

**Council on the Environment, Inc.  
d/b/a GrowNYC and Affiliate**



**Consolidated Financial Statements  
With Supplementary Information  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2017 and 2016**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
With Supplementary Information  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Council on the Environment, Inc. d/b/a GrowNYC and Affiliate

We have audited the accompanying consolidated financial statements of Council on the Environment, Inc. d/b/a GrowNYC ("GrowNYC") and New York State Regional Food Hub LLC (the "LLC" or the "Affiliate") (collectively the "Organization") which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information (shown on pages 19-20) is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual companies, 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 supplementary information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
February 8, 2018

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 10)	\$ 1,310,154	\$ 1,579,031
Investments, at fair value (Notes 2C and 3)	2,180,929	1,950,411
Government grants receivable, net (Notes 2D and 2I)	2,848,834	2,639,622
Accounts receivable - participant rental fees, net (Note 2D)	276,008	238,092
Accounts receivable - sales, net (Note 2D)	397,205	183,131
Accounts receivable - other fees, net (Note 2D)	149,663	43,102
Contributions receivable (Note 2E)	730,917	694,381
Prepaid expenses, deposits and other assets	468,156	288,971
Property and equipment, net (Notes 2F and 4)	1,145,953	356,132
<b>TOTAL ASSETS</b>	<b>\$ 9,507,819</b>	<b>\$ 7,972,873</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 612,226	\$ 428,534
Accrued farmers' token redemption (Note 2G)	281,745	212,422
Accrued payroll and related expenses	743,890	605,680
Advance payments (Note 2K)	310,818	277,951
Government grant advances (Note 2I)	644,044	642,931
Line of credit (Note 6B)	200,000	-
Note payable (Note 6A)	120,000	105,000
<b>TOTAL LIABILITIES</b>	<b>2,912,723</b>	<b>2,272,518</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 5)		
<b>NET ASSETS</b> (Note 2H)		
Unrestricted:		
Operations	914,043	1,593,469
Invested in property and equipment	1,145,953	356,132
Board designated investment fund (Note 7B)	1,933,893	1,695,817
Board designated operating reserve fund (Note 7B)	251,577	251,162
Total unrestricted	4,245,466	3,896,580
Temporarily restricted (Note 7A)	2,349,630	1,803,775
<b>TOTAL NET ASSETS</b>	<b>6,595,096</b>	<b>5,700,355</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,507,819</b>	<b>\$ 7,972,873</b>

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

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWN NYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	For the Year Ended June 30, 2017			For the Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total 2017	Unrestricted	Temporarily Restricted	Total 2016
<b>REVENUES AND SUPPORT:</b>						
Government grants (Note 2I)	\$ 5,026,486	\$ -	\$ 5,026,486	\$ 4,207,269	\$ -	\$ 4,207,269
Contributions - foundations (Note 2E)	134,474	986,521	1,120,995	120,148	1,278,476	1,398,624
Contributions - individuals and corporations (Note 2E)	175,695	1,371,125	1,546,820	127,920	1,077,939	1,205,859
Contributed facilities, services and assets (Notes 2J and 8)	879,396	-	879,396	611,448	-	611,448
Greenmarket participant rental fees (Note 2K)	4,025,848	-	4,025,848	3,967,080	-	3,967,080
Sales of wholesale produce, plants & grains (Note 2K)	2,734,096	-	2,734,096	2,333,361	-	2,333,361
Other fees (Note 2K)	501,762	-	501,762	447,900	-	447,900
Investment activity (Notes 2C and 3)	238,750	-	238,750	(67,711)	-	(67,711)
Miscellaneous	146,381	-	146,381	140,731	-	140,731
Net assets released from restriction (Note 7A)	1,811,791	(1,811,791)	-	1,916,976	(1,916,976)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>15,674,679</u>	<u>545,855</u>	<u>16,220,534</u>	<u>13,805,122</u>	<u>439,439</u>	<u>14,244,561</u>
<b>EXPENSES (Note 2L):</b>						
Program Services:						
Greening and gardens	1,358,076	-	1,358,076	1,363,174	-	1,363,174
Greenmarket and farmer development	4,529,950	-	4,529,950	4,558,297	-	4,558,297
Food access and wholesale distribution	3,849,874	-	3,849,874	3,167,209	-	3,167,209
Environmental education	1,110,309	-	1,110,309	1,345,270	-	1,345,270
Zero Waste outreach and education	1,726,386	-	1,726,386	1,664,717	-	1,664,717
GrowNYC Partners	115,018	-	115,018	156,954	-	156,954
Project Farmhouse	340,105	-	340,105	69,690	-	69,690
New York State Regional Food Hub LLC	459,185	-	459,185	-	-	-
Total Program Services	<u>13,488,903</u>	<u>-</u>	<u>13,488,903</u>	<u>12,325,311</u>	<u>-</u>	<u>12,325,311</u>
Supporting Services:						
Management and general	1,194,015	-	1,194,015	1,044,297	-	1,044,297
Fundraising	642,875	-	642,875	626,422	-	626,422
Total Supporting Services	<u>1,836,890</u>	<u>-</u>	<u>1,836,890</u>	<u>1,670,719</u>	<u>-</u>	<u>1,670,719</u>
<b>TOTAL EXPENSES</b>	<u>15,325,793</u>	<u>-</u>	<u>15,325,793</u>	<u>13,996,030</u>	<u>-</u>	<u>13,996,030</u>
<b>CHANGE IN NET ASSETS</b>	348,886	545,855	894,741	(190,908)	439,439	248,531
Net assets - beginning of year	<u>3,896,580</u>	<u>1,803,775</u>	<u>5,700,355</u>	<u>4,087,488</u>	<u>1,364,336</u>	<u>5,451,824</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,245,466</u>	<u>\$ 2,349,630</u>	<u>\$ 6,595,096</u>	<u>\$ 3,896,580</u>	<u>\$ 1,803,775</u>	<u>\$ 5,700,355</u>

