Greyston Foundation, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

Independent Auditors' Report

Board of Directors
Greyston Foundation, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Greyston Foundation, Inc. and Subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Report on Consolidated Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated information included on pages 24 through 27 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidated 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, except for the effects on the 2022 supplementary information of the departure from accounting principles generally accepted in the United States of America, as described below, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

As of January 1, 2022, accounting principles generally accepted in the United States of America require the recognition of right-of-use assets and lease liabilities for qualifying leases. Management has informed us that Greyston Foundation, Inc. and Subsidiaries have not recorded such assets and liabilities in the separate entities and eliminating entries of the consolidated supplementary information as of and for the year ended December 31, 2022. Management has not determined the effect of this departure from accounting principles generally accepted in the United States of America on the supplementary information as of and for the year ended December 31, 2022.

PKF O'Connor Davies, LLP

Harrison, New York
October 3, 2023

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	December 31, 2022	December 31, 2021
ASSETS		
Cash	$ 4,018,841	$ 7,294,586
Investments	1,695,133	2,178,875
Receivables	1,915,928	3,348,832
Inventories	3,006,029	2,676,059
Prepaid expenses and other assets	1,335,830	225,402
Prepaid taxes	581,814	520,765
Property and equipment, net	18,694,356	18,107,264
Security deposits	93,720	42,315
	$ 31,341,651	$ 34,394,098
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 2,106,926	$ 1,982,908
Accrued compensation	331,745	122,684
Deferred revenue	-	10,000
Deferred interest	5,895	5,983
Mortgages payable, net	7,375,635	7,691,930
Deferred income taxes	552,935	967,956
Total Liabilities	10,373,136	10,781,461
Net Assets		
Without donor restrictions	20,968,515	23,612,637
	$ 31,341,651	$ 34,394,098

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities and Change in Net Assets

	Year Ended December 31,	
	2022	2021
REVENUES		
Sales - for-profit operations	$ 28,428,689	$ 29,012,649
Government grants	1,308,850	985,649
Service fees	-	148,707
Rental, net of vacancy losses	-	69,700
Contributions	1,100,281	2,128,879
Training fees	166,750	-
Special events, net of direct expenses of $87,532 and $865	160,019	35,172
Total Revenues	31,164,589	32,380,756
EXPENSES		
Cost of sales - for-profit operations	25,482,580	22,024,138
Selling and administrative - for-profit operations	2,199,401	2,412,875
Expenses - For-Profit Operations	27,681,981	24,437,013
Program services	3,281,710	3,780,772
Management and general	2,172,672	363,253
Fundraising	288,066	141,073
Expenses - Not-For-Profit Operations	5,742,448	4,285,098
Total Expenses	33,424,429	28,722,111
Change in Net Assets Before Other Income (Expenses)	(2,259,840)	3,658,645
OTHER INCOME (EXPENSES)		
Loss on disposal of property and equipment	-	(1,874)
Interest expense	(389,071)	(225,016)
Unrealized gain (loss) on investments	(476,374)	221,668
Interest and other revenue (expense)	997	138,043
Income tax benefit (provision) - for-profit operations	480,166	(573,866)
Total Other Income (Expenses), net	(384,282)	(441,045)
Change in Net Assets	(2,644,122)	3,217,600
NET ASSETS		
Beginning of year	23,612,637	20,395,037
End of year	$ 20,968,515	$ 23,612,637

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,735,119	$ 1,005,867	$ 209,498	$ 2,950,484
Payroll taxes	185,988	73,103	18,187	277,278
Fringe benefits	159,462	74,389	5,505	239,356
	2,080,569	1,153,359	233,190	3,467,118
Cost of sales - for-profit operations	25,482,580	-	-	25,482,580
Selling and administrative - for-profit operations	-	2,199,401	-	2,199,401
Client activities	407,119	-	-	407,119
Management fees	83,161	-	-	83,161
Occupancy	33,761	122,817	29,716	186,294
Contractual services	114,292	99,304	-	213,596
Repairs and maintenance	70,565	54	-	70,619
Depreciation	173,593	4,803	-	178,396
Special events	147	342	87,043	87,532
Insurance	92,233	14,762	-	106,995
Consumable supplies	108,149	33,840	4,435	146,424
Professional fees	3,350	16,997	-	20,347
Telephone	21,130	7,045	-	28,175
Bad debt	-	526,570		526,570
Equipment rental	7,338	2,568	-	9,906
Other	86,450	190,553	20,725	297,728
Total Expenses	28,764,437	4,372,415	375,109	33,511,961
Special events	(147)	(342)	(87,043)	(87,532)
Total Expenses Before Special Events	$ 28,764,290	$ 4,372,073	$ 288,066	$ 33,424,429

