

**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, 2020 and 2019**

**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, 2020 AND 2019**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
<b>Consolidated Financial Statements:</b>	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8-19
<b>Consolidating Information:</b>	
Consolidating Statements of Financial Position .....	20
Consolidating Statements of Activities .....	21

## 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, 2020 and 2019, 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 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; 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, 2020 and 2019, and the respective changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 20-21) 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  
May 14, 2021

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2B)	\$ 3,265,470	\$ 1,651,681
Restricted cash (Note 2G)	392,511	324,849
Total cash, cash equivalents and restricted cash	3,657,981	1,976,530
Investments, at fair value (Notes 2C and 4)	2,206,070	2,126,556
Government grants receivable (Note 2I)	5,084,319	3,352,370
Accounts receivable - participant rental fees, net (Note 2D)	433,409	345,205
Accounts receivable - sales, net (Note 2D)	327,926	212,826
Accounts receivable - other fees, net (Note 2D)	238,571	81,063
Contributions receivable (Note 2E)	1,143,299	216,149
Prepaid expenses, deposits and other assets	552,133	448,912
Property and equipment, net (Notes 2F and 5)	811,575	956,181
<b>TOTAL ASSETS</b>	<b>\$ 14,455,283</b>	<b>\$ 9,715,792</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,545,341	\$ 1,266,331
Accrued farmers' token redemption (Note 2G)	392,511	324,849
Advance payments (Note 2K)	313,904	284,095
Government grant advances (Note 2I)	75,906	48,785
Notes payable (Note 7A)	932,364	932,364
Paycheck Protection Program Loan (Note 7B)	1,855,095	-
<b>TOTAL LIABILITIES</b>	<b>5,115,121</b>	<b>2,856,424</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 6)</b>		
<b>NET ASSETS (Notes 2H, 8 and 9)</b>		
Without donor restrictions:		
Operations	1,472,788	1,344,602
Net investment in property and equipment	811,575	956,181
Board designated investment fund (Note 9)	1,928,854	1,852,350
Board designated operating reserve fund (Note 9)	261,412	258,569
Total without donor restrictions	4,474,629	4,411,702
With donor restrictions (Note 8)	4,865,533	2,447,666
<b>TOTAL NET ASSETS</b>	<b>9,340,162</b>	<b>6,859,368</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,455,283</b>	<b>\$ 9,715,792</b>

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

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
<b>REVENUES AND SUPPORT:</b>						
Government grants (Note 2I)	\$ 6,175,706	\$ -	\$ 6,175,706	\$ 5,621,311	\$ -	\$ 5,621,311
Contributions - foundations (Note 2E)	408,191	1,837,857	2,246,048	157,085	913,000	1,070,085
Contributions - individuals and corporations (Note 2E)	540,813	2,268,772	2,809,585	331,821	952,252	1,284,073
Contributed facilities, services and assets (Notes 2J and 10)	755,308	-	755,308	744,761	-	744,761
Greenmarket participant rental fees (Note 2K)	4,401,421	-	4,401,421	4,441,219	-	4,441,219
Sales of wholesale produce, plants and grains (Note 2K)	3,349,903	-	3,349,903	2,865,876	-	2,865,876
Other fees (Note 2K)	534,109	-	534,109	583,405	-	583,405
Investment activity (Notes 2C and 4)	79,855	-	79,855	(19,749)	-	(19,749)
Miscellaneous	187,610	-	187,610	216,489	-	216,489
Net assets released from restrictions (Note 8)	1,688,762	(1,688,762)	-	1,771,763	(1,771,763)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>18,121,678</b>	<b>2,417,867</b>	<b>20,539,545</b>	<b>16,713,981</b>	<b>93,489</b>	<b>16,807,470</b>
<b>EXPENSES (Note 2L):</b>						
Program Services:						
Greening & gardens	1,091,691	-	1,091,691	1,340,147	-	1,340,147
Greenmarket & farmer development	5,037,044	-	5,037,044	4,950,227	-	4,950,227
Food access & wholesale distribution	4,236,442	-	4,236,442	3,939,543	-	3,939,543
Environmental education	950,570	-	950,570	1,127,997	-	1,127,997
Zero Waste outreach and education	2,141,032	-	2,141,032	2,155,718	-	2,155,718
COVID-19 Relief	682,298	-	682,298	-	-	-
GrowNYC Partners	87,617	-	87,617	53,485	-	53,485
Project Farmhouse	661,910	-	661,910	635,026	-	635,026
New York State Regional Food Hub LLC	645,140	-	645,140	411,121	-	411,121
Total Program Services	<b>15,533,744</b>	<b>-</b>	<b>15,533,744</b>	<b>14,613,264</b>	<b>-</b>	<b>14,613,264</b>
Supporting Services:						
Management and general	1,529,003	-	1,529,003	1,210,378	-	1,210,378
Fundraising	996,004	-	996,004	875,486	-	875,486
Total Supporting Services	<b>2,525,007</b>	<b>-</b>	<b>2,525,007</b>	<b>2,085,864</b>	<b>-</b>	<b>2,085,864</b>
<b>TOTAL EXPENSES</b>	<b>18,058,751</b>	<b>-</b>	<b>18,058,751</b>	<b>16,699,128</b>	<b>-</b>	<b>16,699,128</b>
<b>CHANGE IN NET ASSETS</b>	<b>62,927</b>	<b>2,417,867</b>	<b>2,480,794</b>	<b>14,853</b>	<b>93,489</b>	<b>108,342</b>
Net assets - beginning of year	4,411,702	2,447,666	6,859,368	4,396,849	2,354,177	6,751,026
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,474,629</b>	<b>\$ 4,865,533</b>	<b>\$ 9,340,162</b>	<b>\$ 4,411,702</b>	<b>\$ 2,447,666</b>	<b>\$ 6,859,368</b>

