Greyston Foundation, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2019 and 2018

Independent Auditors' Report

Board of Directors
Greyston Foundation, Inc.

We have audited the accompanying consolidated financial statements of Greyston Foundation, Inc. and Subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greyston Foundation, Inc. and Subsidiaries as of December 31, 2019, and the consolidated changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of the Foundation, as of and for the year ended December 31, 2018, were audited by other auditors whose report, dated July 1, 2019, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities and change in net assets (deficit) on pages 23-26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such consolidating 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 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 2019 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The December 31, 2018 supplemental schedules on pages 24 and 26 was subjected to the auditing procedures applied in the 2018 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

May, 22 2020

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	December 31, 2019	December 31, 2018
ASSETS		
Cash	$ 3,041,788	$ 1,838,065
Receivables, net	1,757,347	2,072,846
Note receivable	31,450	31,450
Inventories	2,121,921	1,996,142
Prepaid expenses and other assets	38,557	1,011,212
Prepaid taxes	-	1,665
Property and equipment, net	10,978,717	10,674,595
Tenants' security deposits	26,691	22,155
Security deposits	37,665	50,539
	$ 18,034,136	$ 17,698,669
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,901,756	$ 2,186,145
Accrued compensation	180,199	130,306
Tenants' security deposits payable	26,691	22,155
Deferred interest	4,100	-
Mortgages payable, net	3,595,923	2,889,282
Deferred income taxes	565,816	533,226
Total Liabilities	6,274,485	5,761,114
Net Assets		
Without donor restrictions	11,759,651	11,937,555
	$ 18,034,136	$ 17,698,669

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities and Change in Net Assets

	Year Ended December 31,	
	2019	2018
REVENUES		
Sales - for-profit operations	$ 22,117,780	$ 20,018,287
Service fees	46,502	40,522
Pharmacy program revenue	23,312	161,515
Management fees	-	80,052
Rental, net of vacancy losses	263,070	321,324
Contributions	2,496,175	3,904,276
Special events, net of direct expenses of $62,694 and $57,292	153,402	212,443
Total Revenues	25,100,241	24,738,419
EXPENSES		
Cost of sales - for-profit operations	16,016,279	14,966,982
Selling and administrative - for-profit operations	3,831,621	3,860,283
Expenses - For-Profit Operations	19,847,900	18,827,265
Program services	3,114,398	2,575,141
Management and general	1,200,235	1,334,424
Fundraising	564,673	719,168
Expenses - Not-For-Profit Operations	4,879,306	4,628,733
Total Expenses	24,727,206	23,455,998
Change in Net Assets Before Other Income (Expenses)	373,035	1,282,421
OTHER INCOME (EXPENSES)		
Loss on disposal of property and equipment	(94,306)	-
Interest expense	(182,373)	(102,289)
Other expense	(25,910)	-
Interest - debt amortization cost	-	(5,364)
Interest and other revenue	3,233	21,586
Income tax provision - for-profit operations	(251,583)	(90,063)
Total Other Income (Expenses)	(550,939)	(176,130)
Change in Net Assets	(177,904)	1,106,291
NET ASSETS		
Beginning of year	11,937,555	10,831,264
End of year	$ 11,759,651	$ 11,937,555

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,309,378	$ 702,417	$ 423,706	$ 2,435,501
Payroll taxes	118,476	83,010	43,934	245,420
Fringe benefits	136,423	32,111	33,448	201,982
	1,564,277	817,538	501,088	2,882,903
Client activities	411,017	-	-	411,017
Occupancy	319,649	229,335	-	548,984
Contractual services	116,984	34,100	15,870	166,954
Interest	153,323	10,032	-	163,355
Repairs and maintenance	111,171	8,849	-	120,020
Depreciation	74,260	21,906	-	96,166
Special events	-	-	62,694	62,694
Insurance	26,780	6,713	-	33,493
Consumable supplies	33,571	39,934	-	73,505
Telephone	33,528	-	-	33,528
Bad debts	31,794	13,206	-	45,000
Equipment rental	182,062	-	-	182,062
Other	55,982	18,622	47,715	122,319
Total Expenses	3,114,398	1,200,235	627,367	4,942,000
Special events	-	-	(62,694)	(62,694)
Total Expenses Before Special Events	$ 3,114,398	$ 1,200,235	$ 564,673	$ 4,879,306

