



# Council on the Environment, Inc. d/b/a GrowNYC and Affiliates

Consolidated Financial Statements with Report of Independent Auditors

June 30, 2022

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

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## Report of Independent Auditors

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

### Opinion

We have audited the accompanying consolidated financial statements of Council on the Environment, Inc. d/b/a GrowNYC, New York State Regional Food Hub LLC, and Food Hub QALICB, Inc. (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statement of activities, consolidated statement of cash flows, and consolidated statement of functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Council on the Environment, Inc. d/b/a GrowNYC as of June 30, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Council on the Environment, Inc. d/b/a GrowNYC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As stated in Note 13, the balance of the total net assets as of June 30, 2021 has been restated to properly recognize conditional government grant revenue. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Consolidated 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council on the Environment, Inc. d/b/a GrowNYC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Council on the Environment, Inc. d/b/a GrowNYC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Consolidating Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Novogradac & Company LLP*

Dover, Ohio

November 14, 2023

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2022

**ASSETS**

Cash and cash equivalents, unrestricted	\$ 1,353,553
Restricted cash: token redemption	698,498
Restricted cash: construction disbursement	6,328,982
Restricted cash: construction-related reserve	955,563
Investments, at fair value	3,314,052
Government grants receivable	26,103,047
Accounts receivable - participant rental fees, net	223,428
Accounts receivable - sales, net	469,855
Accounts receivable - other fees, net	438,662
Contributions receivable	357,498
Prepaid expenses, deposits and other assets	557,239
Note receivable: NMTC Investment Fund	21,862,500
Property and equipment, net	<u>28,521,248</u>
<b>Total assets</b>	<u><u>\$ 91,184,125</u></u>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 7,345,492
Accrued farmers' token redemption	698,498
Advance payments	216,168
Government grant advances	298,583
Note payable: construction	18,062,489
Note payable: QLICI loans	<u>29,400,000</u>
<b>Total liabilities</b>	56,021,230

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS**

Without donor restrictions:	
Operations	(1,917,923)
Net investment in property and equipment	28,521,248
Board designated investment fund	2,799,469
Board designated operating reserve fund	<u>500,299</u>
Total without donor restrictions	29,903,093
With donor restrictions	<u>5,259,802</u>
<b>Total net assets</b>	<u>35,162,895</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 91,184,125</u></u>

See accompanying notes to consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND SUPPORT:</b>			
Government grants	\$ -	\$ 26,858,969	\$ 26,858,969
Contributions - foundations	585,021	1,618,703	2,203,724
Contributions - individuals and corporations	754,377	795,334	1,549,711
Contributed facilities, services and assets	762,297	-	762,297
Greenmarket participant rental fees	4,619,993	-	4,619,993
Sales of wholesale produce, plants and grains	4,723,823	-	4,723,823
Other fees	381,122	-	381,122
Investment activity	(334,917)	-	(334,917)
Miscellaneous	508,557	-	508,557
Net assets released from restriction	28,921,297	(28,921,297)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>\$ 40,921,570</b>	<b>\$ 351,709</b>	<b>\$ 41,273,279</b>
<b>EXPENSES:</b>			
Program Services:			
Food access and agriculture	5,745,144	-	5,745,144
Wholesale	5,671,968	-	5,671,968
Green Space	960,499	-	960,499
Zero Waste	2,065,844	-	2,065,844
Education	1,295,400	-	1,295,400
GrowNYC Partners	32,770	-	32,770
Project Farmhouse	201,080	-	201,080
COVID-19 relief	1,724,656	-	1,724,656
New York State Regional Food Hub LLC	115,390	-	115,390
Total Program Services	17,812,751	-	17,812,751
Supporting Services:			
Management and general	2,360,209	-	2,360,209
Fundraising	1,105,746	-	1,105,746
Total Supporting Services	3,465,955	-	3,465,955
<b>TOTAL EXPENSES</b>	<b>21,278,706</b>	<b>-</b>	<b>21,278,706</b>
<b>CHANGE IN NET ASSETS</b>	<b>19,642,864</b>	<b>351,709</b>	<b>19,994,573</b>
<b>TOTAL NET ASSETS</b>			
Beginning of year, as originally stated	\$ 6,148,480	\$ 4,908,093	\$ 11,056,573
Prior period adjustment	4,111,749	-	4,111,749
Beginning of year, restated	10,260,229	4,908,093	15,168,322
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 29,903,093</b>	<b>\$ 5,259,802</b>	<b>\$ 35,162,895</b>

See accompanying notes to consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2022