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

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Summarized Totals for the Year Ended June 30, 2019)

	For the Year Ended June 30, 2020									Supporting Services		2020 Total Expenses	2019 Total Expenses	
	Greening & Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Program Services				Management and General	Fundraising				
				Zero Waste Outreach & Education	COVID-19 Relief	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub	Total					
Salaries	\$ 601,490	\$ 2,842,862	\$ 1,107,928	\$ 635,664	\$ 1,382,155	\$ 295,608	\$ 70,989	\$ 164,678	\$ -	\$ 7,101,374	\$ 806,344	\$ 722,214	\$ 8,629,932	\$ 8,131,299
Payroll taxes and employee benefits (Note 11)	162,948	708,544	254,793	163,425	366,211	70,493	8,476	36,748	-	1,771,638	139,904	173,331	2,084,873	1,933,247
Total salaries and related expenses	764,438	3,551,406	1,362,721	799,089	1,748,366	366,101	79,465	201,426	-	8,873,012	946,248	895,545	10,714,805	10,064,546
Contributed facilities and services (Notes 2J and 10)	73,368	207,900	87,845	79,488	97,836	-	-	-	546,437	208,871	-	-	755,308	744,761
Consultants and professional fees	10,441	158,179	144,821	8,275	15,850	36,122	-	1,412	1,000,362	141,616	88,499	1,230,477	826,449	
Office supplies	2,651	72,777	9,295	4,350	9,632	208	31	7,145	26	106,115	37,091	4,769	147,975	131,619
Meetings	651	27,026	1,140	2,078	5,156	-	-	576	-	36,627	12,161	2,995	51,783	80,030
Travel	8,472	20,224	18,543	16,692	15,480	-	887	29	-	80,327	1,231	-	81,558	90,454
Telephone and mobile data	9,316	54,716	25,873	6,797	13,194	1,259	260	17,996	-	129,411	13,150	567	143,128	132,985
Printing and photography	525	24,756	1,704	615	8,680	877	105	242	-	37,504	8,832	3,108	49,444	58,295
Vehicle fuel, maintenance and repairs	7,703	33,193	36,594	-	16,207	1,476	-	-	-	95,173	125	-	95,298	104,868
Advertising (Note 2M)	430	44,353	2,085	603	9,841	-	-	-	-	57,312	2,138	221	59,671	90,404
Insurance	18,300	102,780	55,965	15,300	67,564	-	-	7,500	-	267,409	53,478	-	320,887	293,717
Space rentals (Note 6D)	-	452,621	74,554	4,589	15,583	-	-	307,234	-	854,581	-	-	854,581	904,915
Field supplies and gardening materials	89,844	43,210	43,584	3,914	25,423	-	6,869	1,074	-	253,406	1,201	-	254,607	372,696
Cost of goods sold (Note 2L)	1,379	123,828	2,145,519	-	-	217,375	-	-	-	2,488,101	-	-	2,488,101	2,066,994
Equipment lease and rentals (Note 6C)	7,109	19,330	62,397	7,306	88,054	16,084	-	-	-	200,280	28,530	-	228,810	173,737
Grants and awards (Note 2N)	94,500	2,000	-	-	-	-	-	-	-	96,500	-	-	96,500	99,600
Depreciation and amortization (Note 5)	718	22,011	13,241	-	-	-	-	76,683	-	112,653	9,543	-	122,196	136,067
Bad debt expense	-	2,801	81,629	-	-	-	-	-	-	84,430	-	-	84,430	35,241
Miscellaneous	1,846	73,933	68,932	1,474	4,166	3,308	-	40,593	19,852	214,104	64,788	300	279,192	291,750
<b>Total expenses</b>	<b>\$ 1,091,691</b>	<b>\$ 5,037,044</b>	<b>\$ 4,236,442</b>	<b>\$ 950,570</b>	<b>\$ 2,141,032</b>	<b>\$ 682,298</b>	<b>\$ 87,617</b>	<b>\$ 661,910</b>	<b>\$ 645,140</b>	<b>\$ 15,533,744</b>	<b>\$ 1,529,003</b>	<b>\$ 996,004</b>	<b>\$ 18,058,751</b>	<b>\$ 16,699,128</b>
<b>Total expenses - 2019</b>	<b>\$ 1,340,147</b>	<b>\$ 4,950,227</b>	<b>\$ 3,939,543</b>	<b>\$ 1,127,997</b>	<b>\$ 2,155,718</b>	<b>\$ -</b>	<b>\$ 53,485</b>	<b>\$ 635,026</b>	<b>\$ 411,121</b>	<b>\$ 14,613,264</b>	<b>\$ 1,210,378</b>	<b>\$ 875,486</b>	<b>\$ 16,699,128</b>	