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,906,078	$ 194,024	$ 108,015	$ 2,208,117
Payroll taxes	217,246	20,014	14,003	251,263
Fringe benefits	148,783	20,845	9,180	178,808
	2,272,107	234,883	131,198	2,638,188
Cost of sales - for-profit operations	22,024,138	-	-	22,024,138
Selling and administrative - for-profit operations	-	2,412,875	-	2,412,875
Client activities	251,595	-	-	251,595
Occupancy	283,191	2,827	-	286,018
Contractual services	284,936	57,671	-	342,607
Repairs and maintenance	181,747	228	-	181,975
Depreciation	164,976	13,265	-	178,241
Special events	-	-	865	865
Insurance	100,309	4,086	-	104,395
Consumable supplies	114,731	13,471	-	128,202
Telephone	20,908	2,629	-	23,537
Bad debts	-	22,825	-	22,825
Equipment rental	18,219	1,975	-	20,194
Other	88,053	9,393	9,875	107,321
Total Expenses	25,804,910	2,776,128	141,938	28,722,976
Special events	-	-	(865)	(865)
Total Expenses Before Special Events	$ 25,804,910	$ 2,776,128	$ 141,073	$ 28,722,111

See notes to consolidated financial statements

Greyston Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,644,122)	$ 3,217,600
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	919,485	747,494
Amortization of debt issuance costs	18,410	13,044
Bad debt expense	-	22,825
Deferred interest	(88)	(6,769)
Deferred income	(415,021)	302,516
Unrealized (gain) loss on investments	483,742	(221,668)
Loss on disposal of property and equipment	-	1,874
Changes in operating assets and liabilities		
Accounts receivable	1,432,904	(557,613)
Inventories	(329,970)	(510,423)
Prepaid expenses and other assets	(1,110,428)	(182,277)
Prepaid taxes	(61,049)	(2,687)
Security deposits	(51,405)	(4,650)
Accounts payable and accrued expenses	124,018	619,098
Accrued compensation	209,061	(123,609)
Deferred revenue	(10,000)	10,000
Net Cash from Operating Activities	(1,434,463)	3,324,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(1,957,207)
Purchases of property and equipment	(1,506,577)	(2,996,420)
Net Cash From Investing Activities	(1,506,577)	(4,953,627)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments related to financing fees	-	(134,138)
Payments on long-term debt	(334,705)	(225,051)
Net Cash from Financing Activities	(334,705)	(359,189)
Change in Cash	(3,275,745)	(1,988,061)
CASH		
Beginning of year	7,294,586	9,282,647
End of year	$ 4,018,841	$ 7,294,586
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 389,071	$ 234,339
Cash paid for income taxes	-	274,037
Non-cash investing, and financing activities		
Mortgage note payable received to purchase land and building	-	4,650,000

See notes to consolidated financial statements

1. Organization

Greyston Foundation, Inc. operates workforce development, promotes the Open Hiring model, and community gardens programs and also provides management services and fundraising support to its commonly-owned network of not-for-profit and for-profit subsidiaries as described 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.

Greyston Foundation, Inc. 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 and 44 Runyon Realty, 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 is 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.

Newly Adopted Accounting Principles

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the Consolidated Statement of Financial Position for operating leases. The Foundation adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. The Foundation elected to use all available practical expedients provided in the transition guidance. These allowed the Company to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. As of January 1, 2022, adoption of Topic 842 did not result in any material adjustments to balance sheet accounts related to lessor accounting.

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, 2022 and 2021.

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

Accounts Receivable

The For-Profit Group uses “supplier finance” programs offered by its main customer whereby receivables are paid within 120 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 $96,680 and $30,652 were paid for the years ended December 31, 2022 and 2021. Payments are financed by Banco Santander for European receivables. The annual rate is 120-day LIBOR plus 1.00%. Total fees of $121,341 and $33,734 were paid for the years ended December 31, 2022 and 2021.

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts. There were no allowances for estimated uncollectible accounts at December 31, 2022 and 2021.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the consolidated statements of activities and change in net assets. Purchases and sales of investments are recorded on a trade-date basis. Interest and dividend income is recognized on the accrual basis.

Fair Value Measurements

The Foundation follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs related to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The value by input level of the Foundation’s investments is included in Note 5 to the consolidated financial statements.

