Greyston Foundation, Inc.
and Subsidiaries

Consolidated Financial Report
December 31, 2018

Contents

Independent Auditor's Report

To the Board of Directors
Greyston Foundation, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the consolidated financial statements of Greyston Foundation, Inc. and Subsidiaries (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statement 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 (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Greyston Foundation, Inc. and Subsidiaries as of December 31, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, in 2018, the Foundation adopted new accounting guidance related to the presentation of financial statements of not-for-profit entities. The adoption of the new guidance was retrospectively applied to 2017. Our opinion is not modified with respect to this matter.

Other Matter
The financial statements of the Foundation, as of and for the year ended December 31, 2017, were audited by other auditors, whose report dated July 2, 2018, expressed an unmodified opinion on those financial statements as a whole.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities and change in net assets (deficit) on pages 21 to 24 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The supplementary information as of and for the year ending December 31, 2017, was audited by other auditors, whose report dated July 2, 2018, expressed an unmodified opinion on such information in relation to the consolidated financial statements as a whole.

RSM US LLP

Stamford, Connecticut
July 1, 2019

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash	**$ 1,838,065**	$ 1,097,409
Receivables, net (Note 3)	**2,072,846**	2,161,416
Note receivable (Note 4)	**31,450**	49,000
Inventories (Note 6)	**1,996,142**	1,094,626
Prepaid expenses and other assets (Note 18)	**1,006,358**	38,748
Prepaid taxes	**1,665**	170,726
Property and equipment, net (Note 7)	**10,674,595**	10,492,609
Restricted cash (Note 8)	**4,854**	14,113
Tenants' security deposits	**22,155**	16,731
Security deposits	**50,539**	35,360
Deferred finance costs	**53,133**	-
Total assets	**$ 17,751,802**	$ 15,170,738
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 2,186,145**	$ 1,759,859
Accrued compensation	**130,306**	28,298
Tenants' security deposits payable	**22,155**	16,731
Deferred interest	**-**	81,790
Notes payable (Note 10)	**138,764**	107,956
Mortgages payable, net (Note 11)	**2,803,651**	1,818,749
Deferred income taxes (Note 12)	**533,226**	526,091
Total liabilities	**5,814,247**	4,339,474
Net assets:		
Without donor restrictions	**11,937,555**	10,831,264
Total liabilities and net assets	**$ 17,751,802**	$ 15,170,738

See notes to consolidated financial statements.

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017
Revenue:		
Sales - for-profit operations	**$ 20,018,287**	$ 18,330,841
Government grants (Note 14)	**1,355,834**	1,484,751
Service fees	**40,522**	34,813
Pharmacy program revenue	**161,515**	138,084
Management fee	**80,052**	169,568
Rental, net of vacancy losses	**321,324**	517,635
Contributions	**2,548,442**	738,856
Special events, net of direct expenses of $57,292 and $153,567, respectively	**212,443**	387,998
Interest and other revenue	**14,989**	7,667
Total revenue	**24,753,408**	21,810,213
Expenses:		
Cost of sales - for-profit operations	**14,966,982**	13,553,234
Selling and administrative - for-profit operations	**3,860,283**	3,094,758
Program services	**2,610,872**	2,644,399
Management and general	**1,334,424**	1,138,953
Fundraising	**719,168**	882,738
Total expenses	**23,491,729**	21,314,082
Other income (expenses):		
Interest expense	**(66,558)**	(117,742)
Interest - debt amortization cost	**(5,364)**	(9,229)
Other income	**6,597**	43,330
Income tax provision - for-profit operations (Note 12)	**(90,063)**	(123,526)
Total other income (expense)	**(155,388)**	(207,167)
Change in net assets from continuing operations	**1,106,291**	288,964
Discontinued operations: (Notes 1 and 13)		
Gain on disposal of property and equipment	**-**	536,538
Loss from discontinued operations	**-**	(99,758)
Loss from forgiveness of related party liabilities	**-**	(214,155)
Change in net assets	**1,106,291**	511,589
Net assets - without donor restrictions, beginning	**10,831,264**	10,319,675
Net assets - without donor restrictions, ending	**$ 11,937,555**	$ 10,831,264

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	252,929	5,185	-	258,114
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
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
	$ 2,610,872	$ 1,334,424	$ 719,168	$ 4,664,464

See notes to consolidated financial statements.

