

**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, 2018 and 2017

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

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

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

YEARS ENDED JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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 6, 2019

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 STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents (Notes 2B and 10)	\$ 1,152,270	\$ 1,310,154
Investments, at fair value (Notes 2C and 3)	2,146,581	2,180,929
Government grants receivable (Notes 2D and 2I)	4,194,552	2,848,834
Accounts receivable - participant rental fees, net (Note 2D)	313,106	276,008
Accounts receivable - sales, net (Note 2D)	418,536	397,205
Accounts receivable - other fees, net (Note 2D)	96,278	149,663
Contributions receivable (Note 2E)	413,244	730,917
Prepaid expenses, deposits and other assets	386,682	468,156
Property and equipment, net (Notes 2F and 4)	1,059,327	1,145,953
TOTAL ASSETS	\$ 10,180,576	\$ 9,507,819
LIABILITIES		
Accounts payable and accrued expenses	\$ 581,471	\$ 612,226
Accrued farmers' token redemption (Note 2G)	304,802	281,745
Accrued payroll and related expenses	706,106	743,890
Advance payments (Note 2K)	313,443	310,818
Government grant advances (Note 2I)	-	644,044
Line of credit (Note 6B)	-	200,000
Notes payable (Note 6A)	1,523,728	120,000
TOTAL LIABILITIES	3,429,550	2,912,723
COMMITMENTS AND CONTINGENCIES (Note 5)		
NET ASSETS (Notes 2H and 7)		
Unrestricted:		
Operations	1,176,198	914,043
Net investment in property and equipment	1,059,327	1,145,953
Board designated investment fund (Note 7B)	1,907,219	1,933,893
Board designated operating reserve fund (Note 7B)	254,105	251,577
Total unrestricted	4,396,849	4,245,466
Temporarily restricted (Note 7A)	2,354,177	2,349,630
TOTAL NET ASSETS	6,751,026	6,595,096
TOTAL LIABILITIES AND NET ASSETS	\$ 10,180,576	\$ 9,507,819

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, 2018 AND 2017

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total 2018	Unrestricted	Temporarily Restricted	Total 2017
REVENUES AND SUPPORT:						
Government grants (Note 2I)	\$ 6,162,424	\$ -	\$ 6,162,424	\$ 5,026,486	\$ -	\$ 5,026,486
Contributions - foundations (Note 2E)	198,227	611,540	809,767	134,474	986,521	1,120,995
Contributions - individuals and corporations (Note 2E)	204,666	1,009,498	1,214,164	175,695	1,371,125	1,546,820
Contributed facilities, services and assets (Notes 2J and 8)	661,930	-	661,930	879,396	-	879,396
Greenmarket participant rental fees (Note 2K)	4,407,548	-	4,407,548	4,025,848	-	4,025,848
Sales of wholesale produce, plants and grains (Note 2K)	2,782,779	-	2,782,779	2,734,096	-	2,734,096
Other fees (Note 2K)	537,670	-	537,670	501,762	-	501,762
Investment activity (Notes 2C and 3)	(23,482)	-	(23,482)	238,750	-	238,750
Miscellaneous	158,952	-	158,952	146,381	-	146,381
Net assets released from restriction (Note 7A)	1,616,491	(1,616,491)	-	1,811,791	(1,811,791)	-
TOTAL REVENUES AND SUPPORT	16,707,205	4,547	16,711,752	15,674,679	545,855	16,220,534
EXPENSES (Note 2L):						
Program Services:						
Greening & gardens	1,248,489	-	1,248,489	1,358,076	-	1,358,076
Greenmarket & farmer development	4,639,377	-	4,639,377	4,529,950	-	4,529,950
Food access & wholesale distribution	3,899,591	-	3,899,591	3,849,874	-	3,849,874
Environmental education	1,135,277	-	1,135,277	1,110,309	-	1,110,309
Zero Waste outreach and education	2,020,149	-	2,020,149	1,726,386	-	1,726,386
GrowNYC Partners	78,627	-	78,627	115,018	-	115,018
Project Farmhouse	617,631	-	617,631	340,105	-	340,105
New York State Regional Food Hub LLC	1,060,920	-	1,060,920	459,185	-	459,185
Total Program Services	14,700,061	-	14,700,061	13,488,903	-	13,488,903
Supporting Services:						
Management and general	1,125,476	-	1,125,476	1,194,015	-	1,194,015
Fundraising	730,285	-	730,285	642,875	-	642,875
Total Supporting Services	1,855,761	-	1,855,761	1,836,890	-	1,836,890
TOTAL EXPENSES	16,555,822	-	16,555,822	15,325,793	-	15,325,793
CHANGE IN NET ASSETS	151,383	4,547	155,930	348,886	545,855	894,741
Net assets - beginning of year	4,245,466	2,349,630	6,595,096	3,896,580	1,803,775	5,700,355
NET ASSETS - END OF YEAR	\$ 4,396,849	\$ 2,354,177	\$ 6,751,026	\$ 4,245,466	\$ 2,349,630	\$ 6,595,096