	Program Services											Supporting Services		2022 Total Expenses
	Food Access & Agriculture	Wholesale	Green Space	Zero Waste	Education	GrowNYC Partners	Project Farmhouse	COVID-19 Relief	NYS Regional Food Hub LLC	Food Hub QALICB, Inc.	Total	Management and General	Fundraising	
Salaries	\$ 3,344,715	\$ 908,336	\$ 512,228	\$ 1,198,845	\$ 841,422	\$ 21,049	\$ 60,621	\$ 175,626	\$ -	\$ -	\$ 7,062,842	\$ 1,159,665	\$ 762,631	\$ 8,985,138
Payroll Taxes and Employee Benefits	800,658	264,573	170,403	294,346	200,651	7,444	13,200	46,227	-	-	1,797,502	225,393	213,537	2,236,432
Contributed Facilities & Services	226,236	30,576	48,912	97,836	97,836	-	-	-	-	-	501,396	260,901	-	762,297
Consultants and Professional Fees	194,592	377,272	7,232	67,545	27,829	-	3,237	54,679	97,500	-	829,886	440,629	115,434	1,385,950
Office Supplies	87,752	7,169	2,025	15,979	2,097	9	2,208	749	-	-	117,988	65,378	11,479	194,845
Meetings	17,212	1,415	1,638	12,340	4,710	-	365	-	-	-	37,680	2,695	375	40,750
Travel	22,845	8,459	2,556	21,481	16,658	11	3	60	-	-	72,073	4	65	72,142
Telephone and Mobile Data	58,595	12,858	6,270	10,812	9,150	-	16,339	683	-	-	114,707	17,951	-	132,658
Printing and Photography	33,653	-	83	88	4,918	-	-	-	-	-	38,742	8,743	-	47,485
Vehicle Fuel, Maintenance and Repairs	58,169	38,956	15,098	33,153	-	-	-	1,215	-	-	146,591	2,509	-	149,100
Advertising	102,212	-	-	7,280	646	-	-	-	-	-	110,138	3,320	633	114,091
Insurance	143,250	100,954	16,000	85,350	15,300	-	3,750	-	-	-	364,604	44,216	-	408,820
Space Rentals	483,680	166,784	82	10,522	256	-	-	-	-	-	661,324	-	-	661,324
Field Supplies and Gardening Materials	55,280	29,797	90,653	112,965	66,939	4,002	213	9,862	-	-	369,711	212	-	369,923
Cost of Goods Sold	-	3,451,131	84,795	-	-	-	-	1,407,940	-	-	4,943,866	-	-	4,943,866
Equipment Lease and Rentals	23,945	112,698	900	93,044	1,302	-	-	27,554	-	-	259,443	22,937	-	282,380
Grants and Awards	5,000	-	-	-	4,856	-	-	-	-	-	9,856	-	-	9,856
Depreciation and Amortization	18,515	55,232	439	1,070	-	-	68,222	-	-	-	143,478	3,946	-	147,424
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	63,878	-	63,878
Miscellaneous	68,835	105,758	1,185	3,188	830	255	32,922	61	17,890	-	230,924	37,832	1,592	270,348
<b>Total Expenses</b>	<b>\$ 5,745,144</b>	<b>\$ 5,671,968</b>	<b>\$ 960,499</b>	<b>\$ 2,065,844</b>	<b>\$ 1,295,400</b>	<b>\$ 32,770</b>	<b>\$ 201,080</b>	<b>\$ 1,724,656</b>	<b>\$ 115,390</b>	<b>\$ -</b>	<b>\$ 17,812,751</b>	<b>\$ 2,360,209</b>	<b>\$ 1,105,746</b>	<b>\$ 21,278,707</b>

See accompanying notes to consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	19,994,573
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		147,424
Bad debt expense		63,878
Donated stocks		360
Forgiveness of Paycheck Protection Program loan		(1,855,095)
Realized gain on investments		(112,310)
Unrealized loss on investments		433,742
Decrease (increase) in assets:		
Government grants receivable		(15,091,856)
Accounts receivable - participant rental fees		112,928
Accounts receivable - sales		(191,850)
Accounts receivable - other fees		54,130
Contributions receivable		320,082
Prepaid expenses, deposits and other assets		541,112
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(4,062)
Accrued farmers' token redemption		217,373
Advance payments		(110,375)
Government grant advances		268,223
Net cash provided by operating activities		<u>4,788,277</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment		(57,227)
Capitalization of construction in progress		(17,348,124)
Proceeds from sales of investments		107,976
Purchases of investments		(1,090,139)
Net cash used in investing activities		<u>(18,387,514)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of notes payable (construction)		(2,070,310)
Net cash used in financing activities		<u>(2,070,310)</u>

**NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH** (15,669,547)

**CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR** 25,006,143

**CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR** \$ 9,336,596

Cash and cash equivalents	\$	1,353,553
Restricted cash		7,983,043
Total cash, cash equivalents, and restricted cash	\$	<u>9,336,596</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY:**

Increase in property and equipment and accounts payable and accrued expenses	\$	<u>3,330,799</u>
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See accompanying notes to consolidated financial statements.



# COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

### 1. Organization and purpose

Council on the Environment, Inc. d/b/a GrowNYC (“GrowNYC”) is a New York nonprofit public benefit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. GrowNYC empowers all New Yorkers to equitably access fresh, locally grown food and neighborhood green spaces, reduce waste and care for the environment. 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 (“NYSRFH” or “Affiliate”) is a limited liability company. GrowNYC is the sole member of NYSRFH. NYSRFH was incorporated in October 2011 and started operations in fiscal year 2017. NYSRFH was formed for the purpose of building and operating a warehouse facility in the Bronx which will serve as a wholesale food distribution hub connecting small and mid-sized farms in New York State with food pantries, senior centers, daycares, hospitals, and other institutional buyers in New York City.

Food Hub QALICB, Inc. (“Food Hub QALICB” or “Affiliate”) is a special purpose entity established under the Internal Revenue Code Section 509(a)(3) as a supporting organization formed by GrowNYC to serve as the qualified active low-income community business (“QALICB”) in a complex transaction whereby QALICB is the recipient of loans derived from a qualified low-income community investment (“QLICI”). These QLICI loans are made in conjunction with an allocation of New Market Tax Credits to a third-party tax credit investor. Proceeds from the QLICI loans are used to pay costs incurred during construction of the New York State Regional Food Hub warehouse facility (“Food Hub”) in the Bronx.

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

**Food Access & Agriculture**, which operates 80 retail food access locations including Greenmarkets, Farmstands, and Fresh Food Box sites. These locations provide more than 200 small, regional producers with the opportunity to sell their fruits, vegetables, and other farm products to New Yorkers. The Farmer Assistance program provides technical and material assistance and training to experienced and beginning farmers to increase long-term viability. Annually, a class of young adults engages in workforce development by receiving career development education and hands-on work experience at Farmstands.

**Wholesale**, which purchases fresh produce and other farm products from northeast regional farms and distributes to food pantries, senior centers, daycares, hospitals, and other institutional buyers. Under this not-for-profit model, farmers get a fair price for their product and program beneficiaries gain reliable access to affordable, nutrient-dense foods. More than 60% of the food distributed goes to nutritionally at-risk populations.

**Green Space**, 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; and operates a substantial teaching garden on Governors Island.

# COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

### 1. Organization and purpose (continued)

**Zero Waste**, which operates more than 50 food scrap drop-off sites throughout the city, coordinates textile collections, organizes Stop 'N' Swap® community reuse events, and provides outreach and education to all New Yorkers to increase participation in the city's zero waste programs and help conserve natural resources.

**Education**, which connects K-12 public school students to the natural world with an eye towards environmental justice. Students learn sustainable behaviors that last a lifetime through the School Gardens program, Zero Waste Schools program, experiential field trips to the Teaching Garden at Governors Island, Greenmarket tours, and in-class curriculum. Additionally, professional development for teachers and easily accessible digital resources provide education for all ages.

**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.

**COVID-19 Relief**, which, during the height of the global pandemic, distributed pre-packed boxes of fresh produce and dry goods to community organizations throughout the city, providing nourishment to communities severely impacted by COVID-19. More than 25 partner organizations helped to distribute 6.1 million pounds of food to New York's neediest populations. Additionally, information was disseminated to food insecure New Yorkers about SNAP/WIC enrollment, FMNP, P-EBT, and other food access initiatives, and policies & procedures were established to serve as a national model for safe operation of food access sites during a global pandemic. Relief efforts continued into 2022 as partner organizations with highest needs were transitioned into long-term food access sites.

**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 60,000 square feet of refrigerated/freezer and food processing space and will serve as a new home for the Organization's extant wholesale distribution program in addition to other tenants. The total estimated project cost is \$40 million including pre-construction soft costs, which commenced during fiscal year 2017. The formal ground-breaking occurred in March 2021. The facility is expected to begin operations in 2024.

**Food Hub QALICB**, a special purpose entity formed in support of the overall financing plan for construction of the New York State Regional Food Hub warehouse facility in the Bronx.