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

For the Year Ended June 30, 2019

	Program Services								Supporting Services		2019 Total Expenses	
	Greening and Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Zero Waste Outreach & Education	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub	Total	Management and General		Fundraising
Salaries	\$ 618,688	\$ 2,747,346	\$ 1,154,737	\$ 719,523	\$ 1,401,589	\$ 33,603	\$ 154,218	\$ -	\$ 6,829,704	\$ 660,683	\$ 640,912	\$ 8,131,299
Payroll taxes and employee benefits (Note 11)	168,055	661,255	274,896	178,938	345,984	4,253	32,944	-	1,666,325	113,103	153,819	1,933,247
Total salaries and related expenses	786,743	3,408,601	1,429,633	898,461	1,747,573	37,856	187,162	-	8,496,029	773,786	794,731	10,064,546
Contributed facilities and services (Notes 2J and 10)	77,859	303,847	51,906	84,353	103,824	-	-	-	621,789	122,972	-	744,761
Consultants and professional fees	19,393	191,612	82,994	21,474	12,700	7,175	3,379	307,464	646,191	116,799	63,459	826,449
Office supplies	477	51,587	9,333	20,535	10,106	178	6,513	-	98,729	26,454	6,436	131,619
Meetings	2,173	35,206	3,964	9,273	12,755	-	102	-	63,473	12,128	4,429	80,030
Travel	9,226	23,560	18,390	20,485	15,791	1,246	82	-	88,780	1,623	51	90,454
Telephone and mobile data	8,061	49,123	24,489	7,433	13,045	-	17,777	-	119,928	12,940	117	132,985
Printing and photography	13,401	16,549	3,119	2,223	11,967	-	160	-	47,419	5,653	5,223	58,295
Vehicle fuel, maintenance and repairs	11,586	35,518	37,695	20	19,549	-	35	-	104,403	465	-	104,868
Advertising (Note 2M)	465	45,325	554	284	41,133	95	335	-	88,191	1,953	260	90,404
Insurance	19,428	99,007	51,018	14,880	51,346	-	6,600	-	242,279	51,438	-	293,717
Space rentals (Note 6D)	-	453,553	104,878	6,530	14,076	-	290,878	35,000	904,915	-	-	904,915
Field supplies and gardening materials	214,649	46,986	42,391	32,825	25,938	6,935	1,206	-	370,930	1,577	189	372,696
Cost of goods sold (Note 2L)	68,482	71,577	1,926,935	-	-	-	-	-	2,066,994	-	-	2,066,994
Equipment lease and rentals (Note 6C)	5,632	19,046	43,939	7,045	69,647	-	-	-	145,309	28,428	-	173,737
Grants and awards (Note 2N)	99,600	-	-	-	-	-	-	-	99,600	-	-	99,600
Depreciation and amortization (Note 5)	329	32,651	14,943	-	-	-	77,157	-	125,080	10,987	-	136,067
Bad debt expense	-	2,178	33,063	-	-	-	-	-	35,241	-	-	35,241
Miscellaneous	2,643	64,301	60,299	2,176	6,268	-	43,640	68,657	247,984	43,175	591	291,750
Total expenses	\$ 1,340,147	\$ 4,950,227	\$ 3,939,543	\$ 1,127,997	\$ 2,155,718	\$ 53,485	\$ 635,026	\$ 411,121	\$ 14,613,264	\$ 1,210,378	\$ 875,486	\$ 16,699,128