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

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Summarized Totals for the Year Ended June 30, 2017)

	For the Year Ended June 30, 2018								2017				
	Program Services								Supporting Services		2018	2017	
	Greening & Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Zero Waste Outreach & Education	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub LLC	Total	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 569,404	\$ 2,571,197	\$ 1,123,667	\$ 723,340	\$ 1,334,519	\$ 52,172	\$ 147,463	\$ -	\$ 6,521,762	\$ 596,536	\$ 573,274	\$ 7,691,572	\$ 7,193,161
Payroll taxes and employee benefits (Note 9)	154,476	602,621	269,102	170,893	302,735	11,441	34,808	-	1,546,076	101,891	131,853	1,779,820	1,646,533
Total salaries and related expenses	723,880	3,173,818	1,392,769	894,233	1,637,254	63,613	182,271	-	8,067,838	698,427	705,127	9,471,392	8,839,694
Contributed facilities and services (Notes 2J and 8)	73,368	207,900	99,394	79,488	97,836	-	-	-	557,986	103,944	-	661,930	771,396
Consultants and professional fees	25,757	153,147	78,598	13,340	13,987	5,225	9,028	1,021,304	1,320,386	114,670	5,015	1,440,071	999,935
Office supplies	1,928	63,616	13,793	4,882	11,993	444	17,650	283	114,589	35,121	1,215	150,925	191,973
Meetings	8,888	27,753	2,036	11,070	13,018	56	260	-	63,081	18,707	4,839	86,627	90,651
Travel	9,392	25,395	17,621	23,714	13,746	429	16	-	90,313	1,052	98	91,463	84,201
Telephone and mobile data	7,192	54,674	24,566	7,215	12,521	-	16,866	-	123,034	12,655	-	135,689	119,855
Printing and photography	3,349	35,207	2,726	5,684	15,501	-	900	-	63,367	3,516	8,388	75,271	85,900
Vehicle fuel, maintenance and repairs	14,416	29,795	40,329	28	18,287	-	-	-	102,855	3,208	-	106,063	94,925
Advertising (Note 2M)	1,322	50,997	1,633	264	36,098	-	259	-	90,573	1,017	-	91,590	129,148
Insurance	14,352	99,525	48,846	14,880	42,417	-	5,100	-	225,120	36,776	-	261,896	231,750
Space rentals (Note 5D)	-	446,349	112,022	5,474	15,413	-	271,525	-	850,783	-	-	850,783	669,530
Field supplies and gardening materials	200,152	68,224	36,559	64,711	18,359	8,832	3,895	-	400,732	26	257	401,015	421,028
Cost of goods sold (Note 2K)	68,482	72,397	1,895,978	-	-	-	-	-	2,036,857	-	-	2,036,857	2,067,518
Equipment lease and rentals (Note 5C)	4,645	19,975	34,300	6,931	67,922	28	-	-	133,801	28,198	2,759	164,758	130,696
Grants and awards (Note 2N)	85,680	-	-	-	-	-	-	-	85,680	-	-	85,680	99,696
Depreciation and amortization (Note 4)	-	32,220	15,539	-	-	-	77,157	-	124,916	10,272	-	135,188	95,916
Bad debt expense	3,300	6,835	10,956.00	-	-	-	-	-	21,091	-	-	21,091	11,786
Miscellaneous	2,386	71,550	71,926	3,363	5,797	-	32,704	39,333	227,059	57,887	2,587	287,533	189,895
Total expenses	\$ 1,248,489	\$ 4,639,377	\$ 3,899,591	\$ 1,135,277	\$ 2,020,149	\$ 78,627	\$ 617,631	\$ 1,060,920	\$ 14,700,061	\$ 1,125,476	\$ 730,285	\$ 16,555,822	\$ 15,325,793
Total expenses - 2017	\$ 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	