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,042,058	$ 839,483	$ 529,595	$ 2,411,136
Payroll taxes	71,658	42,616	29,085	143,359
Fringe benefits	172,282	73,669	46,361	292,312
	1,285,998	955,768	605,041	2,846,807
Client activities	412,389	-	-	412,389
Occupancy	217,198	5,185	-	222,383
Contractual services	191,499	121,561	36,160	349,220
Interest	35,730	-	-	35,730
Repairs and maintenance	54,649	2,916	-	57,565
Depreciation	165,336	-	-	165,336
Special events	-	-	57,292	57,292
Insurance	63,478	10,614	-	74,092
Consumable supplies	70,853	74,687	50,241	195,781
Telephone	21,222	15,757	695	37,674
Bad debts	7,510	1	2	7,513
Professional fees	1,000	83,538	-	84,538
Equipment rental	19,252	23,567	-	42,819
Other	29,027	40,830	27,029	96,886
Total Expenses	2,575,141	1,334,424	776,460	4,686,025
Special events	-	-	(57,292)	(57,292)
Total Expenses Before Special Events	$ 2,575,141	$ 1,334,424	$ 719,168	$ 4,628,733

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (177,904)	$ 1,106,291
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	680,434	572,146
Amortization of debt issuance costs	13,044	(81,790)
Bad debt expense	45,000	7,513
Deferred income taxes	32,590	7,135
Deferred interest	4,100	-
Loss on disposal of property and equipment	94,306	-
Changes in operating assets and liabilities		
Receivables	270,499	74,802
Inventories	(125,779)	(901,516)
Prepaid expenses and other assets	972,655	(958,351)
Prepaid taxes	1,665	169,061
Security deposits	12,874	(15,179)
Accounts payable and accrued expenses	(234,496)	528,294
Net Cash from Operating Activities	1,588,988	508,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,078,862)	(628,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(166,072)	(385,761)
Proceeds from long-term debt	859,669	1,300,000
Deferred financing costs	-	(53,133)
Net Cash from Financing Activities	693,597	861,106
Change in Cash	1,203,723	740,656
CASH		
Beginning of year	1,838,065	1,097,409
End of year	$ 3,041,788	$ 1,838,065
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 178,273	$ 71,942

See notes to consolidated financial statements

1. Organization

Greyston Foundation, Inc. (stand-alone) operates workforce development and community gardens programs and provides management services and fundraising support to its commonly-owned network of not-for-profit and for-profit subsidiaries as discussed below. Collectively, Greyston Foundation, Inc. and Subsidiaries (the "Foundation"), located in Yonkers, New York, provides an integrated array of job training and associated community programs.

The Foundation owns 100% of 104 Ashburton Holding Corp. which was formed to be a holding company of two operating subsidiaries, 104 Ashburton Property Corp. and Greyston Bakery, Inc. 104 Ashburton Property Corp. is the sole member of 104 Ashburton Ave., LLC, which owns a bakery facility and distribution center in Yonkers, New York which is rented exclusively to Greyston Bakery, Inc. Greyston Bakery, Inc. is a manufacturer of baked goods sold at retail under both the Greyston and other brand names and a leading supplier of gourmet brownie inclusions to ice cream manufacturers in the United States and Europe. 104 Ashburton Holding Corp. and its subsidiaries are collectively referred to as the Foundation's For-Profit Group.

The Foundation's separately incorporated not-for-profit subsidiary which is controlled by common management, administrative staff and board members is:

Greyston Health Services, Inc. ("Health Services") provides supportive housing services to homeless persons living with AIDS or HIV related illnesses. To assist in providing these services, Health Services formed a wholly owned subsidiary, 23 Park Avenue, Inc. (the "GP"), to act as the general partner of 23 Park Avenue Limited Partnership (the "LP"). The LP was formed October 15, 1995 for the purpose of acquiring, rehabilitating and renting a building complex which contains 35 units of qualified low income housing for people with HIV or AIDS and commercial space. The LP is owned by the GP with a 0.1% interest and Greyston Foundation, Inc. with a 99.9% interest.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 the Foundation's estimates.