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,000,004	$ 653,967	$ 387,699	$ 2,041,670
Payroll taxes	66,699	30,190	23,512	120,401
Fringe benefits	150,173	56,113	26,784	233,070
	1,216,876	740,270	437,995	2,395,141
Client activities	506,424	486	-	506,910
Management fees	19,778	-	-	19,778
Occupancy	199,487	23,223	-	222,710
Contractual services	5,810	103,365	325,875	435,050
Interest	58,975	19,623	-	78,598
Repairs and maintenance	255,496	33,769	-	289,265
Depreciation	189,656	7,425	-	197,081
Insurance	59,397	12,380	-	71,777
Consumable supplies	54,155	61,735	27,895	143,785
Telephone	17,360	7,146	1,533	26,039
Bad debts	23,802	-	-	23,802
Professional fees	-	71,490	-	71,490
Equipment rental	14,879	19,508	-	34,387
Other	22,304	38,533	89,440	150,277
	$ 2,644,399	$ 1,138,953	$ 882,738	$ 4,666,090

See notes to consolidated financial statements.

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

		2018		2017
Cash flows from operating activities:				
Change in net assets	$	**1,106,291**		511,589
Net loss from discontinued operations		**-**		222,625
Net change in net assets from continuing operations		**1,106,291**		288,964
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**572,146**		584,256
Bad debt expense		**7,513**		23,802
Deferred income taxes		**7,135**		130,125
Interest - debt amortization cost		**(81,790)**		9,229
Equity in losses of limited partnerships		**-**		(357,860)
(Gain) on disposal of property		**-**		(617,538)
Changes in operating assets and liabilities:				
Receivables		**74,802**		(318,559)
Inventories		**(901,516)**		(151,909)
Prepaid expenses and other assets		**(967,610)**		51,735
Prepaid taxes		**169,061**		(170,726)
Security deposits, net		**(15,179)**		482
Loans receivable from limited partnerships		**-**		192,000
Loans receivable others		**-**		100,972
Restricted cash		**9,259**		40,637
Accounts payable and accrued expenses		**528,294**		1,294,881
Taxes payable		**-**		(118,873)
Net cash from operating activities - continuing operations		**508,406**		981,618
Net cash from operating activities - discontinued operations		**-**		259,473
Net cash provided by operating activities		**508,406**		1,241,091
Cash flows from investing activities:				
Purchases of property and equipment and leasehold improvements		**(628,856)**		(600,166)
Net cash used in investing activities		**(628,856)**		(600,166)
Cash flows from financing activities:				
Borrowing on line of credit, net		**-**		(750,000)
(Payments on) proceeds from notes, mortgages payable and deferred interest, net		**(65,299)**		429,777
Mortgage repayment - CPC		**(320,462)**		-
Deferred financing costs		**(53,133)**		-
Mortgage proceeds - Leviticus		**1,300,000**		-
Net cash from financing activities - continuing operations		**861,106**		(320,223)
Net cash from financing activities - discontinued operations		**-**		(86,236)
Net cash provided by (used in) financing activities		**861,106**		(406,459)
Change in cash		**740,656**		234,466
Cash, beginning		**1,097,409**		862,943
Cash, ending	**$**	**1,838,065**	$	1,097,409
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	**$**	**71,942**	$	187,830

See notes to consolidated financial statements.

Note 1. Organization and Significant Accounting Policies

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 organization 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 that 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 Organization's For-Profit Group.

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

Ravine Avenue Properties, Inc. (Ravine) provides affordable housing to low-income families and provides certain maintenance services to affiliates. Ravine is the owner of two low-income residential buildings located at 55-57 and 61 Ravine Avenue in Yonkers, New York. Ravine is also the sole member of two inactive entities: Warburton Riverview LLC and Warburton Riverview 49 LLC. Ravine owns two lots of undeveloped land, namely 64 and 74 Ravine Avenue, in Yonkers, New York.

Greyston Family Inn of Yonkers, Inc. (Family Inn) provides permanent housing and related community services to a wide variety of community residents ranging in age from infants to twenty-two years old and formerly homeless persons. Services rendered include youth programs, workforce development, child care, tenant services and technology programs. To assist in providing these services, Family Inn owns two corporate entities which serve as general partners in limited partnerships. The limited partnerships operate low income housing complexes in Yonkers, New York.