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

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROW NYC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(With Summarized Totals for the Year Ended June 30, 2016)

	For the Year Ended June 30, 2017								Total	Supporting Services		2017 Total Expenses	2016 Total Expenses
	Program Services				Supporting Services					Management and General	Fundraising		
	Greening and Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Zero Waste Outreach & Education	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub					
Salaries	\$ 616,471	\$ 2,439,975	\$ 1,038,653	\$ 699,722	\$ 1,108,944	\$ 81,924	\$ 67,757	\$ -	\$ 6,053,446	\$ 603,083	\$ 536,632	\$ 7,193,161	\$ 6,496,101
Payroll taxes and employee benefits (Note 9)	171,013	582,731	221,372	160,434	260,644	21,182	14,005	-	1,431,381	134,657	80,495	1,646,533	1,545,095
Total salaries and related expenses	787,484	3,022,706	1,260,025	860,156	1,369,588	103,106	81,762	-	7,484,827	737,740	617,127	8,839,694	8,041,196
Contributed facilities and services (Notes 2J and 8)	73,368	207,900	166,668	79,488	97,836	-	-	-	625,260	146,136	-	771,396	611,448
Consultants and professional fees	56,833	204,523	47,033	37,959	3,306	(19)	41,917	457,690	849,242	142,942	7,751	999,935	866,585
Office supplies	6,783	66,253	11,451	43,022	30,363	104	8,427	15	166,418	22,886	2,669	191,973	190,692
Meetings	1,660	41,711	2,727	10,337	12,548	-	322	-	69,305	14,870	6,476	90,651	63,208
Travel	9,216	22,943	16,901	22,910	11,296	102	66	-	83,434	620	147	84,201	93,489
Telephone and mobile data	7,201	53,064	21,251	6,070	11,290	120	7,347	-	106,343	13,512	-	119,855	100,157
Printing and photography	4,347	44,980	2,336	5,481	12,059	300	3,445	-	72,948	12,106	846	85,900	101,015
Vehicle fuel, maintenance and repairs	12,398	31,886	32,045	742	17,480	211	20	-	94,782	116	27	94,925	76,548
Advertising (Note 2M)	510	60,083	2,034	11,270	54,321	-	30	-	128,248	720	180	129,148	273,478
Insurance	11,850	94,883	49,300	14,550	30,297	-	2,750	-	203,630	28,120	-	231,750	211,935
Space rentals (Note 5D)	147	396,990	125,062	2,247	14,801	203	130,080	-	669,530	-	-	669,530	504,728
Field supplies and gardening materials	204,378	126,086	43,117	11,088	20,461	10,889	3,425	-	419,444	223	1,361	421,028	567,213
Cost of goods sold (Note 2K)	69,523	40,019	1,957,976	-	-	-	-	-	2,067,518	-	-	2,067,518	1,757,931
Equipment lease and rentals (Note 5C)	9,100	25,837	27,074	1,601	39,171	-	-	-	102,783	28,213	-	130,996	110,334
Grants and awards (Note 2N)	99,696	-	-	-	-	-	-	-	99,696	-	-	99,696	157,593
Depreciation and amortization (Note 4)	-	25,930	17,406	-	202	-	43,248	-	86,786	9,130	-	95,916	67,133
Bad debt expenses	-	4,221	7,565	-	-	-	-	-	11,786	-	-	11,786	8,420
Miscellaneous	3,582	59,935	59,903	3,388	1,367	2	17,266	1,480	146,923	36,681	6,291	189,895	192,927
Total expenses	\$ 1,358,076	\$ 4,529,950	\$ 3,849,874	\$ 1,110,309	\$ 1,726,386	\$ 115,018	\$ 340,105	\$ 459,185	\$ 13,488,903	\$ 1,194,015	\$ 642,875	\$ 15,325,793	\$ 13,996,030
Total expenses - 2016	\$ 1,363,174	\$ 4,558,297	\$ 3,167,209	\$ 1,345,270	\$ 1,664,717	\$ 156,954	\$ 69,690	\$ -	\$ 12,325,311	\$ 1,044,297	\$ 626,422	\$ 13,996,030	