### 2. Summary of significant accounting policies

#### Basis of presentation

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Organization did not have any net assets maintained in perpetuity by the Organization as of June 30, 2022.

Principles of consolidation

The consolidated financial statements have been prepared by consolidating the accounts of GrowNYC, NYSRFH, and Food Hub QALICB (collectively the "Organization"). Intercompany transactions and balances have been eliminated in the consolidation.

Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentration

The Company's operations are concentrated in New York, New York. Future operations could be affected by changes in the economy or other conditions in that geographical area.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of reserves. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2022

2. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

As of June 30, 2022, the restricted cash balance was \$7,983,043, and consists of the following:

**Accrued Farmers' Token Redemption** – As part of the Greenmarket Program, farmers collect tokens from consumers who have exchanged either 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. These funds are restricted to pay out tokens to farmers that have yet to be redeemed..

**Construction Disbursement** – As part of the QALICB, the amounts received were deposited into a special disbursement account to reimburse construction costs incurred by NYSRFH during Food Hub construction.

**CDE Fee and Expense Reserve** – As part of the QALICB, the amounts received were deposited into a special disbursement account to be used for fees and expenses for Food Hub QALICB.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk related to the banks in which the Organization holds its cash and cash equivalents.

Construction in progress

Construction in progress is comprised of the costs incurred in connection with construction of the Food Hub, which totaled \$27,878,043 as of June 30, 2022. The Food Hub is projected to be placed in service in 2024.

Accounts receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to receivables. As of June 30, 2022, the balance of allowance for doubtful accounts was \$37,450.

Contributions receivable

Contributions are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for general purposes unless specifically restricted by the donor. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Conditional promises are recognized as revenue when barriers specified by the grantor are overcome and there is no right of return/release from obligation. Unless material, the Organization does not discount to present value, contributions to be received after more than one year. There were no amounts determined to be uncollectible for the year ended June 30, 2022.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

2. Summary of significant accounting policies (continued)

Contributions receivable (continued)

Contributions receivable as of June 30, 2022 are as follows:

Due within one year	\$ 257,498
Due within two to five years	<u>100,000</u>
Total contributions receivable	<u>\$ 357,498</u>

Investments

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 statement 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 4.

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. Office space is donated to the Organization by the City of New York for an indefinite time period. 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. Costs incurred as part of construction of the New York State Regional Food Hub facility are capitalized as fixed assets under a separate ledger account for Construction In Progress ("CIP"). Depreciation and amortization of CIP will begin when the Food Hub is substantially complete and ready for intended use.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over their estimated useful lives. Depreciation expense during 2022 was \$147,424. The useful lives of the assets are estimated as follows:

Building and Improvements	5-40 years
Office Furniture and Equipment	5-10 years

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2022.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

Government grants

Government grants and contracts are recognized as revenue when barriers within the contract are overcome and there is no right of return/release from obligation. Government grants receivable are 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. Conditional grants for future periods will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

Contributed facilities, services, and assets

The value of contributed facilities and services is reported as in-kind contributions and expenses in the accompanying 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 financial statements. Contributed services are recognized in the 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 receipt.

Sales, fees, and advance payments

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 Wholesale program, as well as the annual plant sale to community gardens through the Green Space program. Other fees include consulting services as well as rental of Project Farmhouse. There are also advance payments that include fees received in advance for the Greenmarket program applicable to the next fiscal year.

Income tax status

GrowNYC and the QALICB are exempt from federal income taxes under Section 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code ("IRC"). However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. GrowNYC and QALICB are also exempt from state and local tax pursuant to state and local tax code. Additionally, NYSRFH is considered a disregarded entity for tax purposes.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2022

2. Summary of significant accounting policies (continued)

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. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Advertising costs

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2022 amounted to \$114,091.

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.

Ground lease

The Company's ground lease agreement (as further described in Note 7) is classified as an operating lease, and related ground lease expense is calculated and recognized on a straight-line basis over the site lease term of 39 years. Ground lease payments are due quarterly.

3. Liquidity and availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

3. Liquidity and availability (continued)

Financial assets available to meet general expenditures over the next 12 months were as follows:

Financial assets at year end	
Cash and cash equivalents	\$ 1,383,553
Restricted cash	7,983,043
Investments, at fair value	3,314,052
Government grants receivable	26,103,047
Accounts receivable, net	1,131,945
Contributions receivable	357,498
Notes receivable	21,862,500
Total	62,135,638
Less: those unavailable within one year	
Restricted cash	(7,983,043)
Contributions receivable due one to five years	(100,000)
Notes receivable	(21,862,500)
Board-designated investment fund	(2,799,469)
Net assets with donor restrictions	(5,259,802)
Total	\$ 24,130,824

4. Investments

Investments consisted of the following as of June 30:

Corporate stocks	\$ 1,396,368
Corporate bonds	1,222,526
Money market mutual funds	695,158
Total investments	\$ 3,314,052

Investment activity, net, included the following for the year ended June 30:

Interest and dividends	\$ 121,065
Realized losses on investments	(6,529)
Unrealized (losses) on investments	(433,382)
Investment fees	(16,071)
Total investment activity, net	\$ (334,917)



**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

4. Investments (continued)

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).