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,480,794	\$ 108,342
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	122,196	136,067
Bad debt expense	84,430	35,241
Reclassification of property and equipment	26,518	-
Realized loss (gain) on investments	12,399	(50,067)
Unrealized (gain) loss on investments	(48,302)	108,686
Subtotal	2,678,035	338,269
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Government grants receivable	(1,731,949)	839,280
Accounts receivable - participant rental fees	(89,917)	(35,365)
Accounts receivable - sales	(134,272)	177,863
Accounts receivable - other fees	(221,053)	13,989
Contributions receivable	(927,150)	197,095
Prepaid expenses, deposits and other assets	(103,221)	(62,230)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	279,010	(238,814)
Accrued farmers' token redemption	67,662	20,047
Accrued payroll and related expenses	-	217,568
Advance payments	29,809	(29,348)
Government grant advances	27,121	48,785
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(125,925)</b>	<b>1,487,139</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(4,108)	(32,921)
Proceeds from sales of investments	306,696	400,742
Purchases of investments	(350,307)	(439,336)
<b>Net Cash Used in Investing Activities</b>	<b>(47,719)</b>	<b>(71,515)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of notes payable	-	(1,046,327)
Repayment of line of credit	-	(500,000)
Proceeds from line of credit	-	500,000
Proceeds from notes payable	-	454,963
Proceeds from Paycheck Protection Program loan	1,855,095	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,855,095</b>	<b>(591,364)</b>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>1,681,451</b>	<b>824,260</b>
Cash, cash equivalents and restricted cash - beginning of year	1,976,530	1,152,270
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 3,657,981</b>	<b>\$ 1,976,530</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 23,338	\$ 63,070
Taxes paid	\$ -	\$ 11,100

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

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

Council on the Environment, Inc. d/b/a GrowNYC (“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 (the “LLC” or the “Affiliate”) 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 in the Bronx which will serve as a wholesale food distribution hub for small and mid-sized farms in New York State.

The consolidated financial statements of GrowNYC and New York State Regional Food Hub LLC (collectively the “Organization”) have been prepared by consolidating the financial statements of GrowNYC and the LLC. All intercompany transactions and balances have been eliminated in the consolidation. See pages 20-21 for consolidating supplementary information.

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.
- **COVID-19 Relief**, which distributes pre-packed boxes of fresh produce and dry goods to organizations throughout NYC, providing nourishment to communities impacted by COVID-19, educates food insecure New Yorkers about SNAP/WIC enrollment, FMNP, P-EBT, and other food access initiatives, and establishes social distancing protocols and other policies & procedures to serve as a national model for safe operation of food access sites during a global pandemic.
- **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.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

- **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 13<sup>th</sup> Street in Manhattan, Project Farmhouse is a state-of-the-art sustainability and education center, and a home for dynamic programming.
- **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. This 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 \$39 million including pre-construction soft costs, which commenced during fiscal year 2017. The current project had a ground-breaking in March 2021 and is followed by 18 months of construction. The facility is expected to begin operations in 2022.

**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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

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

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

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

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

**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:

	2020	2019
Accounts receivable – participant rental fees	\$ 7,270	\$ 5,557
Accounts receivable – sales	14,915	15,518
Accounts receivable – other fees	8,402	6,626
Total allowance for uncollectible receivables	\$ 30,587	\$ 27,701

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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 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.

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

	2020	2019
Amount due in less than one year	\$ 756,699	\$ 113,649
Amount due in one to five years	386,600	102,500
	\$ 1,143,299	\$ 216,149

**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 estimated by the Organization. Office space is donated to the Organization by the City of New York for an indefinite time period. These 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. These funds are restricted to pay out tokens to farmers that have yet to be redeemed. These funds are to be used to pay out the tokens and amounted to \$392,511 and \$324,849 as of June 30, 2020 and 2019, respectively.

**H. Basis of Presentation**

The Organization maintains its net assets under the following classes:

- a. Without donor restrictions – includes the net assets that do not have donor-imposed restrictions. The Organization's net assets without donor restrictions have been further classified as follows:
  - Operations – represents net assets without donor restrictions 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 net assets whose use has been designated by the Board for investment and other purposes.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWN NYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

- Board designated operating reserve fund – represents net assets without donor restrictions 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. With donor restrictions – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. The Organization did not have any net assets maintained in perpetuity by the Organization as of June 30, 2020 and 2019.

**I. Government Grants**

Government grants and contracts are nonexchange transactions and are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). 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 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.

As of June 30, 2020 and 2019, the Organization received conditional grants and contracts from government agencies in the aggregate amount of approximately \$30,851,000 (including \$24,116,000 restricted to NYS Regional Food Hub) and \$25,870,000 (including \$24,740,000 restricted to NYS Regional Food Hub), respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and 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.

**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. 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 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. There are also advance payments that include fees received in advance for the Greenmarket Program applicable to the next fiscal year.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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.

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.

**M. *Advertising Costs***

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019, amounted to \$59,671 and \$90,404, respectively.

**N. *Grants and Awards***

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

**O. *New Accounting Pronouncements***

FASB ASU 2018-08 was adopted by the Organization for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or grant is conditional as described in Note 2I. The adoption of this ASU did not affect net assets as previously reported.