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	For the Year Ended June 30, 2017									Supporting Services		2017 Total Expenses
	Program Services								Total	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 LLC				
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
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
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
Contributed facilities and services (Notes 2J and 8)	73,368	207,900	166,668	79,488	97,836	-	-	-	625,260	146,136	-	771,396
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
Office supplies	6,783	66,253	11,451	43,022	30,363	104	8,427	15	166,418	22,886	2,669	191,973
Meetings	1,660	41,711	2,727	10,337	12,548	0	322	-	69,305	14,870	6,476	90,651
Travel	9,216	22,943	16,901	22,910	11,296	102	66	-	83,434	620	147	84,201
Telephone and mobile data	7,201	53,064	21,251	6,070	11,290	120	7,347	-	106,343	13,512	-	119,855
Printing and photography	4,347	44,980	2,336	5,481	12,059	300	3,445	-	72,948	12,106	846	85,900
Vehicle fuel, maintenance and repairs	12,398	31,886	32,045	742	17,480	211	20	-	94,782	116	27	94,925
Advertising (Note 2M)	510	60,083	2,034	11,270	54,321	-	30	-	128,248	720	180	129,148
Insurance	11,850	94,883	49,300	14,550	30,297	-	2,750	-	203,630	28,120	-	231,750
Space rentals (Note 5D)	147	396,990	125,062	2,247	14,801	203	130,080	-	669,530	-	-	669,530
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
Cost of goods sold (Note 2K)	69,523	40,019	1,957,976	-	-	-	-	-	2,067,518	-	-	2,067,518
Equipment lease and rentals (Note 5C)	9,100	25,837	27,074	1,601	39,171	-	-	-	102,783	28,213	-	130,996
Grants and awards (Note 2N)	99,696	-	-	-	-	-	-	-	99,696	-	-	99,696
Depreciation and amortization (Note 4)	-	25,930	17,406	-	202	-	43,248	-	86,786	9,130	-	95,916
Bad debt expense	-	4,221	7,565	-	-	-	-	-	11,786	-	-	11,786
Miscellaneous	3,582	59,935	59,903	3,388	1,367	2	17,266	1,480	146,923	36,681	6,291	189,895
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

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 155,930	\$ 894,741
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	135,188	95,916
Bad debt expense	21,091	11,786
Donated stocks	(4,680)	(5,440)
Contributed property and equipment	-	(108,000)
Realized gain on sales of investments	(26,617)	(11,928)
Unrealized loss (gain) on investments	94,516	(190,465)
Subtotal	375,428	686,610
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Government grants receivable	(1,345,718)	(220,998)
Accounts receivable - participant rental fees	(37,098)	(37,916)
Accounts receivable - sales	(42,422)	(214,074)
Accounts receivable - other fees	53,385	(106,561)
Contributions receivable	317,673	(36,536)
Prepaid expenses, deposits and other assets	81,474	(179,185)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(30,755)	183,692
Accrued farmers' token redemption	23,057	69,323
Accrued payroll and related expenses	(37,784)	138,210
Advance payments	2,625	32,867
Government grant advances	(644,044)	1,113
Net Cash (Used in) Provided by Operating Activities	(1,284,179)	316,545
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(48,562)	(777,737)
Proceeds from sales of investments	395,696	193,274
Purchases of investments	(424,567)	(215,959)
Net Cash Used in Investing Activities	(77,433)	(800,422)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(40,000)	(25,000)
Repayment of line of credit	(200,000)	-
Proceeds from line of credit	-	200,000
Proceeds from notes payable	1,443,728	40,000
Net Cash Provided by Financing Activities	1,203,728	215,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(157,884)	(268,877)
Cash and cash equivalents - beginning of year	1,310,154	1,579,031
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,152,270	\$ 1,310,154
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 39,324	\$ 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, 2018 AND 2017**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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 operations 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 East 13th Street in Manhattan, Project Farmhouse is a state-of-the-art sustainability and education center, and a home for dynamic programming.
- **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, which commenced during FY17. The current project timeline anticipates ground-breaking in May 2019 followed by 15 months of construction. The facility would begin operations in 2020.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting, Use of Estimates, and Principles of Consolidation*