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

For the Year Ended June 30, 2016

	Program Services							Supporting Services		2016 Total Expenses	
	Greening and Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Zero Waste Outreach & Education	GrowNYC Partners	Project Farmhouse	Total	Management and General		Fundraising
Salaries	\$ 563,778	\$ 2,237,473	\$ 823,531	\$ 665,020	\$ 1,069,854	\$ 71,221	\$ -	\$ 5,430,877	\$ 543,409	\$ 521,816	\$ 6,496,102
Payroll taxes and employee benefits (Note 9)	175,485	548,363	181,037	144,577	271,400	14,245	-	1,335,107	131,715	78,272	1,545,094
Total salaries and related expenses	739,263	2,785,836	1,004,568	809,597	1,341,254	85,466	-	6,765,984	675,124	600,088	8,041,196
Contributed facilities and services (Notes 2J and 8)	73,368	207,900	48,912	79,488	97,836	-	-	507,504	103,944	-	611,448
Consultants and professional fees	62,400	424,180	85,743	113,482	6,245	200	58,024	750,274	98,631	17,679	866,584
Office supplies	3,132	92,291	23,973	35,125	2,532	228	50	157,331	32,292	1,069	190,692
Meetings	5,163	32,748	3,308	4,106	11,711	578	-	57,614	4,450	1,144	63,208
Travel	8,780	27,467	20,594	21,512	13,741	901	-	92,995	133	361	93,489
Telephone and mobile data	8,997	41,588	18,681	8,133	12,254	-	-	89,653	10,504	-	100,157
Printing and photography	5,949	59,649	5,680	3,376	8,853	-	86	83,593	14,305	3,117	101,015
Vehicle fuel, maintenance and repairs	10,223	26,324	29,433	58	10,351	44	-	76,433	85	31	76,549
Advertising (Note 2M)	260	140,094	2,200	52,675	77,369	-	-	272,598	780	100	273,478
Insurance	11,350	88,461	40,250	13,890	33,846	-	-	187,797	24,138	-	211,935
Space rentals (Note 5D)	295	364,515	127,579	25	12,314	-	-	504,728	-	-	504,728
Field supplies and gardening materials	182,223	76,991	42,236	192,222	7,418	64,877	143	566,110	1,054	48	567,212
Cost of goods sold (Note 2K)	96,520	53,228	1,608,184	-	-	-	-	1,757,932	-	-	1,757,932
Equipment lease and rentals (Note 5C)	6,162	23,148	39,380	1,902	28,463	3,636	-	102,691	6,977	667	110,335
Grants and awards (Note 2N)	147,870	3,723	-	6,000	-	-	-	157,593	-	-	157,593
Depreciation and amortization (Note 4)	246	43,497	9,371	-	-	-	-	53,114	14,019	-	67,133
Bad debt expenses	-	8,420	-	-	-	-	-	8,420	-	-	8,420
Miscellaneous	973	58,237	57,117	3,679	530	1,024	11,387	132,947	57,861	2,118	192,926
Total expenses	\$ 1,363,174	\$ 4,558,297	\$ 3,167,209	\$ 1,345,270	\$ 1,664,717	\$ 156,954	\$ 69,690	\$ 12,325,311	\$ 1,044,297	\$ 626,422	\$ 13,996,030



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 894,741	\$ 248,531
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	95,916	67,133
Bad debt expense	11,786	8,420
Donated stocks	(5,440)	(4,147)
Contributed property and equipment	(108,000)	-
Realized gain on sales of investments	(11,928)	(123,970)
Unrealized (gain) loss on investments	(190,465)	227,699
Subtotal	686,610	423,666
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Government grants receivable	(220,998)	(618,316)
Accounts receivable - participant rental fees	(37,916)	9,254
Accounts receivable - sales	(214,074)	(57,245)
Accounts receivable - other fees	(106,561)	36,190
Contributions receivable	(36,536)	21,147
Prepaid expenses, deposits and other assets	(179,185)	(14,017)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	183,692	118,988
Accrued farmers' token redemption	69,323	(91,707)
Accrued payroll and related expenses	138,210	232,958
Advance payments	32,867	(6,374)
Government grant advances	1,113	(11,495)
<b>Net Cash Provided by Operating Activities</b>	<b>316,545</b>	<b>43,049</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(777,737)	(234,465)
Proceeds from sales of investments	193,274	320,389
Purchases of investments	(215,959)	(342,249)
<b>Net Cash Used in Investing Activities</b>	<b>(800,422)</b>	<b>(256,325)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of notes payable	(25,000)	(50,000)
Proceeds from line of credit	200,000	-
Proceeds from notes payable	40,000	80,000
<b>Net Cash Provided by Financing Activities</b>	<b>215,000</b>	<b>30,000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(268,877)</b>	<b>(183,276)</b>
Cash and cash equivalents - beginning of year	1,579,031	1,762,307
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,310,154</b>	<b>\$ 1,579,031</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 4,596	\$ -

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

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The consolidated financial statements of Council on the Environment, Inc. d/b/a GrowNYC and New York State Regional Food Hub LLC (collectively the “Organization”) have been prepared by consolidating the financial statements of Council on the Environment, Inc. d/b/a GrowNYC (“GrowNYC”) and New York State Regional Food Hub LLC (the “LLC” or the “Affiliate”). All intercompany transactions and balances have been eliminated in the consolidation. See pages 19-20 for consolidating schedules.