The Board of Directors (Board) of Family Inn resolved during its meeting on October 26, 2017 to recommend that the Family Inn be liquidated and the real estate properties be sold to a third party organization and to terminate the operations of the Early Learning Center as of March 31, 2018. On October 26, 2017, the Board of Family Inn adopted a plan to commence liquidation and started to wind down its operations. The Early Learning Center continued to operate until April 30, 2018.

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, GHS 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.

The Foundation also owns various affordable housing entities through its investments in multiple limited partnerships and related general partners.

Note 1. Organization and Significant Accounting Policies (Continued)

During 2016, the unrelated Limited Partners of 74 Warburton Avenue Limited Partnership, 62 Warburton Avenue Limited Partnership, Burnham Building Limited Partnership and 23 Park Limited Partnership transferred their full interests to Greyston Foundation, Inc.

During 2017, the unrelated Limited Partners of Philipsburgh Hall Associates Limited Partnership transferred their full interests to Greyston Foundation, Inc.

In December 2017, the Foundation sold, to an unrelated third party, the real estate properties related to the following entities that have been liquidated:

- 62 Warburton Avenue Limited Partnership
- 74 Warburton Avenue Limited Partnership
- Burnham Building Limited Partnership
- Philipsburgh Hall Associates Limited Partnership
- Ravine
- Family Inn

Note 2. Summary of Significant Accounting Policies

Basis of presentation and use of estimates: Except as discussed below, the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from the Foundation's estimates.

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.

The operations of the limited partnerships and Family Inn have either been sold or discontinued in 2017 and presented as discontinued operations as of and for the year ended December 31, 2017.

Net asset presentation: The Foundation is required to report information regarding its consolidated financial position and activities according to two classes of net assets: those with donor-imposed restricted and those without (unrestricted).

Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired or been met. Unrestricted net assets are funds that are fully available, at the discretion of management and the Foundation Board, for the Foundation to utilize in any of its programs or supporting services.

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 $86,526 and $53,159 were paid for the years ended December 31, 2018 and 2017, respectively, and are included in selling and administrative expenses in the accompanying consolidated statements of activities and changes in net assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Payments are financed by Banco Santander for European receivables. The annual rate is 120-day LIBOR plus 1.00%. Total fees of $52,252 and $31,755 were paid for the years ended December 31, 2018 and 2017, respectively, and are included in selling and administrative expenses in the accompanying consolidated statements of activities and changes in net assets.

Allowance for uncollectible receivables: An allowance for uncollectible accounts and grants receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts.

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

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. Repairs 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 year.

Impairment of long-lived assets: In accordance with authoritative guidance related to the accounting for the impairment or disposal of long-lived assets, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances required a long-lived asset to be tested for possible impairment, the Foundation first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value.

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 2018 and 2017.

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 effective interest rate method. The Foundation reflects amortization of debt issuance costs within interest expense, in accordance with U.S. GAAP.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted non-operating revenue, in the absence of donor stipulations to the contrary, during the year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances. Grants and contracts, other than long-lived assets, are reported as unrestricted non-operating revenue in the absence of donor stipulations to the contrary.

Governmental and nongovernmental grants and donations constitute revenue in the unrestricted fund when such amounts represent unconditional transfers from donors.

Rental income is recognized as it accrues. Advanced 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.

Revenue from product sales in the for-profit operations are recognized when the goods are shipped or delivered depending on when title and risk passes to the customer. Product returns and discounts to customers are recorded as reductions in determining sales as incurred.

Advertising: Advertising costs are expensed when incurred and are included in selling and administrative expenses. Advertising costs totaled approximately $178,000 and $94,000 in 2018 and 2017, respectively.

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 $29,000 and $49,000 in 2018 and 2017, respectively.

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's For-Profit Group recognizes the effect of income tax positions taken in its income 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's For-Profit Group is no longer subject to U.S. federal, state or local income tax audits for years prior to 2015.