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 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 Stocks 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 Stocks and 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 year ended June 30, 2022, no such transfers between fair value levels occurred.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNYC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2022

4. Investments (continued)

Fair value measurements

The following table presents the Organization's assets that are measured at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate stocks/mutual funds	\$ 1,401,372	\$ -	\$ 1,401,372
Money market mutual funds	690,154	-	690,154
Corporate bonds	<u>-</u>	<u>1,222,526</u>	<u>1,222,526</u>
Total assets	<u>\$ 2,091,526</u>	<u>\$ 1,222,526</u>	<u>\$ 3,314,052</u>

5. Property and equipment

Fixed assets consist of the following as of June 30, 2022:

Furniture and equipment	\$ 328,825
Vehicles	212,391
Leasehold improvements	815,063
Construction in progress	<u>27,878,043</u>
Total Cost	29,234,322
Less: accumulated depreciation and amortization	<u>(713,074)</u>
Net book value	<u>\$ 28,521,248</u>

For the year ended June 30, 2022, depreciation expense was \$147,424.

6. Notes payable and line of credit

Notes payable and a line of credit as of June 30, 2022 consists of the following:

Paycheck Protection Program ("PPP") Loan

On May 1, 2020, in response to the COVID-19 pandemic, the Organization received a Paycheck Protection Program loan amounting to \$1,855,095. Management opted to account for the proceeds as a loan under FASB ASC Topic 470 until the loan was, in part or wholly, forgiven and the Organization had been "legally released." The loan was wholly forgiven on August 26, 2021.

Promissory Loan

On July 12, 2017, the Organization received an unsecured promissory note from an institution to refinance an existing line of credit. The Organization can borrow up to \$1,250,000. The Organization extended this line of credit to July 1, 2025 when all outstanding principal and interest will be due. The interest rate is the Prime Rate minus fifty (50) basis points. There were no outstanding borrowings as of June 30, 2022.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

6. Notes payable and line of credit (continued)

Source Loan

On March 2, 2021, the Organization executed a ground lease with the City of New York and simultaneously closed on multiple loans to finance construction of the Food Hub. At closing, NYSRFH received Source Loans totaling \$21,862,500 from a consortium of lenders. Repayment of principal amounts due on the Source Loans is funded by reimbursement from State and City government grants awarded in support of the Food Hub construction. In accordance with the fund promissory note, the loan bears interest at a variable rate per annum equal to the Prime Rate minus 0.50%. As of June 30, 2022, the interest rate is equal to 4.25%. Commencing April 1, 2021, the Organization is required to make monthly interest only payments on the first day of each month with the entire principal balance along with all accrued but unpaid interest due on the maturity date, November 1, 2023. The balance of the loan was \$18,062,489 as of June 30, 2022.

QLICI Loans

On March 2, 2021, NYSRFH used these proceeds to make a Leverage Loan for \$21,862,500 to the New Market Tax Credit Investment Fund (“Investment Fund”). The Investment Fund merged Leverage Loan proceeds with an outside equity investment to pay a \$30,000,000 Qualified Equity Investment (“QEI”) to the Community Development Entity (“CDE”) associated with the Food Hub project. After withholding fees, the CDE issued three QLICI loans totaling \$29,400,000 to the Food Hub QALICB. Each of the QLICI loans has a maturity date of March 1, 2051, and an interest rate of 1%. The Company is required to make quarterly payments of interest only through May 1, 2028. Commencing June 1, 2028, payments of interest and principal are due quarterly through March 1, 2051. The balance of the loan was \$29,400,000 as of June 30, 2022.