2. Summary of Significant Accounting Policies *(continued)*

Principles of Consolidation

The consolidated financial statements include the accounts of Greyston Foundation, Inc. and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Net Asset Presentation

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may require the assets to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law. The Foundation had no net assets with donor restrictions as of December 31, 2019 and 2018.

Accounts Receivable

The For-Profit Group uses "supplier finance" programs offered by its main customer whereby receivables are paid within 45 days for a fee. These payments are financed by Citibank for receivables in the United States of America. The annual rate is 120-day London Interbank Offered Rate ("LIBOR") plus 0.75%. Total fees of $92,576 and $86,526 were paid for the years ended December 31, 2019 and 2018. Payments are financed by Banco Santander for European receivables. The annual rate is 120-day LIBOR plus 1.00%. Total fees of $66,484 and $52,252 were paid for the years ended December 31, 2019 and 2018.

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts. Accounts receivable are disclosed net of allowance for estimated uncollectible accounts of $8,831 and $2,673 at December 31, 2019 and 2018.

Inventories

Inventories are stated at the lower of cost or net realizable value. The first-in, first-out ("FIFO") method is used to determine the cost of inventory.

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

All expenditures for property and equipment with a useful life greater than one year and a cost in excess of $1,000 are capitalized.

Land is carried at cost. Buildings, improvements, furniture and equipment, capital lease equipment and automobiles are carried at cost, or, if donated, at fair value at the date of receipt, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets from 2 to 40 years. Repair and maintenance costs which do not extend useful lives of the assets are expensed as incurred. When retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of activities and change in net assets for the period.

Investment in Real Estate

The Foundation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventful disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the estimated fair value of such property. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. There were no impairment losses recognized in 2019 and 2018.

Debt Issuance Costs

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Foundation reflects amortization of debt issuance costs within interest expense.

Revenue Recognition

Governmental and nongovernmental grants and contributions constitute support classified as net assets without restrictions when such amounts represent unconditional transfers from donors that are not restricted by donor stipulations or time. The Foundation recognizes contributions when they are received or unconditionally contributed and reports this support as with or without donor restrictions according to donor stipulations that may limit the use of these assets due to time or purpose restrictions. When a donor restriction expires or is otherwise satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

2. Summary of Significant Accounting Policies *(continued)*

Revenue Recognition (continued)

Rental income is recognized as it accrues. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the Foundation and the tenants of the property are operating leases with the terms of one year or less.

Pharmacy program, service fee, and management fee revenue are recognized in accordance with U.S. GAAP. Four basic criteria must be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured. The Foundation recognizes revenues upon shipment of products or performance of services in which title and risk passes to customers.

Sales of finished goods and the related costs of sales are recognized when control of the product is transferred to the customer in an amount that reflects the consideration the For-Profit Group expects to be entitled in exchange for the product. Allowances for estimated returns, discounts and other allowances are provided when sales are recorded. Based on the above criteria, the For-Profit Group generally recognizes revenue when the product is shipped to the customer.

The For-Profit Group’s contracts generally include standard commercial payment terms. Customer payment terms are typically less than one year and as such, the For-Profit Group has applied the practical expedient to exclude consideration of significant financing components from the determination of the transaction price. The For-Profit Group collects sales tax from customers and remits the entire amount. The For-Profit Group’s accounting policy is to exclude the tax collected and remitted from revenue and cost of sales. Costs to obtain a contract are generally immaterial, but the For-Profit-Group has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less. The For-Profit Group recognizes revenue from product sales when the goods are shipped or delivered depending on when title and risk passes to the customer. Discounts to customers are provided as reductions in determining sales as incurred.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and other supporting services classifications on the basis of square footage of office space occupied and other bases as determined by management of the Foundation to be appropriate.

2. Summary of Significant Accounting Policies *(continued)*

Advertising

Advertising costs are expensed when incurred and are included in selling and administrative expenses. Advertising costs totaled approximately $59,000 and $178,000 in 2019 and 2018.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in selling and administrative expenses. Shipping and handling costs totaled approximately $54,000 and $29,000 in 2019 and 2018.

Income Taxes

The Foundation and its not-for-profit subsidiaries are corporations which are exempt from Federal and state income taxes pursuant to section 501(c)(3) of the Internal Revenue Code.