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.

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.

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 Accounts Receivable*

The Organization determines whether an allowance for uncollectible balances should be provided for 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 accounts receivable consisted of the following as of June 30:

	2018	2017
Accounts receivable – participant rental fees	\$ 2,291	\$ 2,025
Accounts receivable – sales	17,832	24,865
Accounts receivable – other fees	5,400	8,195
 Total allowance for uncollectible receivables	 \$ 25,523	 \$ 35,085

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWN NYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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.

Contributions receivable are scheduled to be received as follows, as of June 30:

	2018	2017
Amount due in less than one year	\$ 363,244	\$ 430,917
Amount due in one to five years	50,000	300,000
	\$ 413,244	\$ 730,917

F. *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and amortization. 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.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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.
 - Net 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, 2018 and 2017.

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, Sales 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.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 the previously reported change in net assets.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Corporate stocks	\$ 1,031,764	\$ 1,073,586
Corporate bonds	668,892	545,243
Money market mutual funds	<u>445,925</u>	<u>562,100</u>
Total investments	<u>\$ 2,146,581</u>	<u>\$ 2,180,929</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:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 44,417	\$ 36,357
Realized gains on sales of investments	26,617	11,928
Unrealized (loss) gain on investments	<u>(94,516)</u>	<u>190,465</u>
Total investment activity, net	<u>\$ (23,482)</u>	<u>\$ 238,750</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).

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 valuation 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, 2018 and 2017, no such transfers between fair value levels occurred.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 726,102	\$ 701,866	3-5 years
Vehicles	353,701	329,375	10 years
Leasehold improvements	<u>796,551</u>	<u>796,551</u>	15 years
Total cost	1,876,354	1,827,792	
Less: accumulated depreciation and amortization	<u>(817,027)</u>	<u>(681,839)</u>	
Net book value	<u>\$ 1,059,327</u>	<u>\$ 1,145,953</u>	

Depreciation and amortization expense amounted to \$135,188 and \$95,916 for the years ended June 30, 2018 and 2017, respectively.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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 each of the fiscal years subsequent to June 30, 2018 are as follows:

2019	\$	64,632
2020		64,632
2021		54,215
2022		<u>13,381</u>
	\$	<u>196,860</u>

Equipment rental expense amounted to \$64,632 and \$53,321, respectively, for the years ended June 30, 2018 and 2017.

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 each of the five fiscal years subsequent to June 30, 2018 and thereafter, are as follows

2019	\$	258,000
2020		209,000
2021		203,000
2022		219,000
2023		226,000
Thereafter		<u>814,000</u>
	\$	<u>1,929,000</u>

Space rental expense amounted to \$850,783 and \$669,530, respectively, for the years ended June 30, 2018 and 2017.

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 Co. 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. The loan was fully repaid during the year ended June 30, 2017.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 – NOTE PAYABLE AND LINE OF CREDIT (Continued)

During the year ended June 30, 2016, the Organization received an additional \$375,000 commitment from the foundation. The Program is structured such that the Organization receives an \$85,000 grant and a \$40,000 interest-free loan in three installments. The loan is not collateralized and is to be repaid in annual installments of \$40,000 each in 2018, 2019, and 2020. The balance of the note payable was \$80,000 and \$120,000 as of June 30, 2018 and 2017, respectively.