**NOTE 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.

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,265,470	\$ 1,651,681
Investments, at fair value	2,206,070	2,126,556
Government grants receivable	5,084,319	3,352,370
Accounts receivable, net	999,906	639,094
Contributions receivable	<u>1,143,299</u>	<u>216,149</u>
Total	12,699,064	7,985,850
Less: those unavailable for general expenditures within one year		
Contributions receivable due within one to five years	(386,600)	(102,500)
Board-designated investment fund	(1,928,854)	(1,852,350)
Net assets with donor restrictions	<u>(4,865,533)</u>	<u>(2,447,666)</u>
Total	<u>\$ 5,518,077</u>	<u>\$ 3,583,334</u>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Corporate stocks	\$ 1,321,755	\$ 1,232,158
Corporate bonds	542,175	481,548
Money market mutual funds	<u>342,140</u>	<u>412,850</u>
Total investments	<u>\$ 2,206,070</u>	<u>\$ 2,126,556</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>2020</u>	<u>2019</u>
Interest and dividends	\$ 55,219	\$ 47,241
Realized gains (losses) on sales of investments	(12,399)	50,067
Unrealized gain (loss) on investments	48,302	(108,686)
Investment fees	<u>(11,267)</u>	<u>(8,371)</u>
Total investment activity, net	<u>\$ 79,855</u>	<u>\$ (19,749)</u>

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 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.).

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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, 2020 and 2019, no such transfers between fair value levels occurred.

The following table presents the Organization's assets that are measured at fair value for each level at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate stocks	\$ 1,321,755	\$ -	\$ 1,321,755
Money market mutual funds	342,140	-	342,140
Corporate bonds	<u>-</u>	<u>542,175</u>	<u>542,175</u>
Assets at Fair Value	<u>\$ 1,663,895</u>	<u>\$ 542,175</u>	<u>\$ 2,206,070</u>

The following table presents the Organization's assets that are measured at fair value for each level at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate stocks	\$ 1,232,158	\$ -	\$ 1,232,158
Money market mutual funds	412,850	-	412,850
Corporate bonds	<u>-</u>	<u>481,548</u>	<u>481,548</u>
Assets at Fair Value	<u>\$ 1,645,008</u>	<u>\$ 481,548</u>	<u>\$ 2,126,556</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 323,475	\$ 323,475	3-5 years
Vehicles	257,323	279,733	10 years
Leasehold improvements	<u>756,913</u>	<u>756,913</u>	15 years
Total cost	1,337,711	1,360,121	
Less: accumulated depreciation and amortization	<u>(526,136)</u>	<u>(403,940)</u>	
Net book value	<u>\$ 811,575</u>	<u>\$ 956,181</u>	

Depreciation and amortization expense amounted to \$122,196 and \$136,067 for the years ended June 30, 2020 and 2019, respectively. Disposals of assets amounted to \$26,518 and \$549,154 for the years ended June 30, 2020 and 2019, respectively.



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 – 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. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

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

The Organization believes it has no uncertain income tax positions as of June 30, 2020 and 2019, 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. Future minimum payments under these leases for each of the fiscal years subsequent to June 30, 2020 are as follows:

2021	\$ 54,215
2022	<u>13,381</u>
	<u>\$ 67,596</u>

Equipment rental expense amounted to \$64,965 and \$64,632 for the years ended June 30, 2020 and 2019, respectively.

**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 fiscal years subsequent to June 30, 2020 and thereafter, are as follows:

2021	\$ 226,000
2022	163,000
2023	167,000
2024	<u>157,000</u>
	<u>\$ 713,000</u>

Space rental expense amounted to \$854,581 and \$904,915, respectively, for the years ended June 30, 2020 and 2019.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

**E. COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Organization’s mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which its financial condition and results of operations will be affected.

**NOTE 7 – NOTES PAYABLE AND LINE OF CREDIT**

- A. During the year ended June 30, 2016, the Organization received a \$375,000 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 an \$85,000 grant and a \$40,000 interest-free loan each year for three years. The loan is not collateralized and is to be repaid in annual installments of \$40,000 each in 2018, 2019, and 2020. The balance of the note was \$40,000 as of both June 30, 2020 and 2019. In March 2020, the repayment due date was delayed and the new due date was September 1, 2020. The Organization made the final \$40,000 payment in September 2020.

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 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 2.75% as of June 30, 2020. As of both June 30, 2020 and 2019, there was \$892,364 borrowed. Interest only payments are due each quarter commencing April 1, 2018. All outstanding principal and interest was repaid in full on December 1, 2020. The Organization must comply with certain financial covenants, which it has done.

- B. On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government.

GrowNYC applied for this loan through an SBA authorized lender. The loan, amounting to \$1,855,095, was approved and received on May 1, 2020. The loan has an interest rate of .98% per annum after the deferment period of six months beginning April 10, 2020. The interest shall accrue on the unpaid principal balance computed on the actual number of days elapsed in a year of 360 days. The loan will mature on April 10, 2022. If the loan or a portion of the loan is not forgiven, principal and interest payments will be paid monthly. Management has opted to account for the proceeds as a loan under FASB ASC Topic 470 until the loan is, in part or wholly, forgiven and the Organization has been “legally released.”