The Foundation's For-Profit Group accounts for income taxes in accordance with the "Liability Method". Under this method, income taxes consist of taxes currently due plus those deferred due to temporary differences between the financial reporting basis and tax basis of the For-Profit Group's assets and liabilities measured by enacted tax rates for the years in which the taxes are expected to be paid or recovered. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of a deferred tax asset will not be realized. The For-Profit Group recognizes interest and penalties on income taxes as a component of income tax expense.

The Foundation recognizes the effect of tax positions taken in its tax returns only when those positions are believed to be more likely than not of being sustained upon review by the tax authorities. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to U.S. federal, state or local income tax examinations for periods prior to 2016.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers

Effective January 1, 2019, the Foundation adopted new U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and promises to give are recognized, as they are specifically scoped out of the new guidance.

2. Summary of Significant Accounting Policies *(continued)*

Recently Adopted Accounting Pronouncements (continued)

Revenue from Contracts with Customers (continued)

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers.

The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. When revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned (i.e. rental income). The new guidance requires the Foundation to not recognize revenue until it is probable of collection. Based on the Foundation's strong collection experience that all revenue recognized is probable of collection.

Recognition of Contributions

Effective January 1, 2019, the Foundation adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of the various provisions of this standard resulted in no significant changes in the way the Foundation recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The change in accounting principle was adopted retrospectively in 2018. For the year ended December 31, 2018, the effect of adopting the new accounting principle was an increase in contributions without donor restrictions of $1,355,834 and a corresponding decrease in government grants revenue of $1,355,834 in 2018. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions as of January 1, 2019.

Reclassifications

Certain accounts in the consolidated financial statements were reclassified in 2018 to conform to the 2019 presentation. There has been no effect on net assets as a result of these changes.

2. Summary of Significant Accounting Policies *(continued)*

Evaluation of Subsequent Events by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is May 22, 2020.

The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of the Foundation's operations, cash flows, or financial condition.

The For-Profit Group's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the For-Profit Group may experience a disruption in operations as well as a decline in sales activities. The outbreak is likely to adversely affect the For-Profit Group's business, financial conditions and results of operations on an interim basis.

3. Liquidity and Availability

The Foundation regularly monitors the availability of resources required to meet its operating needs and contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations. For purposes of analyzing resources available to meet general expenditures over a 12-month periods, the Foundation considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. As of December 31, 2019, financial assets available for general expenditures within one year are as follows:

Cash	$ 3,041,788
Receivables, net	1,757,347
Note receivable	31,450
	$ 4,830,585

As an additional part of its liquidity plan, the Organization has available lines of credit totaling $2,000,000 of which the full amount remains available at December 31, 2019 to meet cash flow needs.

4. Receivables

Receivables at December 31 consists of:

	2019	2018
Accounts receivable	$ 554,895	$ 683,044
Grants receivable	616,586	232,979
Contributions receivable	594,697	1,158,427
	1,766,178	2,074,450
Allowance for doubtful accounts	(8,831)	(1,604)
	$ 1,757,347	$ 2,072,846

5. Note Receivable

In December 2017, the Foundation received a note from J Cubed Residential LLC, an unrelated third party, with a promise to pay $49,000 to the Foundation upon the earlier of either conversion of the financing of certain portfolio properties or December 27, 2019, upon which the entire outstanding balance shall be due and payable. The balance outstanding once this note as of December 31, 2019 and 2018 was $31,450. The Foundation is pursuing payment on this note and believes that the balance is collectible.

6. Inventories

Inventory cost (including material, direct labor and manufacturing overhead) is comprised of the following at December 31:

	2019	2018
Raw materials	$ 390,785	$ 367,852
Finished goods	1,731,136	1,628,290
	$ 2,121,921	$ 1,996,142

7. Property and Equipment

Property and equipment at December 31 consists of:

	2019	2018
Land	$ 1,120,000	$ 1,120,000
Buildings	12,877,652	12,877,652
Improvements	1,884,204	1,725,329
Furniture and equipment	4,139,959	3,983,450
Construction in progress	808,814	168,790
Automobiles	47,716	47,716
	20,878,345	19,922,937
Accumulated depreciation	(9,899,628)	(9,248,342)
	$ 10,978,717	$ 10,674,595

8. Lines of Credit

The For-Profit Group has a $1,000,000 primary line of credit and a $1,000,000 secondary line of credit with The Westchester Bank. The lines of credit expires on March 31, 2022. There were no borrowings on the primary or secondary line of credit at December 31, 2019 and 2018. Interest on both lines are payable monthly at Prime + 1.0% (5.5% at December 31, 2019). The lines of credit are secured by the assets (primary line) and accounts receivable (secondary line) of the For-Profit Group.