On December 4, 2017, the Organization signed a promissory note with a ceiling of up to \$2,000,000, which is secured by the assets of the Organization and is intended to serve as a bridge financing while the Organization awaits reimbursement from government grants supporting NYS Regional Food Hub pre-construction soft costs. Interest is at the Prime Rate minus fifty (50) basis points, which was 4.50% as of June 30, 2018. As of June 30, 2018, there was \$1,443,728 borrowed. Interest only payments are due each quarter commencing April 1, 2018. All outstanding principal and interest must be repaid in full on December 1, 2020. The Organization must comply with certain financial covenants, which it has done.

Interest expense related to notes payable and line of credit for the years ended June 30, 2018 and 2017 amounted to \$39,324 and \$4,596, respectively.

- B. The Organization had a \$1,250,000 line of credit for working capital which is secured by the assets of the Organization. Interest was at LIBOR plus 3.900%. The line of credit expired in July 2017 and was not renewed. It was refinanced by a promissory note dated on July 12, 2017. As of June 30, 2018 and 2017, there were \$0 and \$200,000 outstanding borrowings on the line of credit.

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. There was no outstanding borrowing as of June 30, 2018. As of February 6, 2019, there was \$500,000 borrowed.

NOTE 7 – RESTRICTED NET ASSETS

A. *Temporarily Restricted Net Assets*

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Greenmarket and farmer development	\$ 293,002	\$ 195,071
Food access and wholesale distribution	134,196	19,824
Greening and gardens	1,068,995	482,084
Environmental education	130,706	98,342
Zero Waste outreach and education	11,730	9,692
Project Farmhouse	203,646	439,945
Supporting services	14,354	-
Time restriction:		
For periods after June 30, 2018 and 2017	20,000	65,000
Purpose and time restriction:		
Greenmarket and farmer development	188,397	300,000
Project Farmhouse	200,000	200,000
Food access and wholesale distribution	67,362	420,525
Environmental education	<u>21,789</u>	<u>119,147</u>
	<u>\$ 2,354,177</u>	<u>\$ 2,349,630</u>

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, as follows:

	<u>2018</u>	<u>2017</u>
Greening and gardens	\$ 538,971	\$ 488,630
Greenmarket and farmer development	139,975	211,792
Food access and wholesale distribution	418,506	544,082
Environmental education	200,101	172,557
Zero Waste outreach and education	3,897	11,572
Project Farmhouse	259,395	303,158
Supporting services	<u>55,646</u>	<u>80,000</u>
	<u>\$ 1,616,491</u>	<u>\$ 1,811,791</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, 2018 and 2017.

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – RESTRICTED NET ASSETS (Continued)

Changes in endowment net assets for year ended June 30, 2018, were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Endowment net assets, beginning of year	\$ 1,933,893	\$ 251,577	\$ 2,185,470
Investment activity:			
Interest and dividends	40,908	2,528	43,436
Realized gains	26,617	-	26,617
Unrealized losses	(94,199)	-	(94,199)
Change in endowment net assets	(26,674)	2,528	(24,146)
Endowment net assets, end of year	\$ 1,907,219	\$ 254,105	\$ 2,161,324

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

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
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 loss	190,465	-	190,465
Change in endowment net assets	238,076	415	238,491
Endowment net assets, end of year	\$ 1,933,893	\$ 251,577	\$ 2,185,470

NOTE 8 – CONTRIBUTED FACILITIES, SERVICES AND ASSETS

The Organization uses certain buildings owned by the City of New York 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 each of the years ended June 30, 2018 and 2017. During the years ended June 30, 2018 and 2017, the Organization also received pro bono legal services in the amount of \$50,482 and \$159,948, respectively, and these amounts were also reported as both revenue and expense in the respective periods. During the year ended June 30, 2017, the Organization received in-kind donations of equipment and leasehold improvements. Contributed assets amounted to \$0 and \$108,000 for the years ended June 30, 2018 and 2017, respectively.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017, contributions payable amounted to \$194,668 and, \$242,378 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 one bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Insured accounts are insured up to \$250,000 per depositor. As of June 30, 2018 and 2017, there was approximately \$1,157,000 and \$1,405,000 of cash and cash equivalents held by one bank 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 6, 2019, which is the date the consolidated financial statements were available to be issued.