- C. 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. Any amount outstanding was due on July 1, 2019. In July 2019, the Organization extended its line of credit to July 1, 2021 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, 2020 and 2019. As of May 14, 2021, there were no outstanding borrowings.

Interest expense related to notes payable and line of credit for the years ended June 30, 2020 and 2019 amounted to \$23,338 and \$63,070, respectively.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

***Net Assets with Donor Restrictions***

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

	<u>2020</u>	<u>2019</u>
Purpose restriction:		
Greening and gardens	\$ 1,180,679	\$ 1,142,093
NYS Regional Food Hub	1,150,000	-
COVID-19 relief	593,344	-
Greenmarket and farmer development	495,447	373,419
Food access and wholesale distribution	368,105	175,761
Environmental education	84,900	76,064
Zero Waste outreach and education	-	7,482
Project Farmhouse	-	50,361
Supporting services	3,154	9,358
Time restriction:		
For periods after June 30, 2020 and 2019	140,605	100,000
Purpose and time restriction:		
Greening and gardens	422,643	-
Food access and wholesale distribution	311,656	262,882
Greenmarket and farmer development	115,000	100,246
Project Farmhouse	-	100,000
Environmental education	-	50,000
	<u>\$ 4,865,533</u>	<u>\$ 2,447,666</u>

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 years ended June 30, as follows:

	<u>2020</u>	<u>2019</u>
Greening and gardens	\$ 742,562	\$ 713,956
Food access and wholesale distribution	202,304	395,214
Greenmarket and farmer development	199,234	142,544
Environmental education	169,859	181,730
Project Farmhouse	153,811	308,785
COVID-19 relief	106,656	-
Recycling outreach and education	8,132	-
Zero Waste outreach and education	-	4,538
Supporting services	106,204	24,996
	<u>\$ 1,688,762</u>	<u>\$ 1,771,763</u>

**NOTE 9 – 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 without donor restrictions by the donor will be reflected as with donor restrictions until appropriated. The Organization had no donor-restricted permanent endowment funds subject to the appropriation provisions of NYPMIFA as of June 30, 2020 and 2019.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 9 – ENDOWMENT NET ASSETS (Continued)**

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 FASB ASC Topic 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 the board designated endowment fund and the board designated operating reserve fund 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).

Changes in endowment net assets for year ended June 30, 2020, were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Endowment net assets, beginning of year	\$ 1,852,350	\$ 258,569	\$ 2,110,919
Investment activity:			
Interest and dividends	51,867	2,993	54,860
Realized losses on sales of investments	(12,399)	-	(12,399)
Unrealized gains	48,302	-	48,302
Fees and other expenses	(11,266)	(150)	(11,416)
Change in endowment net assets	<u>76,504</u>	<u>2,843</u>	<u>79,347</u>
Endowment net assets, end of year	<u>\$ 1,928,854</u>	<u>\$ 261,412</u>	<u>\$ 2,190,266</u>

Changes in endowment net assets for year ended June 30, 2019, were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Endowment net assets, beginning of year	\$ 1,872,611	\$ 253,505	\$ 2,126,116
Investment activity:			
Interest and dividends	41,903	5,214	47,117
Realized gains on sales of investments	50,067	-	50,067
Unrealized losses	(108,646)	-	(108,646)
Fees and other expenses	(3,585)	(150)	(3,735)
Change in endowment net assets	<u>(20,261)</u>	<u>5,064</u>	<u>(15,197)</u>
Endowment net assets, end of year	<u>\$ 1,852,350</u>	<u>\$ 258,569</u>	<u>\$ 2,110,919</u>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 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 \$648,874 for each of the years ended June 30, 2020 and 2019. During the years ended June 30, 2020 and 2019, the Organization also received pro bono legal services in the amount of \$106,434 and \$95,887, respectively, and these amounts were also reported as both revenue and expense in the respective periods.

**NOTE 11 – 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, 2020 and 2019, employer contributions amounted to \$284,402 (net of plan forfeitures of \$11,440), and \$256,544 (net of plan forfeitures of \$11,064), 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 12 – RECLASSIFICATIONS**

Certain amounts have been reclassified to conform to the current year presentation. These reclassifications has no effect on the reported results of operations.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through May 14, 2021, which is the date the consolidated financial statements were available to be issued.