Proceeds from the QLICI loans were used to pay closing costs, reimburse project-related costs incurred prior to closing, and deposited into a special disbursement account to reimburse future costs incurred by NYSRFH during Food Hub construction. The Leverage Loan and the QLICI loans are repaid on an interest-only basis for the initial seven years. The financing structure for Food Hub construction is such that Leverage Loan interest payments received by NYSRFH are sufficient to offset interest payments due on the QLICI loans. The Food Hub QALICB is required to remain active for a minimum period of seven years, after which there is an option that the remaining interest of the tax credit investor is acquired by GrowNYC and it is anticipated that GrowNYC would then be in control of the entities involved in the NMTC transaction and could collapse the QALICB financing structure. Repayment of any outstanding debt at the end of Food Hub construction would be funded by government grant reimbursements applicable to the Food Hub construction, private donations restricted for this purpose, net operating income of the newly opened Food Hub, and unrestricted general operating funds of GrowNYC.

There was no interest expense related to notes payable or the line of credit for the year ended June 30, 2022. Interest incurred on construction loans after March 2, 2021, has been capitalized under a separate ledger account for Construction In Progress (CIP). Amortization and expense recognition of CIP interest begins when the Hub facility is substantially complete and ready for intended use.

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2022

6. Notes payable and line of credit (continued)

Future minimum principal maturities of the loan over each of the next five years and thereafter are as follows:

Year ending June 30:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>47,462,489</u>
Total		<u>\$ 47,462,489</u>

7. Leases

Pursuant to the Agreement of Lease dated March 2, 2021 (the “Ground Lease”) between NYSRFH and The City of New York (the “Landlord”), the Landlord has agreed to lease a parcel of land located in New York, New York to NYSRFH for the purpose of developing, constructing, and operating the wholesale food distribution hub. The term of the lease is 39 years. The base rent of the site will commence September 1, 2023 and is in accordance with the schedule within the lease agreement. Additionally, the Ground Lease allows for rental deductions whereby the base rent is reduced due to the achievement of sales to low-income communities, as defined in the Ground Lease, originating in or upon any portion of leased property.

Approximate future minimum payments under this lease, if the base rent is not reduced as discussed above, for each of the fiscal years subsequent to June 30, 2022 and thereafter, are as follows:

2023	\$	-
2024		416,667
2025		500,000
2026		500,000
2027		500,000
Thereafter		<u>25,533,695</u>
Total	\$	<u>27,450,362</u>

Space rental

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

Approximate future minimum payments under these leases for each of the fiscal years subsequent to June 30, 2022 and thereafter, are as follows:

2023	\$	167,000
2024		<u>157,000</u>
	\$	<u>324,000</u>

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2022

7. Leases (continued)

Space rental (continued)

Space rental expense amounted to \$661,324 for the year ended June 30, 2022.

Equipment lease and rentals expense amounted to \$282,380 for the year ended June 30, 2022.

8. Net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes as of June 30, 2022

Purpose restriction	
Food Access and Agriculture	\$ 1,327,765
Wholesale	165,000
Green Space	939,869
Zero Waste	12,415
Education	640,010
COVID-19 Relief	600,000
NYS Regional Food Hub LLC	1,150,000
Time restriction:	
For periods after June 30, 2022	350,000
Purpose and time restriction:	
Wholesale	31,248
Green Space	8,255
Education	35,240
	\$ 5,259,802

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNVC AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2022

8. Net assets with donor restrictions (continued)

Net assets with donor restrictions were released by incurring expenses satisfying the restricted purposes specified by the donors or the passage of time during the year ended June 30, 2022, as follows:

Food Access and Agriculture	\$	1,297,712
Wholesale		924,828
Green Space		900,873
Zero Waste		2,149,812
Education		1,381,378
Project Farmhouse		2,500
COVID-19 Relief		2,152,668
NYS Regional Food Hub LLC		17,962,799
Supporting services		2,148,726
	<u>\$</u>	<u>28,921,296</u>

9. Board designated funds

The Organization had no donor-restricted permanent endowment funds subject to the appropriation provisions of the New York Prudent Management Funds Act (“NYPMIFA”) as of June 30, 2022. The Organization maintains a Board designated investment fund and a Board designated operating reserve fund. However, such Board designated endowment funds are not subject to the appropriate disclosure provisions of NYPMIFA.

The Organization’s 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 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 AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

9. Board designated funds (continued)

Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Board designated net assets, beginning of year	\$3,135,395	\$500,000	\$3,635,395
Investment activity:			
Interest and dividends	118,839	296	119,135
Realized gains(losses)	(6,528)	-	(6,528)
Unrealized gains(losses)	(436,320)	-	(436,320)
Fees and other expenses	(16,071)	-	(16,071)
Prior period adjustments	4,155	-	4,155
Change in board designated net assets	(335,925)	296	(335,629)
Board designated net assets, end of year	\$2,799,470	\$500,296	\$3,299,766

10. 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 \$672,595 for the year ended June 30, 2022. During the year ended June 30, 2022, the Organization also received pro bono legal services in the amount of \$89,702 and this amount was also reported as both revenue and expense.