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	As of June 30, 2018				As of June 30, 2017			
	New York			Consolidated Total 2018	New York			Consolidated Total 2017
	GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations		GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations	
ASSETS								
Cash and cash equivalents	\$ 1,033,871	\$ 118,399	\$ -	\$ 1,152,270	\$ 1,310,054	\$ 100	\$ -	\$ 1,310,154
Investments, at fair value	2,146,581	-	-	2,146,581	2,180,929	-	-	2,180,929
Government grants receivable, net	2,727,436	1,467,116	-	4,194,552	2,389,649	459,185	-	2,848,834
Accounts receivable - participant rental fees, net	313,106	-	-	313,106	276,008	-	-	276,008
Accounts receivable - sales, net	418,536	-	-	418,536	397,205	-	-	397,205
Accounts receivable - other fees, net	96,278	-	-	96,278	149,663	-	-	149,663
Contributions receivable	413,244	-	-	413,244	730,917	-	-	730,917
Prepaid expenses, deposits and other assets	332,151	54,531	-	386,682	396,926	71,230	-	468,156
Due from LLC	28,925	-	(28,925)	-	296,782	-	(296,782)	-
Property and equipment, net	1,059,327	-	-	1,059,327	1,145,953	-	-	1,145,953
TOTAL ASSETS	\$ 8,569,455	\$ 1,640,046	\$ (28,925)	\$ 10,180,576	\$ 9,274,086	\$ 530,515	\$ (296,782)	\$ 9,507,819
LIABILITIES								
Accounts payable and accrued expenses	\$ 361,189	\$ 220,282	\$ -	\$ 581,471	\$ 378,593	\$ 233,633	\$ -	\$ 612,226
Accrued farmers' token redemption	304,802	-	-	304,802	281,745	-	-	281,745
Accrued payroll and related expenses	706,106	-	-	706,106	743,890	-	-	743,890
Due to GrowNYC	-	28,925	(28,925)	-	-	296,782	(296,782)	-
Advance payments	313,443	-	-	313,443	310,818	-	-	310,818
Government grant advances	-	-	-	-	644,044	-	-	644,044
Line of credit	-	-	-	-	200,000	-	-	200,000
Notes payable	80,000	1,443,728	-	1,523,728	120,000	-	-	120,000
TOTAL LIABILITIES	1,765,540	1,692,935	(28,925)	3,429,550	2,679,090	530,415	(296,782)	2,912,723
NET ASSETS								
Unrestricted:								
Operations	1,229,087	(52,889)	-	1,176,198	913,943	100	-	914,043
Invested in property and equipment	1,059,327	-	-	1,059,327	1,145,953	-	-	1,145,953
Board designated investment fund	1,907,219	-	-	1,907,219	1,933,893	-	-	1,933,893
Board designated operating reserve fund	254,105	-	-	254,105	251,577	-	-	251,577
Total unrestricted	4,449,738	(52,889)	-	4,396,849	4,245,366	100	-	4,245,466
Temporarily restricted	2,354,177	-	-	2,354,177	2,349,630	-	-	2,349,630
TOTAL NET ASSETS	6,803,915	(52,889)	-	6,751,026	6,594,996	100	-	6,595,096
TOTAL LIABILITIES AND NET ASSETS	\$ 8,569,455	\$ 1,640,046	\$ (28,925)	\$ 10,180,576	\$ 9,274,086	\$ 530,515	\$ (296,782)	\$ 9,507,819