Council on the Environment, Inc. d/b/a GrowNYC improves New York City’s quality of life through environmental programs that transform communities, block by block, and empower all New Yorkers to secure a clean and healthy environment for future generations. GrowNYC is supported primarily by government grants, contributions from foundations, individuals and corporations, Greenmarket participant rental fees and sales of wholesale fresh produce. GrowNYC is exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

New York State Regional Food Hub LLC is a limited liability company. GrowNYC is the sole member of the LLC. The LLC was incorporated in October 2011 and started operating in fiscal year 2017. The LLC was formed for the purpose of building and operating a warehouse facility which will serve as a wholesale food distribution hub for small- and mid-sized farms in New York State.

The Organization achieves its mission through the following projects and programs:

- **Greening & Gardens**, which creates, rejuvenates, and provides substantial material and technical assistance to several new community gardens each year in addition to helping more than 100 gardens created in prior years; builds rainwater harvesting systems and promotes best practices in green infrastructure through workshops and collaborative installations; operates a substantial teaching garden on Governors Island; and inspires, promotes, and facilitates the creation of sustainable gardens in public schools through mini-grants and technical assistance provided by the Grow to Learn Program;
- **Greenmarket & Farmer Development**, which provides regional, small family farmers the opportunity to sell their fruits, vegetables, and other farm products to New Yorkers by operating more than 50 farmers’ markets throughout the city, and helps both experienced and beginning farmers increase long term viability through the FARMroots Program;
- **Food Access & Wholesale Distribution**, which expands wholesale distribution options for small and mid-size farmers through the Greenmarket Co. food distribution hub, and leverages wholesale distribution channels to improve food access opportunities in underserved communities through the Fresh Food Box Program and youth-operated urban farm stands known as Youth Markets;
- **Environmental Education**, which offers meaningful hands-on projects in the areas of conservation, alternative energy, school recycling, and more to NYC public school students at all grade levels; promotes a good food / good health community outreach model by and for teens in underserved communities through the Learn It, Grow It, Eat It Program; and helps young people to learn where their food comes from, who grows it, and what is good for their bodies and the environment;
- **Zero Waste Outreach and Education**, which promotes recycling and waste prevention for tenants, building personnel, citizens, and students through a variety of reduce/reuse/recycle opportunities and workshops.
- **GrowNYC Partners**, which provides professional consulting services to bring food, farming, gardening, green infrastructure, recycling, and waste prevention projects to fruition on behalf of a diverse list of clients including businesses, individuals, foundations, and government agencies.
- **Project Farmhouse**, which allows all New Yorkers to explore environmental issues through the lens of food, horticulture, arts, recycling, cooking, and community education. Located at 76 E 13<sup>th</sup> Street in Manhattan, Project Farmhouse is a state-of-the-art sustainability and education center, and a home for dynamic programming.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

- **New York State Regional Food Hub**, which will establish a wholesale food distribution hub to serve small- to mid-sized farms in New York State through the construction of a warehouse facility in the Hunts Point section of the Bronx. The facility will include approximately 75,000 square feet of refrigerated/freezer and food processing space, and will serve as a new home for the Organization's extant wholesale distribution program Greenmarket Co. in addition to other tenants. The total estimated project cost is \$23 million including pre-construction soft costs, a small portion of which commenced during FY17. The current project timeline anticipates ground-breaking in October 2018 followed by 15 months of construction. The facility would begin operations in early 2020.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Use of Estimates***

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**B. *Cash and Cash Equivalents***

The Organization considers all highly liquid instruments with maturities of three months or less when acquired to be cash equivalents, with the exception of those short-term investments managed by the Organization's investment manager for long-term investment purposes.

**C. *Investments and Fair Value Measurements***

Investments are reported at fair value based upon quoted market value or readily available pricing resources. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the consolidated statements of activities. Interest income is recognized when earned and dividends are recorded on the ex-dividend date.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 3.

**D. *Allowance for Uncollectible Government Grants and Accounts Receivable***

The Organization determines whether an allowance for uncollectible balances should be provided for government grants and accounts receivable. Such estimates are based on management's assessment of the likelihood of collection, including consideration of how long the receivable has been outstanding, creditworthiness of the debtor, current economic conditions and historical information.

The allowance for uncollectible government grants and accounts receivable consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Government grants receivable	\$ -	\$ 30,062
Accounts receivable – participant rental fees	2,025	6,922
Accounts receivable – sales	24,865	17,727
Accounts receivable – other fees	<u>8,195</u>	<u>7,768</u>
Total allowance for uncollectible receivables	<u>\$ 35,085</u>	<u>\$ 62,479</u>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. *Contributions Receivable***

Contributions are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unless material, the Organization does not discount to present value, contributions to be received after more than one year.