11. Retirement plan

The Organization maintains a profit-sharing plan with discretionary contributions paid to eligible employees who meet minimum age and length of service requirements. For the year ended June 30, 2022, employer contributions amounted to \$278,262 (net of plan forfeitures of \$13,730). Participants in the plan are vested as follows:

Years of Service	Percentage
2	20%
3	40%
4	60%
5	80%
6	100%

**COUNCIL ON THE ENVIRONMENT, INC D/B/A GROWNOC AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2022

12. Commitments and contingencies

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. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

13. Prior period adjustment

Deferred grants for construction in progress was overstated, as of June 30, 2021 for NYSRFH. As a result, the beginning consolidated total net assets was increased by \$4,111,749 in order to recognize the conditional grant revenue in which the condition was met for the year ended June 30, 2021.

14. Subsequent events

Subsequent events have been evaluated through November 14, 2023, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure except as follows:

On April 25, 2023, GrowNYC management was presented with a letter asking for employees in certain programs within GrowNYC to be represented by the Retail, Wholesale and Department Store Union (RWDSU). On May 16, 2023, an independent arbiter counted votes from union-eligible staff and determined that a majority of eligible employees had voted to join the union. Upon vote certification, GrowNYC recognized RWDSU as the legal representative of those eligible employees, and entered the initial preparatory phase of collective bargaining. As of the date of this report, the collective bargaining process remains in a preliminary phase.



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2022

	<u>GrowNYC</u>	<u>New York State Regional Food Hub LLC</u>	<u>Food Hub QALICB, Inc.</u>	<u>Consolidating Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
Cash and cash equivalents, unrestricted	\$ 1,266,627	\$ 84,360	\$ 2,566	\$ -	\$ 1,353,553
Restricted cash: token redemption	698,498	-	-	-	698,498
Restricted cash: construction disbursement	-	-	6,328,982	-	6,328,982
Restricted cash: construction-related reserve	-	-	955,563	-	955,563
Investments, at fair value	3,314,052	-	-	-	3,314,052
Government grants receivable	5,112,592	20,990,455	-	-	26,103,047
Accounts receivable - participant rental fees, net	223,428	-	-	-	223,428
Accounts receivable - sales, net	469,855	-	-	-	469,855
Accounts receivable - other fees, net	438,662	-	-	-	438,662
Contributions receivable	357,498	-	-	-	357,498
Prepaid expenses, deposits and other assets	532,444	24,795	-	-	557,239
Note receivable: NMTC Investment Fund	-	21,862,500	-	-	21,862,500
Due from NYSRFH	1,888,770	-	-	(1,888,770)	-
Due from QALICB	-	5,762,588	-	(5,762,588)	-
Property and equipment, net	643,205	-	27,878,043	-	28,521,248
<b>TOTAL ASSETS</b>	<u>\$ 14,945,631</u>	<u>\$ 48,724,698</u>	<u>\$ 35,165,154</u>	<u>\$ (7,651,358)</u>	<u>\$ 91,184,125</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,887,821	\$ 5,457,671	\$ -	\$ -	\$ 7,345,492
Accrued farmers' token redemption	698,498	-	-	-	698,498
Due to GrowNYC	-	1,888,770	-	(1,888,770)	-
Due to NYSRFH	-	-	5,762,588	(5,762,588)	-
Advance payments	216,168	-	-	-	216,168
Government grant advances	298,583	-	-	-	298,583
Note payable: construction	-	18,062,489	-	-	18,062,489
Note payable: QLICI loans (construction)	-	-	29,400,000	-	29,400,000
<b>TOTAL LIABILITIES</b>	<u>3,101,070</u>	<u>25,408,930</u>	<u>35,162,588</u>	<u>(7,651,358)</u>	<u>56,021,230</u>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS</b>					
Without donor restrictions:					
Operations	3,791,786	20,791,409	(26,501,118)	-	(1,917,923)
Net investment in property and equipment	643,205	1,374,359	26,503,684	-	28,521,248
Board designated investment fund	2,799,469	-	-	-	2,799,469
Board designated operating reserve fund	500,299	-	-	-	500,299
Total without donor restrictions	<u>7,734,759</u>	<u>22,165,768</u>	<u>2,566</u>	<u>-</u>	<u>29,903,093</u>
With donor restrictions	<u>4,109,802</u>	<u>1,150,000</u>	<u>-</u>	<u>-</u>	<u>5,259,802</u>
<b>TOTAL NET ASSETS</b>	<u>11,844,561</u>	<u>23,315,768</u>	<u>2,566</u>	<u>-</u>	<u>35,162,895</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,945,631</u>	<u>\$ 48,724,698</u>	<u>\$ 35,165,154</u>	<u>\$ (7,651,358)</u>	<u>\$ 91,184,125</u>