On March 2, 2021, the LLC executed a ground lease with the City of New York and simultaneously closed on multiple loans and lines of credit from a consortium of lenders, including an investment related to New Market Tax Credits. The net result after fees and settlements paid at closing was a balance of approximately \$24 million held in a special disbursement account managed by the lenders. The LLC may request draws from this disbursement account as necessary for approved construction expenses. Each draw request must be authorized by the consortium of lenders before funds are transferred to an operating account from which construction vendors are paid. After vendors are paid, The LLC will seek reimbursement of eligible expenses from City, State, and Federal agencies who have pledged support for the project. Reimbursements from government agencies will be applied immediately to paying down loan balances as quickly as possible. A formal ground-breaking for the project occurred at the planned construction site on March 24, 2021.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	As of June 30, 2020				As of June 30, 2019			
	New York			Consolidated Total 2020	New York			Consolidated Total 2019
	GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations		GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,615,895	\$ 649,575	\$ -	\$ 3,265,470	\$ 1,651,581	\$ 100	\$ -	\$ 1,651,681
Restricted cash	392,511	-	-	392,511	324,849	-	-	324,849
Investments, at fair value	2,206,070	-	-	2,206,070	2,126,556	-	-	2,126,556
Government grants receivable	3,671,523	1,412,796	-	5,084,319	2,564,267	788,103	-	3,352,370
Accounts receivable - participant rental fees, net	433,409	-	-	433,409	345,205	-	-	345,205
Accounts receivable - sales, net	327,926	-	-	327,926	212,826	-	-	212,826
Accounts receivable - other fees, net	238,571	-	-	238,571	81,063	-	-	81,063
Contributions receivable	643,299	500,000	-	1,143,299	216,149	-	-	216,149
Prepaid expenses, deposits and other assets	420,730	131,403	-	552,133	314,516	134,396	-	448,912
Due from LLC	790,433	-	(790,433)	-	155,668	-	(155,668)	-
Property and equipment, net	811,575	-	-	811,575	956,181	-	-	956,181
<b>TOTAL ASSETS</b>	<b>\$ 12,551,942</b>	<b>\$ 2,693,774</b>	<b>\$ (790,433)</b>	<b>\$ 14,455,283</b>	<b>\$ 8,948,861</b>	<b>\$ 922,599</b>	<b>\$ (155,668)</b>	<b>\$ 9,715,792</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 1,527,221	\$ 18,120	\$ -	\$ 1,545,341	\$ 1,255,068	\$ 11,263	\$ -	\$ 1,266,331
Accrued farmers' token redemption	392,511	-	-	392,511	324,849	-	-	324,849
Due to GrowNYC	-	790,433	(790,433)	-	-	155,668	(155,668)	-
Advance payments	313,904	-	-	313,904	284,095	-	-	284,095
Government grant advances	75,906	-	-	75,906	48,785	-	-	48,785
Notes payable	40,000	892,364	-	932,364	40,000	892,364	-	932,364
Paycheck Protection Program Loan	1,855,095	-	-	1,855,095	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,204,637</b>	<b>1,700,917</b>	<b>(790,433)</b>	<b>5,115,121</b>	<b>1,952,797</b>	<b>1,059,295</b>	<b>(155,668)</b>	<b>2,856,424</b>
<b>NET ASSETS</b>								
Without donor restrictions:								
Operations	1,629,931	(157,143)	-	1,472,788	1,481,298	(136,696)	-	1,344,602
Net investment in property and equipment	811,575	-	-	811,575	956,181	-	-	956,181
Board designated investment fund	1,928,854	-	-	1,928,854	1,852,350	-	-	1,852,350
Board designated operating reserve fund	261,412	-	-	261,412	258,569	-	-	258,569
Total without donor restrictions	4,631,772	(157,143)	-	4,474,629	4,548,398	(136,696)	-	4,411,702
With donor restrictions	3,715,533	1,150,000	-	4,865,533	2,447,666	-	-	2,447,666
<b>TOTAL NET ASSETS</b>	<b>8,347,305</b>	<b>992,857</b>	<b>-</b>	<b>9,340,162</b>	<b>6,996,064</b>	<b>(136,696)</b>	<b>-</b>	<b>6,859,368</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,551,942</b>	<b>\$ 2,693,774</b>	<b>\$ (790,433)</b>	<b>\$ 14,455,283</b>	<b>\$ 8,948,861</b>	<b>\$ 922,599</b>	<b>\$ (155,668)</b>	<b>\$ 9,715,792</b>