As of June 30, 2017 and 2016, contributions receivable were scheduled to be received as follows:

	2017	2016
Amount due in less than one year	\$ 430,917	\$ 574,973
Amount due in one to five years	300,000	119,408
	\$ 730,917	\$ 694,381

**F. *Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable value. The Organization capitalizes certain property and equipment with a useful life of more than one year and a cost of at least \$1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Office space is donated to the Organization by the City of New York for an indefinite time period. Therefore, leasehold improvements are amortized on a straight-line basis over their estimated useful lives. The Organization retains assets purchased with grantor restricted funds, unless the grantor requests that such equipment be returned. Purchases of property and equipment reimbursed by governmental funding sources and for which the contractual agreement specifies that title to these assets rests with the governmental funding sources are expensed.

**G. *Accrued Farmers' Token Redemption***

As part of the Greenmarket Program, farmers collect tokens from consumers who have exchanged either supplemental nutrition assistance program ("SNAP") benefit dollars or credit/debit as payment for produce. The Organization records a liability for tokens that have yet to be redeemed by the farmers. In connection with this liability, the Organization maintains the funds in a separate cash account.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. *Basis of Presentation***

The Organization maintains its net assets under the following classes:

- a) Unrestricted – includes the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Organization’s unrestricted net assets have been further classified as follows:
- Operations – represents unrestricted net assets whose use is available for daily operations.
  - Investment in property and equipment – this represents the net book value of property and equipment less any liabilities related to those assets.
  - Board designated investment fund – the Board designated investment fund consists of unrestricted net assets whose use has been designated by the Board for investment and other purposes.
  - Board designated operating reserve fund – represents unrestricted net assets designated by the Board for the general purpose of helping to ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions and changes affecting the Organization 's financial position and its ability to carry out its mission continuously.
- b) Temporarily Restricted – includes gifts of cash and other assets received with donor stipulations that limit the use of donated assets. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

The Organization did not have any permanently restricted net assets as of June 30, 2017 and 2016 which are designated by the donor to be held and invested in perpetuity.

**I. *Government Grants***

Revenues from government grants are recognized when reimbursable expenses are incurred under the terms of the grant. Government grants receivable is recorded when expenses incurred under the terms of the grant exceed cash received. Advances received from government agencies in excess of expenditures incurred for a grant still in progress are reported as government grant advances.

**J. *Contributed Facilities, Services and Assets***

The value of contributed facilities and services are reported as in-kind contributions and expenses in the accompanying consolidated statements of activities. Contributed facilities include office space donated by the City of New York and estimated fair value assessments of contributed facilities are performed every three years. Changes to the fair value in the interim years are not anticipated to be material to the consolidated financial statements. Contributed services are recognized in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization records contributed services at their fair value on the date received. Contributed assets are recognized at fair value on the date of the receipt.

**K. *Participant Rental Fees and Other Fees***

Revenues from Greenmarket participant (farmer/producer) rental fees are based on signed contracts, renewed annually. Sales revenue includes sales of regional fresh produce and grains through the Food Access & Wholesale Distribution Program, as well as the annual plant sale to community gardens through the Greening & Gardens Program. Other fees include consulting services as well as rental of Project Farmhouse. Advance payments represent fees received in advance for the Greenmarket Program applicable to the next fiscal year.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**M. *Advertising Costs***

Advertising costs are expensed as incurred.

**N. *Grants and Awards***

Grants and awards are expensed in the year awarded. Grants awarded but unpaid at year-end are reported as grants payable in the consolidated statements of financial position.

**O. *Reclassifications***

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation. The reclassification had no impact on change in net assets.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Corporate stocks	\$ 1,073,586	\$ 884,772
Corporate bonds	545,243	373,640
Money market mutual funds	<u>562,100</u>	<u>691,999</u>
Total investments	<u>\$ 2,180,929</u>	<u>\$ 1,950,411</u>

Investments are subject to market volatility that could substantially change their value in the near term.

Investment activity, net included the following for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 36,357	\$ 36,018
Realized gains on sales of investments	11,928	123,970
Unrealized gain (loss) on investments	<u>190,465</u>	<u>(227,699)</u>
Total investment activity, net	<u>\$ 238,750</u>	<u>\$ (67,711)</u>

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurement,” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets carried at fair value have been valued using a market approach. There were no changes in the valuations techniques during the current year. The Organization uses third party pricing information without adjustment.

Following is a description of the valuation methodologies used for assets measured at fair value.

**Corporate Stock and Money Market Mutual Funds:**

Valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

**Corporate Bonds:**

Corporate bonds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended June 30, 2017 and 2016, no such transfers between fair value levels occurred.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 701,866	\$ 491,039	3-5 years
Vehicles	329,375	304,838	10 years
Leasehold improvements	<u>796,551</u>	<u>146,178</u>	15 years
Total cost	1,827,792	942,055	
Less: accumulated depreciation and amortization	<u>(681,839)</u>	<u>(585,923)</u>	
Net book value	<u>\$ 1,145,953</u>	<u>\$ 356,132</u>	

Depreciation and amortization expense amounted to \$95,916 and \$67,133 for the years ended June 30, 2017 and 2016, respectively.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE  
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**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**A. *Contingencies for Future Audits by Governmental Funding Sources***

Pursuant to the Organization's contractual relationships with certain governmental funding sources, governmental agencies have the right to examine the Organization's books and records involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances.