See Report of Independent Auditors.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC**  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	GrowNYC			New York State Regional Food Hub LLC			Food Hub QALICB, Inc.			Consolidated Total 2022
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUES AND SUPPORT:</b>										
Government grants	\$ -	\$ 8,896,169	\$ 8,896,169	\$ -	\$ 17,962,800	\$ 17,962,800		\$ -	\$ -	\$ 26,858,969
Contributions - foundations	585,021	1,618,703	2,203,724	-	-	-	-	-	-	2,203,724
Contributions - individuals and corporations	754,377	795,334	1,549,711	-	-	-	-	-	-	1,549,711
Contributed facilities, services and assets	762,297	-	762,297	-	-	-	-	-	-	762,297
Greenmarket participant rental fees	4,619,993	-	4,619,993	-	-	-	-	-	-	4,619,993
Sales of wholesale produce, plants & grains	4,723,823	-	4,723,823	-	-	-	-	-	-	4,723,823
Other fees	381,122	-	381,122	-	-	-	-	-	-	381,122
Investment activity	(336,532)	-	(336,532)	-	-	-	1,615	-	1,615	(334,917)
Miscellaneous	214,209	-	214,209	294,348	-	294,348	-	-	-	508,557
Net assets released from restriction	10,958,497	(10,958,497)	-	17,962,800	(17,962,800)	-	-	-	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>22,662,807</b>	<b>351,709</b>	<b>23,014,516</b>	<b>18,257,148</b>	<b>-</b>	<b>18,257,148</b>	<b>1,615</b>	<b>-</b>	<b>1,615</b>	<b>41,273,279</b>
<b>EXPENSES:</b>										
Program Services:										
Food access and agriculture	5,745,144	-	5,745,144	-	-	-	-	-	-	5,745,144
Wholesale	5,671,968	-	5,671,968	-	-	-	-	-	-	5,671,968
Green Space	960,499	-	960,499	-	-	-	-	-	-	960,499
Zero Waste	2,065,844	-	2,065,844	-	-	-	-	-	-	2,065,844
Education	1,295,400	-	1,295,400	-	-	-	-	-	-	1,295,400
GrowNYC Partners	32,770	-	32,770	-	-	-	-	-	-	32,770
Project Farmhouse	201,080	-	201,080	-	-	-	-	-	-	201,080
COVID-19 Relief	1,724,656	-	1,724,656	-	-	-	-	-	-	1,724,656
New York State Regional Food Hub LLC	-	-	-	115,390	-	115,390	-	-	-	115,390
Total Program Services	17,697,361	-	17,697,361	115,390	-	115,390	-	-	-	17,812,751
Supporting Services:										
Management and general	2,360,209	-	2,360,209	-	-	-	-	-	-	2,360,209
Fundraising	1,105,746	-	1,105,746	-	-	-	-	-	-	1,105,746
Total Supporting Services	3,465,955	-	3,465,955	-	-	-	-	-	-	3,465,955
<b>TOTAL EXPENSES</b>	<b>21,163,316</b>	<b>-</b>	<b>21,163,316</b>	<b>115,390</b>	<b>-</b>	<b>115,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,278,706</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,499,491</b>	<b>351,709</b>	<b>1,851,200</b>	<b>18,141,758</b>	<b>-</b>	<b>18,141,758</b>	<b>1,615</b>	<b>-</b>	<b>1,615</b>	<b>19,994,573</b>
<b>TOTAL NET ASSETS</b>										
Beginning of year, as originally stated	\$ 6,235,267	\$ 3,758,094	\$ 9,993,361	\$ (87,739)	\$ 1,150,000	\$ 1,062,261	\$ 951	\$ -	\$ 951	\$ 11,056,573
Prior period adjustment	-	-	-	4,111,749	-	4,111,749	-	-	-	4,111,749
Beginning of year, restated	6,235,267	3,758,094	9,993,361	4,024,010	1,150,000	5,174,010	951	-	951	15,168,322
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 7,734,758</b>	<b>\$ 4,109,803</b>	<b>\$ 11,844,561</b>	<b>\$ 22,165,768</b>	<b>\$ 1,150,000</b>	<b>\$ 23,315,768</b>	<b>\$ 2,566</b>	<b>\$ -</b>	<b>\$ 2,566</b>	<b>\$ 35,162,895</b>

See Report of Independent Auditors.