Note 2. Summary of Significant Accounting Policies (Continued)

In December 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) was enacted. The TCJA includes a number of changes to existing U.S. tax laws that impact the Foundation's For-Profit Group, most notably a reduction of the U.S. corporate income tax from 35% to 21% for tax years beginning after December 31, 2017. The TCJA also provides the acceleration of depreciation for certain assets placed into service after September 27, 2017 and the limitations on the deductibility of interest expense. The Foundation's For-Profit Group recognized the income tax effects of the TCJA in its 2017 consolidated financial statements.

Reclassifications: Certain amounts in the 2017 consolidated financial statements were reclassified to conform to the 2018 presentation. There has been no effect on net assets as a result of these changes.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a new accounting standard that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which is expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The Foundation has completed its preliminary assessment of the new standard and it does not expect the impact of adoption to have a material impact to the Foundation’s consolidated financial statements. The Foundation continues to evaluate the disclosure requirements related to the new standard. The Foundation will adopt the new revenue guidance effective January 1, 2019.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* This ASU simplifies the presentation of deferred income taxes by eliminating the requirement for entities to separate deferred tax liabilities and assets into current and noncurrent amounts in classified balance sheet. Instead, it requires deferred tax assets and liabilities be classified as noncurrent in the balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017. The Foundation adopted this guidance with retrospective application applied to all periods presented, see Note 12.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the pending adoption of the Update on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for the Foundation on January 1, 2019. Early adoption is permitted. This standard is not expected to have a material impact on the Foundation’s consolidated statements of activities and changes in net assets or financial position.

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit Organization classifies its net assets, as well as the information it presents in consolidated financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. The Foundation adopted ASU 2016-14 during 2018. The adoption did not result in any changes in net asset classification. Information related to the Liquidity of the Foundation is presented in Note 5.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* serving to clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations (NFPs) and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important, as such classification affects the timing of contribution revenue and expense recognition. The new standard is effective for fiscal years beginning after December 15, 2019. The Foundation does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

Evaluation of subsequent events by management: Events have been evaluated through July 1, 2019, the date at which these consolidated financial statements were available to be issued.

Note 3. Receivables

Receivables at December 31 consists of the following:

	2018	2017
Accounts receivable	$ 683,044	$ 1,775,855
Grants receivable	232,979	389,999
Pledges receivable	1,158,427	18,447
	2,074,450	2,184,301
Allowance for doubtful accounts	(1,604)	(22,885)
	$ 2,072,846	$ 2,161,416

Note 4. 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 Foundation received related payments totaling $17,550 in 2018.

Note 5. Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2018, the following financial assets are available to meet annual operating needs of the 2019 fiscal year:

Cash	$ 1,838,065
Accounts receivable, net	2,072,846
	$ 3,910,911

Note 6. Inventories

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

	2018	2017
Raw materials	$ 367,852	$ 360,381
Finished goods	1,628,290	734,245
	$ 1,996,142	$ 1,094,626

Note 7. Property and Equipment

Property and equipment at December 31, consists of:

	2018	2017
Land	$ 1,120,000	$ 1,120,000
Buildings	12,877,652	12,877,652
Improvements	1,597,793	1,245,469
Furniture and equipment	3,792,644	3,335,587
Office equipment	318,342	317,746
Capital lease equipment	-	234,310
Construction in progress	168,790	-
Automobiles	47,716	38,041
	19,922,937	19,168,805
Less accumulated depreciation and amortization	(9,248,342)	(8,676,196)
	$ 10,674,595	$ 10,492,609

Note 8. Restricted Cash

Restricted cash at December 31 consists of:

	2018	2017
Operating reserves	$ -	$ 112
Replacement and other reserves	4,854	4,741
Escrow deposits	-	9,260
	$ 4,854	$ 14,113

Note 9. Line of Credit

The Foundation 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 initially planned to expire on March 31, 2019 were extended to July 31, 2019. Borrowings on the primary line of credit at both December 31, 2018 and 2017 were $0. Borrowings on the secondary line of credit at both December 31, 2018 and 2017 were $0. Interest on both lines are payable monthly at Prime + 1.00% (5.25% at December 31, 2018). The loans are secured by the assets (primary line) and accounts receivable (secondary line) of the Foundation.