9. Mortgages Payable

Mortgages payable at December 31 consist of:

	2019	2018
Mortgage note payable in the original amount of \$1,300,000 owed by 104 Ashburton Avenue LLC payable to Westchester Bank with principal and interest payable monthly at a fixed rate of 4.75% per annum and, from and after the reset date (June 20, 2042), at a fixed rate per annum equal to the greater of (1) 4.75% or (2) 2.25% plus the seven year Federal Home Loan Bank of New York ("FHLB") Fixed Advanced Rate as of the date which is four days prior to the reset date and in no event shall the applicable interest rate be less than 4.75% or greater than the maximum amount allowed by law. The note is secured by the assets of the For-Profit Group and payable in monthly installments of approximately \$7,464 beginning July 2017 through June 2042. Interest expense for the years ended December 31, 2019 and 2018 was \$59,984 and \$60,234.	\$ 1,228,672	\$ 1,257,123
On December 27, 2018, the Foundation obtained a second mortgage note. It is held by Leviticus in the original amount of \$1,300,000. The note bears interest at 5.75% per annum, and matures in 2034. Beginning in February 2019, monthly installments of \$7,608 are paid for principal and interest. For the years ended December 31, 2019 and 2018, interest expense was \$75,182 and \$0. The mortgage is secured by the LP's real estate.	1,285,339	1,300,000
Note payble in the amount of \$900,000, payable to Westchester Bank with principal and interest payable monthly at a fixed rate of 4.75%. The note is secured by the assets of the For-Profit Group and payable in monthly installments of \$16,805 beginning in October 2019 through September 2024. Interest expense for the year ended December 31, 2019 was \$10,085.	859,669	-

9. Mortgages Payable *(continued)*

	2019	2018
The second mortgage note is held by the City of Yonkers in the original amount of $350,000. The note bears interest at 3.0% per annum and matures on March 1, 2028 and calls for monthly installments of $1,476 of principal. As of December 31, 2019, the LP was ten and a half years behind in their mortgage payments. The LP intends to repay these amounts as cash flow permits. For the years ended December 31, 2019 and 2018, interest expense of $4,100 and $10,076 was accrued. The mortgage is secured by the LP's real estate.	$ 292,068	$ 292,068
Note payable in the original amount of $33,815 is owed by Greyston Bakery, Inc., payable to Whole Foods Market Services, Inc. with principal and interest payable monthly at the lessor of the highest rate permitted by applicable law or 5% per annum. The note is secured by the assets of the For-Profit Group and payable in monthly installments of approximately $995 beginning February 2017 through January 2020.	991	12,381
Note payable ($10,000 face value, plus $4,813 of accrued interest) owed by 104 Ashburton Holding Corp., payable to a community supporter, payable on demand. No further interest is due.	14,813	14,813
Capital lease obligations in the original amount of $125,276, payable in monthly installments of $5,220 through June 2020. In December 2019 the Foundation paid the loan in full.	-	93,958
Note payable in the original amount of $252,250, payable to Unitarian Universalist Congregation of Shelter Rock in monthly installments of principal and interest of approximately $4,400 through April 2019, including interest at 2% per annum.	-	17,612
	3,681,552	2,987,955
Unamortized debt issuance costs	(85,629)	(98,673)
	$ 3,595,923	$ 2,889,282

9. Mortgages Payable *(continued)*

Future principal payments due on mortgages payable at December 31, 2019 are payable as follows:

2020	$ 435,183
2021	239,561
2022	250,819
2023	262,595
2024	224,168
Thereafter	2,269,226
	$ 3,681,552

10. Income Taxes, For-Profit Group

The provision (benefit) for income taxes for the years ended December 31 consisted of the following components:

	2019	2018
Current		
Federal	$ 217,885	$ 82,025
State and local	1,108	903
	218,993	82,928
Deferred		
Federal	26,724	6,004
State and local	5,866	1,131
	32,590	7,135
	$ 251,583	$ 90,063

Deferred tax assets and liabilities at December 31 relate to the following items:

	2019	2018
Deferred Tax Assets		
Inventory	$ 40,013	$ 37,395
Other liabilities	33,117	42,906
	73,130	80,301
Deferred Tax Liabilities		
Depreciation	(638,946)	(613,527)
Net Deferred Tax Liability	$ (565,816)	$ (533,226)

11. Government Grants

For the years ended December 31, government grants which are included in contributions consist of:

	2019	2018
U.S. Department of Housing and Urban Development		
Housing Opportunities for People with AIDS	$ 424,251	$ 404,722
U.S. Department of Health and Human Services		
HIV Emergency Relief Project Funds	23,790	154,042
City of Yonkers		
Housing Opportunities for People with AIDS	200,345	78,939
Yonkers Workforce Investment Board	343,482	285,703
Community Development Block Grants		
Re-Entry Employment and Financial Education	175,000	-
On the Job Training	33,588	-
New York State Office of Temporary and		
Disability Assistance	292,165	271,670
Supportive Housing Programs		
Single Room Occupancy Support Services Program	84,000	84,000
Supportive Housing for Families and Young Adults	-	66,913
New York State, Westchester County		
State and Municipal Facilities Program	50,000	-
New York State Department of Labor Workforce Development	19,709	9,845
	$ 1,646,330	$ 1,355,834

12. Retirement Plans

The Foundation's For-Profit Group sponsors an employee Simple Individual Retirement Account Savings Plan ("For-Profit Plan"). The For-Profit Plan provides for retirement benefits for employees meeting certain eligibility requirements. The Foundation's For-Profit Group made contributions of $0 in 2019 and 2018.

The Foundation's Not-For-Profit Group sponsors a defined contribution 401(k) plan ("Not-For-Profit Plan"). The Not-For-Profit Plan provides for retirement benefits for employees meeting certain eligibility requirements. The Foundation's Not-For-Profit Group made contributions of $0 in 2019 and 2018.

13. Lease Commitments

The Foundation's For-Profit Group leases equipment and warehouse space under operating leases that expire through September 2021. Minimum rental commitments under the non-cancellable operating lease as of December 31, 2019 are payable as follows:

2020	$ 141,908
2021	108,808
	$ 250,716

Rent expense was $146,672 and $139,607 for the years ended December 31, 2019 and 2018.

14. Concentrations, Risks and Uncertainties

Significant Customers

The For-Profit Group had one customer with approximately 83% and 81% of sales in 2019 and 2018. As of December 31, 2019, one customer comprised approximately 82% of accounts receivable. Two customers comprised approximately 85% of the accounts receivable as of December 31, 2018.

Collective Bargaining Agreement

On January 1, 2018, the Foundation's For-Profit Group's production employees ratified a new three year union collective bargaining agreement. This agreement is retroactive as of January 1, 2018 and expires on December 31, 2020.

Credit Risks

The Foundation maintains cash balances in a commercial checking account with a financial institution that may be in excess of the federally insured limits from time to time. Management does not anticipate non-performance by the financial institutions.

The For-Profit Group sells its products to various customers. Receivables are not collateralized and, as a result, management continually monitors the financial condition and credit limits of these customers to reduce the risk of loss.

15. Donated Services

The Foundation and its not-for-profit subsidiaries have not reflected any amounts in the consolidated financial statements for donated services since they generally pay for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist these entities with specific programs, fund-raising services and various committee assignments that does not meet the criteria for recognition as a contribution. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying consolidated financial statements.