**B. *Uncertainty in Income Taxes***

The Organization believes it had no uncertain income tax positions as of June 30, 2017 and 2016, in accordance with FASB ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**C. *Lease Commitments***

The Organization has entered into equipment leases with various expiration dates through 2022. Approximate future minimum payments under these leases for fiscal years subsequent to June 30, 2017 are as follows:

2018	\$	64,632
2019		64,632
2020		64,632
2021		54,215
2022		<u>13,381</u>
	\$	<u>261,492</u>

Equipment rental expense amounted to \$53,321 and \$32,753, respectively, for the years ended June 30, 2017 and 2016.

**D. *Space Rental***

The Organization pays license and permit fees for use of City property in the operation of Greenmarkets and Youthmarkets. In addition, the Organization has entered into lease agreements for warehouse space for operation of the Greenmarket Co. food distribution hub and for Project Farmhouse.

Approximate future minimum payments under these leases for fiscal years subsequent to June 30, 2017, are as follows

2018	\$	238,000
2019		247,000
2020		196,000
2021		203,000
2022		210,000
Thereafter		<u>1,110,000</u>
	\$	<u>2,204,000</u>

Space rental expense amounted to \$669,530 and \$504,728, respectively, for the years ended June 30, 2017 and 2016.



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**NOTE 6 – NOTE PAYABLE AND LINE OF CREDIT**

A. During the year ended June 30, 2013, the Organization received a \$225,000 commitment from a foundation through the foundation's Working Capital Program (the "Program") for the Greenmarket food distribution hub. The Program is structured such that the Organization receives a \$50,000 grant and a \$25,000 interest-free loan each year for three years. The loan is not collateralized and is to be repaid in annual installments of \$25,000 each in 2015, 2016, and 2017.

During the year ended June 30, 2016, the Organization received an additional \$375,000 from the foundation. The Program is structured such that the Organization receives an \$85,000 grant and a \$40,000 interest-free loan each year for three years. The loan is not collateralized and is to be repaid in annual installments of \$40,000 each in 2019, 2020, and 2021.

On July 12, 2017, the Organization received an unsecured promissory note from an institution to refinance the existing line of credit. The Organization can borrow up to \$1,250,000. The amount outstanding will be due on July 1, 2019. The interest rate is the Prime Rate minus fifty (50) basis points. As of February 8, 2018, there was \$950,000 borrowed.

B. The Organization had a \$750,000 line of credit for working capital which is secured by the assets of the Organization. Interest was at LIBOR plus 3.974%. The line of credit expired in January 2016, and was renewed in July 2016 for \$1,250,000, at LIBOR plus 3.900%. As of June 30, 2017 and 2016, there were \$200,000 and \$0 outstanding borrowings on the line of credit. The new line of credit expired in July 2017 and was not renewed. It was refinanced by a promissory note dated on July 12, 2017.

**NOTE 7 – RESTRICTED NET ASSETS**

**A. *Temporarily Restricted Net Assets***

Temporarily restricted net assets were available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Purpose restriction:		
Greenmarket and farmer development	\$ 195,071	\$ 115,424
Food access and wholesale distribution	19,824	122,070
Greening and gardens	482,084	58,917
Environmental education	98,342	64,900
Zero Waste outreach and education	9,692	7,510
Project Farmhouse	439,945	370,985
Supporting services	-	35,000
Time restriction:		
For periods after June 30, 2017 and 2016	65,000	25,000
Purpose and time restriction:		
Greenmarket and farmer development	300,000	91,042
Project Farmhouse	200,000	-
Food access and wholesale distribution	420,525	694,740
Environmental education	<u>119,147</u>	<u>218,187</u>
	<u>\$ 2,349,630</u>	<u>\$ 1,803,775</u>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
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**NOTE 7 – RESTRICTED NET ASSETS (Continued)**

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors or the passage of time during the years ended June 30, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Greening and gardens	\$ 488,630	\$ 733,390
Greenmarket and farmer development	211,792	374,648
Food access and wholesale distribution	544,082	407,969
Environmental education	172,557	198,942
Zero Waste outreach and education	11,572	17,100
Project Farmhouse	303,158	69,927
Supportive services	<u>80,000</u>	<u>115,000</u>
	<u>\$ 1,811,791</u>	<u>\$ 1,916,976</u>

**B. *Endowment Net Assets***

New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated. The Organization had no donor-restricted permanent endowment funds subject to the appropriation provisions of NYPMIFA as of June 30, 2017 and 2016.

FASB Staff Position No. FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds,” now codified at ASC 958-205 (“ASC 958-205”), provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). ASC 958-205 also improves disclosure about an organization’s endowment funds, whether or not the organization is subject to UPMIFA.

The Organization maintains two endowment funds as further described in Note 2H. However, such Board designated endowment funds are not subject to the appropriation provisions of NYPMIFA and, therefore, the Organization has implemented only the disclosure guidance provided for in ASC 958-205.