Note 10. Notes Payable

Notes payable at December 31 consists of the following:

	2018	2017
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 and 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. Interest expense for the year ended December 31, 2018 was $928.	$ 12,381	$ 23,393
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
Note payable in the original amount of $1,000,000 is owed by 104 Ashburton Holding Corp., payable to the City of Yonkers Office of Economic Development (Yonkers OED). During 2011, pursuant to the terms of the restructuring agreement, 104 Ashburton Holding Corp. repaid $114,488 (including accrued interest) and $310,967 was forgiven by Yonkers OED. The loan was secured by certain property and equipment and paid in full in 2017.	-	-
Capital lease obligations in the original amount of $125,276, payable in monthly installments of $5,220 through June 2020.	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	69,750
	$ 138,764	$ 107,956

Note 10. Notes Payable (Continued)

Principal payments due on notes payable at December 31, 2018 are as follows:

2019	$ 106,750
2020	32,014
	$ 138,764

Note 11. Mortgages Payable

	2018	2017
Mortgage note payable in the original amount of $1,300,000 owed by 104 Ashburton Avenue, LLC payable to The Westchester Bank with principal and interest payable monthly at a fixed rate of 4.75% per annum and, from and after the reset date, 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, 2018 and 2017 was $60,234 and $31,255, respectively.	$ 1,257,123	$ 1,286,471
The first mortgage note is held by the Community Preservation Corporation (CPC) in the original amount of $585,000. The note bears interest at 8.6% per annum, and matures in 2024. Monthly installments of $4,750 are paid for principal and interest. For the years ended December 31, 2018 and 2017, interest expense was $25,655 and $26,476, respectively. The mortgage is secured by 23 Park LP's real estate. This note was paid in full in 2018.	-	291,114
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 each of the years ended December 31, 2018 and 2017, interest expense was $0. The mortgage is secured by the LP's real estate.	1,300,000	-
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 for principal and interest. As of December 31, 2016, 23 Park LP was eight and a half years behind in their mortgage payments. 23 Park LP intends to catch up on payments as cash flow permits. For the years ended December 31, 2018 and 2017, interest expense of $10,076 and $4,892 was accrued. The mortgage is secured by the 23 Park LP's real estate.	292,068	292,068
	2,849,191	1,869,653
Unamortized debt issuance costs	(45,540)	(50,904)
	$ 2,803,651	$ 1,818,749

Note 11. Mortgages Payable (Continued)

Future principal payments due on mortgages payable at December 31, 2018 are as follows:

2019	$	220,286
2020		62,947
2021		65,958
2022		69,118
2023		72,438
Thereafter		2,312,904
	$	2,803,651

Note 12. Income Taxes, For-Profit Group

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

		2018		2017
Current:				
Federal	$	82,025	$	385,724
State and local		903		1,373
		82,928		387,097
Deferred:				
Federal		6,004		(262,181)
State and local		1,131		(1,390)
		7,135		(263,571)
	$	90,063	$	123,526

The For-Profit Group's deferred tax assets and liabilities were remeasured to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%, resulting in an approximate $325,000 decrease in income tax expense for the year ended December 31, 2017 and a corresponding approximate $325,000 decrease in the net deferred tax liability as of December 31, 2017.

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

		2018		2017
Deferred tax assets:				
Inventory	$	37,395	$	20,459
Bad debt		-		2,726
Other liabilities		42,906		26,235
		80,301		49,420
Deferred tax liabilities:				
Depreciation		(613,527)		(575,511)
	$	(533,226)	$	(526,091)

Note 13 Discontinued Operations

Liabilities of assets held for sale at December 31, 2016 consisted of: The first note in the original amount of $81,000, was owed by Ravine, secured by certain property, payable to the City of Yonkers, required no monthly payments included interest at 2% per annum and was set to mature July 15, 2036. Ravine has not accrued interest related to the note. As of December 31, 2016, $81,000 was outstanding. In December 2017, the City of Yonkers forgave the debt.

The first mortgage payable in the original amount of $1,222,966, was owed by Ravine, secured by property known as 55-57 and 61 Ravine Avenue in Yonkers, New York, was payable to the City of Yonkers in equal monthly installments of principal including 1% interest based upon the available cash flow of Ravine through November 2031. No interest expense was incurred in 2017. Interest expense for the year ended December 31, 2016 was $11,268. For the year ended December 31, 2016, cash flow was insufficient to provide any repayment of the outstanding principal of $1,175,563. In December 2017, Ravine sold its real estate properties to an unrelated third party who assumed the outstanding mortgage indebtedness.