* * * * *

Greyston Foundation, Inc. and Subsidiaries

Supplementary Information

December 31, 2019 and 2018

Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
December 31, 2019

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
ASSETS					
Cash	$ 848,953	$ 29,709	$ 2,163,126	$ -	$ 3,041,788
Receivables, net	1,036,816	184,607	535,924	-	1,757,347
Note receivable	31,450	-	-	-	31,450
Inventories	-	-	2,121,921	-	2,121,921
Prepaid expenses and other assets	11,489	14,276	12,792	-	38,557
Property and equipment, net	346,475	3,421,922	7,210,320	-	10,978,717
Tenants' security deposit	-	26,691	-	-	26,691
Security deposits	-	-	37,665	-	37,665
Due from affiliates	(2,498,779)	1,096,989	1,488,195	(86,405)	-
Investment in subsidiaries, net of dividend distribution	7,529,239	-	-	(7,529,239)	-
	$ 7,305,643	$ 4,774,194	$ 13,569,943	$ (7,615,644)	$ 18,034,136
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 167,602	$ 92,018	$ 1,642,136	$ -	$ 1,901,756
Accrued compensation	192,339	45,478	-	(57,618)	180,199
Tenants' security deposits payable	-	26,691	-	-	26,691
Deferred interest	-	4,100	-	-	4,100
Mortgages payable, net	-	1,531,954	2,063,969	-	3,595,923
Due to affiliates	-	86,405	-	(86,405)	-
Cumulative losses from investments in limited partnerships	113,170	-	-	(113,170)	-
Deferred income taxes	-	-	565,816	-	565,816
Total Liabilities	473,111	1,786,646	4,271,921	(257,193)	6,274,485
Net Assets					
Net assets	6,832,532	2,987,548	-	1,939,571	11,759,651
Common stock	-	-	201	(201)	-
Paid in capital	-	-	6,475,629	(6,475,629)	-
Accumulated earnings	-	-	2,822,192	(2,822,192)	-
Total Net Assets (Deficit)	6,832,532	2,987,548	9,298,022	(7,358,451)	11,759,651
	$ 7,305,643	$ 4,774,194	$ 13,569,943	$ (7,615,644)	$ 18,034,136

See independent auditors' report

Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
December 31, 2018

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
ASSETS					
Cash	$ 1,153,635	$ 160,159	$ 524,271	$ -	$ 1,838,065
Receivables, net	1,273,416	127,866	671,564	-	2,072,846
Note receivable	31,450	-	-	-	31,450
Inventories	-	-	1,996,142	-	1,996,142
Prepaid expenses and other assets	48,277	18,592	944,343	-	1,011,212
Prepaid taxes	-	-	1,665	-	1,665
Property and equipment, net	211,410	3,582,832	6,880,353	-	10,674,595
Tenants' security deposit	-	22,155	-	-	22,155
Security deposits	-	-	50,539	-	50,539
Due from affiliates	(2,065,565)	1,146,896	918,669	-	-
Investment in subsidiaries, net of dividend distribution	7,529,239	-	-	(7,529,239)	-
Total Assets	$ 8,181,862	$ 5,058,500	$ 11,987,546	$ (7,529,239)	$ 17,698,669
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 193,984	$ 111,801	$ 1,880,360	$ -	$ 2,186,145
Accrued compensation	136,685	47,097	-	(53,476)	130,306
Tenants' security deposits payable	-	22,155	-	-	22,155
Mortgages payable, net	-	1,538,935	1,350,347	-	2,889,282
Due to affiliates	-	-	-	-	-
Cumulative losses from investments in limited partnerships	113,170	-	-	(113,170)	-
Deferred income taxes	-	-	533,226	-	533,226
Total Liabilities	443,839	1,719,988	3,763,933	(166,646)	5,761,114
Net Assets					
Net assets	7,738,023	3,338,512	-	496,321	11,572,856
Common stock	-	-	201	(201)	-
Paid in capital	-	-	6,475,629	(6,475,629)	-
Accumulated earnings	-	-	1,747,783	(1,383,084)	364,699
Total Net Assets	7,738,023	3,338,512	8,223,613	(7,362,593)	11,937,555
	$ 8,181,862	$ 5,058,500	$ 11,987,546	$ (7,529,239)	$ 17,698,669

See independent auditors' report

Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Activities and Change in Net Assets
Year Ended December 31, 2019