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For the Year Ended June 30, 2018						For the Year Ended June 30, 2017					
	GrowNYC			New York			GrowNYC			New York		
	Unrestricted	Temporarily Restricted	Total	State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2018	Unrestricted	Temporarily Restricted	Total	State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2017
REVENUES AND SUPPORT:												
Government grants	\$ 5,154,493	\$ -	\$ 5,154,493	\$ 1,007,931	\$ -	\$ 6,162,424	\$ 4,567,301	\$ -	\$ 4,567,301	\$ 459,185	\$ -	\$ 5,026,486
Contributions - foundations	198,227	611,540	809,767	-	-	809,767	134,474	986,521	1,120,995	-	-	1,120,995
Contributions - individuals and corporations	204,666	1,009,498	1,214,164	-	-	1,214,164	175,695	1,371,125	1,546,820	-	-	1,546,820
Contributed facilities, services and assets	661,930	-	661,930	-	-	661,930	879,396	-	879,396	-	-	879,396
Greenmarket participant rental fees	4,407,548	-	4,407,548	-	-	4,407,548	4,025,848	-	4,025,848	-	-	4,025,848
Sales of wholesale produce, plants & grains	2,782,779	-	2,782,779	-	-	2,782,779	2,734,096	-	2,734,096	-	-	2,734,096
Other fees	537,670	-	537,670	-	-	537,670	501,762	-	501,762	-	-	501,762
Investment activity	(23,482)	-	(23,482)	-	-	(23,482)	238,750	-	238,750	-	-	238,750
Miscellaneous	158,952	-	158,952	-	-	158,952	146,381	-	146,381	-	-	146,381
Net assets released from restriction	1,616,491	(1,616,491)	-	-	-	-	1,811,791	(1,811,791)	-	-	-	-
TOTAL REVENUES AND SUPPORT	15,699,274	4,547	15,703,821	1,007,931	-	16,711,752	15,215,494	545,855	15,761,349	459,185	-	16,220,534
EXPENSES:												
Program Services:												
Greening & gardens	1,248,489	-	1,248,489	-	-	1,248,489	1,358,076	-	1,358,076	-	-	1,358,076
Greenmarket & farmer development	4,639,377	-	4,639,377	-	-	4,639,377	4,529,950	-	4,529,950	-	-	4,529,950
Food access & wholesale distribution	3,899,591	-	3,899,591	-	-	3,899,591	3,849,874	-	3,849,874	-	-	3,849,874
Environmental education	1,135,277	-	1,135,277	-	-	1,135,277	1,110,309	-	1,110,309	-	-	1,110,309
Zero Waste outreach and education	2,020,149	-	2,020,149	-	-	2,020,149	1,726,386	-	1,726,386	-	-	1,726,386
GrowNYC Partners	78,627	-	78,627	-	-	78,627	115,018	-	115,018	-	-	115,018
Project Farmhouse	617,631	-	617,631	-	-	617,631	340,105	-	340,105	-	-	340,105
New York State Regional Food Hub	-	-	-	1,060,920	-	1,060,920	-	-	-	459,185	-	459,185
Total Program Services	13,639,141	-	13,639,141	1,060,920	-	14,700,061	13,029,718	-	13,029,718	459,185	-	13,488,903
Supporting Services:												
Management and general	1,125,476	-	1,125,476	-	-	1,125,476	1,194,015	-	1,194,015	-	-	1,194,015
Fundraising	730,285	-	730,285	-	-	730,285	642,875	-	642,875	-	-	642,875
Total Supporting Services	1,855,761	-	1,855,761	-	-	1,855,761	1,836,890	-	1,836,890	-	-	1,836,890
TOTAL EXPENSES	15,494,902	-	15,494,902	1,060,920	-	16,555,822	14,866,608	-	14,866,608	459,185	-	15,325,793
CHANGE IN NET ASSETS	204,372	4,547	208,919	(52,989)	-	155,930	348,886	545,855	894,741	-	-	894,741
Net assets - beginning of year	4,245,366	2,349,630	6,594,996	100	-	6,595,096	3,896,480	1,803,775	5,700,255	100	-	5,700,355
NET ASSETS - END OF YEAR	\$ 4,449,738	\$ 2,354,177	\$ 6,803,915	\$ (52,889)	\$ -	\$ 6,751,026	\$ 4,245,366	\$ 2,349,630	\$ 6,594,996	\$ 100	\$ -	\$ 6,595,096