next meeting.

Rationale: To reflect the reality that the Board of Directors has for years met at two regular Board meetings during the summer months.

On 2022 Apr 07 , at 12:30, Tom Jones <tom@spril.com> wrote:

Stefan and Eldon,

I want to ensure N&E is prepared for the upcoming election, so we need clarification of some key details of the annual meeting. The Bylaws specifically assign responsibility to the Board for crucial aspects of the Annual Meeting, but of course N&E is responsible for the integrity of the election. The hybrid meeting model causes these two areas to overlap more than usual, which I describe below. N&E needs the Board to make a choice, which we recommend happen sooner rather than later.

As I understand it, the Board has decided we will have a hybrid meeting in 2022, like we did in 2020 and 2021. Members will be able to join both online and in-person at the Youth Center gym.

Like prior years, N&E has a crucial concern: In order for us to allow any members to cast ballots for Board & Audit Committee in-person, those users must be registered in advance — and specifically removed from the list of members receiving online election links from GetQuorum. Otherwise, N&E cannot prevent a member from voting twice: once in-person and once online. In prior years, that registration was required due to pandemic concerns; this year the pandemic is less prominent but the election logistics concerns remain.

Our two options are either:

1. Not require members to register in advance to attend the annual membership meeting in person, and N&E will NOT allow anyone to cast a paper ballot that night after the meeting. We've provide this in the past 2 hybrid meetings, but only a few people have voted.

OR

2. Require any member attending the annual meeting in person to register in advance, with a registration deadline 2+ days before the meeting; then staff will ensure all advance-registered users are sent to GetQuorum with instructions to remove them from the list of members who can vote online. (For memberships with 2 email addresses, BOTH must be removed from online voting.) N&E will allow registered members to cast ballots in person Thursday night—but only those members—and registered members will be prohibited from casting board & audit committee ballots online.

Note any member who runs into problems attempting to vote Thursday night (whether online or in-person) has the fall-back of voting in-person Friday afternoon from 4–8pm.

N&E needs the Board to tell us which of the above 2 options will be implemented. If #2, we strongly recommend ASAP publicizing to the membership that they need to register to attend in person, along with the registration deadline. If this decision requires a board vote, please add it to tonight's agenda if at all possible. Otherwise, publicity about the meeting won't be able to give members the guidance between #1 and #2 above.

These logistics can get a bit complex, and I'll gladly schedule a call to discuss any concerns. I can also attend tonight's Board meeting — if key details about the location and operation of the annual meeting will be discussed, please let me know which item it is on the agenda so I can be sure to participate.

Thanks!

-Tom
301-474-6001

Here's the relevant section of the Bylaws, describing that we must have an election Thursday night:

GHI Bylaws Section IV, §8C

The directors of the Corporation and members of the Audit Committee shall be elected by secret ballot during the recess of the annual meeting of the Corporation at a polling place or places to be designated by the Board of Directors, provided, however, that members to whom voting cards have been issued prior to recess of the annual meeting may receive and cast their secret ballots immediately following that session of the meeting.