The second mortgage in the original amount of $850,000, was owed by Ravine, secured by rental property, payable to the New York State Homeless Housing and Assistance Corporation and was due in May 2025. The mortgage was interest free and required no monthly payments. As of December 31, 2016 the outstanding balance was $850,000. In December 2017, Ravine sold its real estate properties to an unrelated third party who assumed the outstanding mortgage indebtedness.

The third mortgage in the original amount of $777,715, was owed by Ravine, secured by rental property, payable to the Low Income Investment Fund in monthly installments of principal and interest of approximately $5,000 through August 2017, with a final principal payment of approximately $456,000. Interest was charged at 6.0% per annum. Interest expense for the years ended December 31, 2017 and 2016 was $29,108 and $30,700, respectively. As of December 31, 2016, $475,000 was outstanding. In December 2017, Ravine sold its real estate properties and paid in full the outstanding balance of the loan.

Note 14. Government Grants

For the years ended December 31, government grants consist of:

	2018	2017
U.S. Department of Housing and Urban Development:		
Housing Opportunities for People with AIDS	$ 404,722	$ 534,914
U.S. Department of Health and Human Services:		
HIV Emergency Relief Project Funds	154,042	156,636
City of Yonkers:		
Yonkers Workforce Investment Board	78,939	96,071
Community Development Block Grants	285,703	257,847
New York State Office of Temporary and Disability Assistance:		
Supportive Housing Programs	271,670	272,783
Single Room Occupancy Support Services Program	84,000	84,000
Supportive Housing for Families and Young Adults	66,913	82,500
New York State Department of Labor Workforce Development	9,845	-
	$ 1,355,834	$ 1,484,751

Note 15. Related Party Transactions

On occasions, the Foundation and subsidiaries have advanced or paid expenses on behalf of each other. It is the intention of the Foundation and its subsidiaries that these funds be repaid when cash flow permits. Interest is not charged on these outstanding balances.

Note 16. Employee Savings Plan

The Foundation's For-Profit Group sponsors an employee Simple Individual Retirement Account Savings Plan (Plan). The Plan provides for retirement benefits for employees meeting certain eligibility requirements. There were no contributions made in 2018 and 2017.

Note 17. 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, 2018 are payable as follows:

Years ending December 31:		
2019	$	137,775
2020		141,908
2021		108,808
	$	388,491

Rent expense was $139,607 and $136,428 for the years ended December 31, 2018 and 2017, respectively.

Note 18. Concentrations, Risks and Uncertainties

Significant customers: The For-Profit Group had one customer with approximately 81% and 84% of sales in 2018 and 2017, respectively. As of December 31, 2018, two customers comprised approximately 85% of accounts receivable. As of December 31, 2017, two customers comprised approximately 84% of accounts receivable.

Collective-bargaining agreement: January 1, 2018, the Foundation’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 nonperformance 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.

Note 18. Concentrations, Risks and Uncertainties (Continued)

Recoveries on insured losses: In 2018, Greyston Bakery suffered product recall losses of approximately $1,400,000. The costs associated with these losses are included in the 2018 consolidated financial statements as cost of goods sold. The Foundation believes the majority of the losses are covered by its insurance policy. At December 31, 2018, the Foundation has recorded approximately $940,000 in prepaid expenses and other assets to offset such losses. This amount represents the insurance proceeds received, or committed to be paid by the insurer, prior to the issuance of these consolidated financial statements. As such, a net loss of approximately $460,000 in connection with the product recall is reflected in the 2018 consolidated statement of activities and changes in net assets. The remaining insurance recovery, if any, will be recognized in the period the insurance proceeds are received or receipt becomes probable.