The Organization’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities and money market mutual funds based on an asset allocation to satisfy its overall endowment, financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
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**NOTE 7 – RESTRICTED NET ASSETS (Continued)**

Changes in endowment net assets for year ended June 30, 2017, were as follows:

	Board Designated Investment <u>Fund</u>	Board Designated Reserve <u>Fund</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,695,817	\$ 251,162	\$ 1,946,979
Investment activity:			
Interest and dividends	35,683	415	36,098
Realized gains on sales of investments	11,928	-	11,928
Unrealized gain	<u>190,465</u>	<u>-</u>	<u>190,465</u>
Change in endowment net assets	238,076	415	238,491
Endowment net assets, end of year	<u>\$ 1,933,893</u>	<u>\$ 251,577</u>	<u>\$ 2,185,470</u>

Changes in endowment net assets for year ended June 30, 2016, were as follows:

	Board Designated Investment <u>Fund</u>	Board Designated Reserve <u>Fund</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,764,341	\$ 250,881	\$ 2,015,222
Investment activity:			
Interest and dividends	35,205	281	35,486
Realized gains on sales of investments	123,970	-	123,970
Unrealized loss	<u>(227,699)</u>	<u>-</u>	<u>(227,699)</u>
Change in endowment net assets	(68,524)	281	(68,243)
Endowment net assets, end of year	<u>\$ 1,695,817</u>	<u>\$ 251,162</u>	<u>\$ 1,946,979</u>

**NOTE 8 – CONTRIBUTED FACILITIES, SERVICES AND ASSETS**

The Organization uses certain premises located in New York City-owned buildings without charge. The estimated fair rental value of the premises is reported as both revenue and expense in the period in which the premises are used. Contributed facilities amounted to \$611,448 for the years ended June 30, 2017 and 2016. During the year ending June 30, 2017, the Organization also received pro bono legal services in the amount of \$159,948 and this amount was also reported as both revenue and expenses in the period. During the year ended June 30, 2017, the Organization also received in-kind donations of equipment and leasehold improvements. Contributed assets amounted to \$108,000 and \$0 for the years ended June 30, 2017 and 2016, respectively.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 9 – RETIREMENT PLAN**

Effective July 1, 1985, the Organization established a noncontributory defined contribution pension plan covering all employees upon their meeting minimum age and length of service requirements.

During the year ended June 30, 2016, the Organization converted the plan to a profit sharing plan with discretionary contributions paid to eligible employees. For the years ended June 30, 2017 and 2016, contributions amounted to \$242,378 and \$259,252 respectively. Participants in the plan are vested as follows:

<u>Years of Service</u>	<u>Percentage</u>
2	20%
3	40%
4	60%
5	80%
6	100%

**NOTE 10 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Insured accounts are insured up to \$250,000 per depositor. As of June 30, 2017 and 2016, there was approximately \$1,405,000 and \$1,639,000 of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through February 8, 2018, the date the consolidated financial statements were available to be issued.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2017 AND 2016**