	Greyston Foundation Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
REVENUES					
Sales - for-profit operations	$ -	$ -	$ 22,117,780	$ -	$ 22,117,780
Service fees	99,978	-	-	(53,476)	46,502
Pharmacy program revenue	-	23,312	-	-	23,312
Management fees	876,029	-	-	(876,029)	-
Rental, net of vacancy losses	-	263,070	-	-	263,070
Contributions	1,521,969	974,206	-	-	2,496,175
Special event, net of direct expenses of $62,694	153,402	-	-	-	153,402
Total Revenues	2,651,378	1,260,588	22,117,780	(929,505)	25,100,241
EXPENSES					
Cost of sales - for-profit operations	-	-	16,016,279	-	16,016,279
Selling and administrative - for-profit operations	-	-	3,831,621	-	3,831,621
Program services	1,810,166	1,385,442	-	(81,210)	3,114,398
Management and general	1,185,235	146,856	-	(131,856)	1,200,235
Fundraising	564,673	-	-	-	564,673
Total Expenses	3,560,074	1,532,298	19,847,900	(213,066)	24,727,206
Change in Net Assets Before Other Income (Expenses)	(908,696)	(271,710)	2,269,880	(716,439)	373,035
OTHER INCOME (EXPENSES)					
Loss on disposal of property and equipment	-	-	(94,306)	-	(94,306)
Interest expense	-	(79,282)	(103,091)	-	(182,373)
Interest and other revenue	3,205	28	-	-	3,233
Other expense	-	-	(25,910)	-	(25,910)
Management fees	-	-	(720,581)	720,581	-
Income tax provision - for-profit operations	-	-	(251,583)	-	(251,583)
Total Other Income (Expenses)	3,205	(79,254)	(1,195,471)	720,581	(550,939)
Gain (loss) from forgiveness of related party liabilities	-	-	-	-	-
Change in Net Assets	(905,491)	(350,964)	1,074,409	4,142	(177,904)
NET ASSETS					
Beginning of year	7,738,023	3,338,512	8,223,613	(7,362,593)	11,937,555
End of year	$ 6,832,532	$ 2,987,548	$ 9,298,022	$ (7,358,451)	$ 11,759,651

See independent auditors' report

Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Activities and Change in Net Assets
Year Ended December 31, 2018

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	Ravine Avenue Properties, Inc.	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
REVENUES						
Sales - for-profit operations	$ -	$ -	$ -	$ 20,018,287	$ -	$ 20,018,287
Service fees	40,522	32,320	-	-	(32,320)	40,522
Pharmacy program revenue	-	161,515	-	-	-	161,515
Management fees	549,772	-	-	-	(469,720)	80,052
Rental, net of vacancy losses	-	321,324	-	-	-	321,324
Contributions	2,889,842	1,014,434	-	-	-	3,904,276
Special event, net of direct expenses of $57,292	212,443	-	-	-	-	212,443
Total Revenues	3,692,579	1,529,593	-	20,018,287	(502,040)	24,738,419
EXPENSES						
Cost of sales - for-profit operations	-	-	-	14,966,982	-	14,966,982
Selling and administrative - for-profit operations	-	-	-	3,860,283	-	3,860,283
Program services	1,066,665	1,563,856	-	-	(55,380)	2,575,141
Management and general	1,304,924	182,500	-	-	(153,000)	1,334,424
Fundraising	719,168	-	-	-	-	719,168
Total Expenses	3,090,757	1,746,356	-	18,827,265	(208,380)	23,455,998
Change in Net Assets Before Other Income (Expenses)	601,822	(216,763)	-	1,191,022	(293,660)	1,282,421
OTHER INCOME (EXPENSES)						
Interest expense	-	(35,731)	-	(66,558)	-	(102,289)
Other income	9,383	5,606	-	6,597	-	21,586
Management fees	-	-	-	(341,260)	341,260	-
Interest - debt amortization cost	-	-	-	(5,364)	-	(5,364)
Income tax provision for-profit operations	-	-	-	(90,063)	-	(90,063)
Total Other Income (Expenses)	9,383	(30,125)	-	(496,648)	341,260	(176,130)
Change in Net Assets	611,205	(246,888)	-	694,374	47,600	1,106,291
NET ASSETS						
Beginning of year	7,126,818	3,585,400	5,876	7,529,239	(7,416,069)	10,831,264
Dividend distribution	-	-	(5,876)	-	5,876	-
End of year	$ 7,738,023	$ 3,338,512	$ -	$ 8,223,613	$ (7,362,593)	$ 11,937,555

See independent auditors' report