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	For the Year Ended June 30, 2020							For the Year Ended June 30, 2019									
	GrowNYC			New York State Regional Food Hub LLC				Consolidating Eliminations	Consolidated Total 2020	GrowNYC			New York State Regional Food Hub LLC		Consolidating Eliminations	Consolidated Total 2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total	State Regional Food Hub LLC					
<b>REVENUES AND SUPPORT:</b>																	
Government grants	\$ 5,551,013	\$ -	\$ 5,551,013	\$ 624,693	\$ -	\$ 624,693	\$ -	\$ 6,175,706	\$ 5,293,997	\$ -	\$ 5,293,997	\$ 327,314	\$ -	\$ 5,621,311			
Contributions - foundations	408,191	1,837,857	2,246,048	-	-	-	-	2,246,048	157,085	913,000	1,070,085	-	-	1,070,085			
Contributions - individuals and corporations	540,813	1,118,772	1,659,585	-	1,150,000	1,150,000	-	2,809,585	331,821	952,252	1,284,073	-	-	1,284,073			
Contributed facilities, services and assets	755,308	-	755,308	-	-	-	-	755,308	744,761	-	744,761	-	-	744,761			
Greenmarket participant rental fees	4,401,421	-	4,401,421	-	-	-	-	4,401,421	4,441,219	-	4,441,219	-	-	4,441,219			
Sales of wholesale produce, plants & grains	3,349,903	-	3,349,903	-	-	-	-	3,349,903	2,865,876	-	2,865,876	-	-	2,865,876			
Other fees	534,109	-	534,109	-	-	-	-	534,109	583,405	-	583,405	-	-	583,405			
Investment activity	79,855	-	79,855	-	-	-	-	79,855	(19,749)	-	(19,749)	-	-	(19,749)			
Miscellaneous	187,610	-	187,610	-	-	-	-	187,610	216,489	-	216,489	-	-	216,489			
Net assets released from restrictions	1,688,762	(1,688,762)	-	-	-	-	-	-	1,771,763	(1,771,763)	-	-	-	-			
<b>TOTAL REVENUES AND SUPPORT</b>	<b>17,496,985</b>	<b>1,267,867</b>	<b>18,764,852</b>	<b>624,693</b>	<b>1,150,000</b>	<b>1,774,693</b>	<b>-</b>	<b>20,539,545</b>	<b>16,386,667</b>	<b>93,489</b>	<b>16,480,156</b>	<b>327,314</b>	<b>-</b>	<b>16,807,470</b>			
<b>EXPENSES:</b>																	
Program Services:																	
Greening & gardens	1,091,691	-	1,091,691	-	-	-	-	1,091,691	1,340,147	-	1,340,147	-	-	1,340,147			
Greenmarket & farmer development	5,037,044	-	5,037,044	-	-	-	-	5,037,044	4,950,227	-	4,950,227	-	-	4,950,227			
Food access & wholesale distribution	4,236,442	-	4,236,442	-	-	-	-	4,236,442	3,939,543	-	3,939,543	-	-	3,939,543			
Environmental education	950,570	-	950,570	-	-	-	-	950,570	1,127,997	-	1,127,997	-	-	1,127,997			
Zero Waste outreach and education	2,141,032	-	2,141,032	-	-	-	-	2,141,032	2,155,718	-	2,155,718	-	-	2,155,718			
COVID-19 Relief	682,298	-	682,298	-	-	-	-	682,298	-	-	-	-	-	-			
GrowNYC Partners	87,617	-	87,617	-	-	-	-	87,617	53,485	-	53,485	-	-	53,485			
Project Farmhouse	661,910	-	661,910	-	-	-	-	661,910	635,026	-	635,026	-	-	635,026			
New York State Regional Food Hub	-	-	-	645,140	-	645,140	-	645,140	-	-	-	411,121	-	411,121			
Total Program Services	14,888,604	-	14,888,604	645,140	-	645,140	-	15,533,744	14,202,143	-	14,202,143	411,121	-	14,613,264			
Supporting Services:																	
Management and general	1,529,003	-	1,529,003	-	-	-	-	1,529,003	1,210,378	-	1,210,378	-	-	1,210,378			
Fundraising	996,004	-	996,004	-	-	-	-	996,004	875,486	-	875,486	-	-	875,486			
Total Supporting Services	2,525,007	-	2,525,007	-	-	-	-	2,525,007	2,085,864	-	2,085,864	-	-	2,085,864			
<b>TOTAL EXPENSES</b>	<b>17,413,611</b>	<b>-</b>	<b>17,413,611</b>	<b>645,140</b>	<b>-</b>	<b>645,140</b>	<b>-</b>	<b>18,058,751</b>	<b>16,288,007</b>	<b>-</b>	<b>16,288,007</b>	<b>411,121</b>	<b>-</b>	<b>16,699,128</b>			
<b>CHANGE IN NET ASSETS</b>	<b>83,374</b>	<b>1,267,867</b>	<b>1,351,241</b>	<b>(20,447)</b>	<b>1,150,000</b>	<b>1,129,553</b>	<b>-</b>	<b>2,480,794</b>	<b>98,660</b>	<b>93,489</b>	<b>192,149</b>	<b>(83,807)</b>	<b>-</b>	<b>108,342</b>			
Net assets - beginning of year	4,548,398	2,447,666	6,996,064	(136,696)	-	(136,696)	-	6,859,368	4,449,738	2,354,177	6,803,915	(52,889)	-	6,751,026			
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,631,772</b>	<b>\$ 3,715,533</b>	<b>\$ 8,347,305</b>	<b>\$ (157,143)</b>	<b>\$ 1,150,000</b>	<b>\$ 992,857</b>	<b>\$ -</b>	<b>\$ 9,340,162</b>	<b>\$ 4,548,398</b>	<b>\$ 2,447,666</b>	<b>\$ 6,996,064</b>	<b>\$ (136,696)</b>	<b>\$ -</b>	<b>\$ 6,859,368</b>			