Note 19. 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 organizations 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

Consolidating Statement of Financial Position
December 31, 2018

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	Ravine Avenue Properties, Inc.	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	13,738	-	944,343	-	1,006,358
Prepaid taxes	-	-	-	1,665	-	1,665
Property and equipment, net	211,410	3,582,832	-	6,880,353	-	10,674,595
Restricted cash		4,854	-	-	-	4,854
Tenants' security deposits	-	22,155	-	-	-	22,155
Security deposits	-	-	-	50,539	-	50,539
Deferred finance costs	-	53,133	-	-	-	53,133
Due from subsidiaries, net	(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	$ 5,111,633	$ -	$ 11,987,546	$ (7,529,239)	$ 17,751,802
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
Deferred interest	-	-	-	-	-	-
Notes payable	-	-	-	138,764	-	138,764
Mortgages payable, net	-	1,592,068	-	1,211,583	-	2,803,651
Cumulative losses from investments in limited partnerships	113,170	-	-	-	(113,170)	-
Deferred income taxes	-	-	-	533,226	-	533,226
Total liabilities	443,839	1,773,121	-	3,763,933	(166,646)	5,814,247
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
Total liabilities and assets	$ 8,181,862	$ 5,111,633	$ -	$ 11,987,546	$ (7,529,239)	$ 17,751,802

Greyston Foundation, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2017

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	Ravine Avenue Properties, Inc.	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
Assets						
Cash	$ 931,835	$ 29,461	$ 20,972	$ 115,141	$ -	$ 1,097,409
Receivables, net	262,983	283,786	-	1,614,647	-	2,161,416
Note receivable	49,000	-	-	-	-	49,000
Inventories	-	-	-	1,094,626	-	1,094,626
Prepaid expenses and other assets	8,116	30,431	-	201	-	38,748
Prepaid taxes	-	-	-	170,726	-	170,726
Property and equipment, net	20,770	3,633,359	-	6,838,480	-	10,492,609
Restricted cash	-	14,113	-	-	-	14,113
Tenants' security deposits	-	16,731	-	-	-	16,731
Security deposits	-	-	-	35,360	-	35,360
Due from subsidiaries, net	(1,236,080)	435,432	(15,096)	815,744	-	-
Investment in subsidiaries, net of dividend distribution	7,529,239	-	-	-	(7,529,239)	-
Total assets	$ 7,565,863	$ 4,443,313	$ 5,876	$ 10,684,925	$ (7,529,239)	$ 15,170,738
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$ 325,875	$ 147,912	$ -	$ 1,286,072	$ -	$ 1,759,859
Accrued compensation	-	28,298	-	-	-	28,298
Tenants' security deposits payable	-	16,731	-	-	-	16,731
Deferred interest	-	81,790	-	-	-	81,790
Notes payable	-	-	-	107,956	-	107,956
Mortgages payable, net	-	583,182	-	1,235,567	-	1,818,749
Cumulative losses from investments in						-
limited partnerships	113,170	-	-	-	(113,170)	-
Deferred income taxes	-	-	-	526,091	-	526,091
Total liabilities	439,045	857,913	-	3,155,686	(113,170)	4,339,474
Net assets:						
Net assets:	7,126,818	3,585,400	5,876	-	113,170	10,831,264
Common stock	-	-	-	201	(201)	-
Paid-in capital	-	-	-	6,475,629	(6,475,629)	-
Accumulated earnings	-	-	-	1,053,409	(1,053,409)	-
Total net assets	7,126,818	3,585,400	5,876	7,529,239	(7,416,069)	10,831,264
Total liabilities and assets	$ 7,565,863	$ 4,443,313	$ 5,876	$ 10,684,925	$ (7,529,239)	$ 15,170,738