	As of June 30, 2017				As of June 30, 2016	
	GrowNYC	New York State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2017	GrowNYC	Consolidated Total 2016
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,310,054	\$ 100	\$ -	\$ 1,310,154	\$ 1,579,031	\$ 1,579,031
Investments, at fair value	2,180,929	-	-	2,180,929	1,950,411	1,950,411
Government grants receivable, net	2,389,649	459,185	-	2,848,834	2,639,622	2,639,622
Accounts receivable - participant rental fees, net	276,008	-	-	276,008	238,092	238,092
Accounts receivable - sales, net	397,205	-	-	397,205	183,131	183,131
Accounts receivable - other fees, net	149,663	-	-	149,663	43,102	43,102
Contributions receivable	730,917	-	-	730,917	694,381	694,381
Prepaid expenses, deposits and other assets	396,926	71,230	-	468,156	288,971	288,971
Due from LLC	296,782	-	(296,782)	-	-	-
Property and equipment, net	1,145,953	-	-	1,145,953	356,132	356,132
<b>TOTAL ASSETS</b>	<b>\$ 9,274,086</b>	<b>\$ 530,515</b>	<b>\$ (296,782)</b>	<b>\$ 9,507,819</b>	<b>\$ 7,972,873</b>	<b>\$ 7,972,873</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 378,593	\$ 233,633	\$ -	\$ 612,226	\$ 428,534	\$ 428,534
Accrued farmers' token redemption	281,745	-	-	281,745	212,422	212,422
Accrued payroll and related expenses	743,890	-	-	743,890	605,680	605,680
Due to GrowNYC	-	296,782	(296,782)	-	-	-
Advance payments	310,818	-	-	310,818	277,951	277,951
Government grant advances	644,044	-	-	644,044	642,931	642,931
Line of credit	200,000	-	-	200,000	-	-
Note payable	120,000	-	-	120,000	105,000	105,000
<b>TOTAL LIABILITIES</b>	<b>2,679,090</b>	<b>530,415</b>	<b>(296,782)</b>	<b>2,912,723</b>	<b>2,272,518</b>	<b>2,272,518</b>
<b>NET ASSETS</b>						
Unrestricted:						
Operations	913,943	100	-	914,043	1,593,469	1,593,469
Invested in property and equipment	1,145,953	-	-	1,145,953	356,132	356,132
Board designated investment fund	1,933,893	-	-	1,933,893	1,695,817	1,695,817
Board designated operating reserve fund	251,577	-	-	251,577	251,162	251,162
Total unrestricted	4,245,366	100	-	4,245,466	3,896,580	3,896,580
Temporarily restricted	2,349,630	-	-	2,349,630	1,803,775	1,803,775
<b>TOTAL NET ASSETS</b>	<b>6,594,996</b>	<b>100</b>	<b>-</b>	<b>6,595,096</b>	<b>5,700,355</b>	<b>5,700,355</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,274,086</b>	<b>\$ 530,515</b>	<b>\$ (296,782)</b>	<b>\$ 9,507,819</b>	<b>\$ 7,972,873</b>	<b>\$ 7,972,873</b>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
CONSOLIDATING SCHEDULES OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	For the Year Ended June 30, 2017						For the Year Ended June 30, 2016		
	GrowNYC			New York State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2017	GrowNYC		
	Unrestricted	Temporarily Restricted	Total				Unrestricted	Temporarily Restricted	Consolidated Total 2016
<b>REVENUES AND SUPPORT:</b>									
Government grants	\$ 4,567,301	\$ -	\$ 4,567,301	\$ 459,185	\$ -	\$ 5,026,486	\$ 4,207,269	\$ -	\$ 4,207,269
Contributions - foundations	134,474	986,521	1,120,995	-	-	1,120,995	120,148	1,278,476	1,398,624
Contributions - individuals and corporations	175,695	1,371,125	1,546,820	-	-	1,546,820	127,920	1,077,939	1,205,859
Contributed facilities, services and assets	879,396	-	879,396	-	-	879,396	611,448	-	611,448
Greenmarket participant rental fees	4,025,848	-	4,025,848	-	-	4,025,848	3,967,080	-	3,967,080
Sales of wholesale produce, plants & grains	2,734,096	-	2,734,096	-	-	2,734,096	2,333,361	-	2,333,361
Other fees	501,762	-	501,762	-	-	501,762	447,900	-	447,900
Investment activity	238,750	-	238,750	-	-	238,750	(67,711)	-	(67,711)
Miscellaneous	146,381	-	146,381	-	-	146,381	140,731	-	140,731
Net assets released from restriction	1,811,791	(1,811,791)	-	-	-	-	1,916,976	(1,916,976)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>15,215,494</b>	<b>545,855</b>	<b>15,761,349</b>	<b>459,185</b>	<b>-</b>	<b>16,220,534</b>	<b>13,805,122</b>	<b>439,439</b>	<b>14,244,561</b>
<b>EXPENSES:</b>									
Program Services:									
Greening and gardens	1,358,076	-	1,358,076	-	-	1,358,076	1,363,174	-	1,363,174
Greenmarket and farmer development	4,529,950	-	4,529,950	-	-	4,529,950	4,558,297	-	4,558,297
Food access and wholesale distribution	3,849,874	-	3,849,874	-	-	3,849,874	3,167,209	-	3,167,209
Environmental education	1,110,309	-	1,110,309	-	-	1,110,309	1,345,270	-	1,345,270
Zero Waste outreach and education	1,726,386	-	1,726,386	-	-	1,726,386	1,664,717	-	1,664,717
GrowNYC Partners	115,018	-	115,018	-	-	115,018	156,954	-	156,954
Project Farmhouse	340,105	-	340,105	-	-	340,105	69,690	-	69,690
New York State Regional Food Hub	-	-	-	459,185	-	459,185	-	-	-
Total Program Services	13,029,718	-	13,029,718	459,185	-	13,488,903	12,325,311	-	12,325,311
Supporting Services:									
Management and general	1,194,015	-	1,194,015	-	-	1,194,015	1,044,297	-	1,044,297
Fundraising	642,875	-	642,875	-	-	642,875	626,422	-	626,422
Total Supporting Services	1,836,890	-	1,836,890	-	-	1,836,890	1,670,719	-	1,670,719
<b>TOTAL EXPENSES</b>	<b>14,866,608</b>	<b>-</b>	<b>14,866,608</b>	<b>459,185</b>	<b>-</b>	<b>15,325,793</b>	<b>13,996,030</b>	<b>-</b>	<b>13,996,030</b>
<b>CHANGE IN NET ASSETS</b>	<b>348,886</b>	<b>545,855</b>	<b>894,741</b>	<b>-</b>	<b>-</b>	<b>894,741</b>	<b>(190,908)</b>	<b>439,439</b>	<b>248,531</b>
Net assets - beginning of year	3,896,480	1,803,775	5,700,255	100	-	5,700,355	4,087,488	1,364,336	5,451,824
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,245,366</b>	<b>\$ 2,349,630</b>	<b>\$ 6,594,996</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 6,595,096</b>	<b>\$ 3,896,580</b>	<b>\$ 1,803,775</b>	<b>\$ 5,700,355</b>