Greyston Foundation, Inc. and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Deficit)
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
Revenue:						
Sales - for-profit operations	$ -	$ -	$ -	$ 20,018,287	$ -	$ 20,018,287
Government grants	441,400	914,434	-	-	-	1,355,834
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	2,448,442	100,000	-	-	-	2,548,442
Special event, net of direct expenses	212,443	-	-	-	-	212,443
Interest and other revenue	9,383	5,606	-	-	-	14,989
Total revenue	3,701,962	1,535,199	-	20,018,287	(502,040)	24,753,408
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	1,599,587	-	-	(55,380)	2,610,872
Management and general	1,304,924	182,500	-	-	(153,000)	1,334,424
Fundraising	719,168	-	-	-	-	719,168
Total expenses	3,090,757	1,782,087	-	18,827,265	(208,380)	23,491,729
Change in net assets before nonoperating activities	611,205	(246,888)	-	1,191,022	(293,660)	1,261,679
Other income (expense):						
Equity in gains of subsidiaries	-	-	-	-	-	-
Interest expense	-	-	-	(66,558)	-	(66,558)
Interest, debt amortization cost	-	-	-	(5,364)	-	(5,364)
Other income	-	-	-	6,597	-	6,597
Management fees	-	-	-	(341,260)	341,260	-
Income tax provision, for profit operations	-	-	-	(90,063)	-	(90,063)
Total other income (expenses)	-	-	-	(496,648)	341,260	(155,388)
Change in net assets (deficit) from continuing operations	611,205	(246,888)	-	694,374	47,600	1,106,291
Discontinued operations:						
Gain on disposal of property	-	-	-	-	-	-
Loss from discontinued operations	-	-	-	-	-	-
Gain (loss) from forgiveness of related party liabilities	-	-	-	-	-	-
Change in net assets	611,205	(246,888)	-	694,374	47,600	1,106,291
Net assets:						
Beginning	7,126,818	3,585,400	5,876	7,529,239	(7,416,069)	10,831,264
Dividend distribution	-	-	(5,876)	-	5,876	-
Ending	$ 7,738,023	$ 3,338,512	$ -	$ 8,223,613	$ (7,362,593)	$ 11,937,555

Greyston Foundation, Inc. and Subsidiaries

Consolidating Statement of Activities and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	Ravine Avenue Properties, Inc.	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
Revenue:						
Sales - for-profit operations	$	$ -	$ -	$ 18,330,841	$ -	$ 18,330,841
Government grants	436,418	1,048,333	-	-	-	1,484,751
Service fees	-	34,813	-	-	-	34,813
Pharmacy program revenue	-	138,084	-	-	-	138,084
Management fees	628,865	-	-	-	(459,297)	169,568
Rental, net of vacancy losses	-	517,635	-	-	-	517,635
Contributions	713,856	25,000	-	-	-	738,856
Special event, net of direct expenses	387,998	-	-	-	-	387,998
Interest and other revenue	7,149	518	-	-	-	7,667
Total revenue	2,174,286	1,764,383	-	18,330,841	(459,297)	21,810,213
Expenses:						
Cost of sales - for-profit operations	-	-	-	13,553,234	-	13,553,234
Selling and administrative - for-profit operations	-	-	-	3,094,758	-	3,094,758
Program services	864,964	1,779,435	-	-	-	2,644,399
Management and general	1,111,878	165,488	-	-	(138,413)	1,138,953
Fundraising	882,738	-	-	-	-	882,738
Total expenses	2,859,580	1,944,923	-	16,647,992	(138,413)	21,314,082
Change in net assets before nonoperating activities	(685,294)	(180,540)	-	1,682,849	(320,884)	496,131
Other income (expense):						
Equity in gains of subsidiaries	1,154,798	-	-	-	(1,154,798)	-
Interest expense	-	-	-	(117,742)	-	(117,742)
Interest, debt amortization cost	-	-	-	(9,229)	-	(9,229)
Other income	-	-	-	43,330	-	43,330
Management fees	-	-	-	(320,884)	320,884	-
Income tax provision, for profit operations	-	-	-	(123,526)	-	(123,526)
Total other income (expenses)	1,154,798	-	-	(528,051)	(833,914)	(207,167)
Change in net assets (deficit) from continuing operations	469,504	(180,540)	-	1,154,798	(1,154,798)	288,964
Discontinued operations:						
Gain on disposal of property	-	-	536,538	-	-	536,538
Loss from discontinued operations	-	-	(99,758)	-	-	(99,758)
Gain (loss) from forgiveness of related party liabilities	(1,735,672)	455,751	1,065,766	-	-	(214,155)
Change in net assets	(1,266,168)	275,211	1,502,546	1,154,798	(1,154,798)	511,589
Net assets:						
Beginning	8,392,986	3,310,189	(1,496,670)	7,605,441	(7,492,271)	10,319,675
Dividend distribution	-	-	-	(1,231,000)	1,231,000	-
Ending	$ 7,126,818	$ 3,585,400	$ 5,876	$ 7,529,239	$ (7,416,069)	$ 10,831,264