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 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 3 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.

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 effective expense.

Deferred Interest

Interest on mortgages payable that has been incurred but not paid is reported on the consolidated statements of financial position as deferred interest.

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 2022 and 2021.

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

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 consolidated statements of activities and change in net assets as net assets released from restriction.

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 terms of one year or less.

Pharmacy program, service fee, and management fee revenue are recognized in accordance with U.S. GAAP. Five basic criteria must be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) all performance obligations have been identified; (iii) the fee is fixed and determinable; (iv) the transaction price is allocated to the identified performance obligations; and (v) the performance obligation has been satisfied. 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 or delivered, depending on when title and risk passes 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.

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

Revenue Recognition (continued)

Contract assets at December 31 consist of:

	2022	2021	2020
Accounts receivable - for-profit operations	$ 917,375	$ 1,479,325	$ 1,460,514

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. The major allocations relating to square footage include insurance, property taxes, utilities, facility rent and facility wages.

Advertising

Advertising costs are expensed when incurred and are included in selling and administrative expenses. Advertising costs charged to selling and administrative expenses totaled $2,153,785 and $2,022,673 in 2022 and 2021.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in cost of goods sold. Shipping and handling costs charged to cost of goods sold totaled $945,518 and $994,756 in 2022 and 2021.

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.

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

Income Taxes (continued)

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 2019.

Insurance Claims

The Foundation presents insurance claims and related recoveries on a gross basis rather than net of insurance recoveries, and any estimated insurance recovery is reflected as a receivable on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible amounts. Professional and workers' compensation liability claims are covered through commercial insurance.

Risks and Uncertainties

The Foundation is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located or by changes in federal low-income housing subsidies or the demand for such housing.

Reclassifications

Certain accounts in the consolidated financial statements were reclassified in 2021 to conform to the 2022 presentation. There has been no effect on net assets or changes therein as a result of these changes.

Measure of Operations

The Foundation has elected to present an operating measure in its consolidated statements of activities and changes in net assets, shown as change in net assets before other income (expense). Accordingly, items affecting operations are segregated from those not affecting operations.

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 October 3, 2023.

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 period, 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, financial assets available for general expenditures within one year are as follows:

	2022	2021
Cash	$ 4,018,841	$ 7,294,586
Investments	1,695,133	2,178,875
Accounts receivable, net	1,915,928	3,348,832
	$ 7,629,902	$ 12,822,293

As an additional part of its liquidity plan, the Foundation has available lines of credit totaling $2,000,000 of which the full amount remains available at December 31, 2022 and 2021 to meet cash flow needs.

4. Receivables

Receivables at December 31 consists of:

	2022	2021
Accounts receivable	$ 917,375	$ 1,533,695
Grants receivable	597,753	569,868
Contributions receivable	400,800	1,245,269
	$ 1,915,928	$ 3,348,832

Receivables are due as follows as of December 31:

Due in less than one year	$ 1,915,928	$ 2,948,832
Due in one to five years	-	400,000
	$ 1,915,928	$ 3,348,832

5. Investments

The fair value of investments at December 31 are as follows. All investments are categorized as Level 1 on the fair value hierarchy:

	2022	2021
Money market	$ 59,930	$ -
Equity mutual fund	704,353	929,487
Corporate bond exchange traded fund	930,850	1,249,388
	$ 1,695,133	$ 2,178,875

6. Inventories

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

	2022	2021
Raw materials	$ 934,890	$ 597,417
Finished goods	2,071,139	2,078,642
	$ 3,006,029	$ 2,676,059

7. Property and Equipment

Property and equipment at December 31 consists of:

	2022	2021
Land	$ 3,836,220	$ 3,836,220
Buildings	16,452,681	16,452,681
Building improvements	2,130,584	1,967,361
Furniture and equipment	6,410,657	5,377,764
Construction in progress	1,878,029	1,593,153
	30,708,171	29,227,179
Accumulated depreciation	(12,013,815)	(11,119,915)
	$ 18,694,356	$ 18,107,264

Depreciation expense for the years ended December 31, 2022 and 2021 was $919,485 and $747,494.

8. Lines of Credit

The Company has a $1,000,000 primary line of credit and a $1,000,000 secondary line of credit with a financial institution. The lines of credit expire on September 30, 2023. There were no outstanding borrowings on the primary or secondary line of credit at December 31, 2022. Interest on both lines is payable monthly at prime, plus 1.00% (8.50% and 4.25% at December 31, 2022 and 2021). The lines of credit are secured by the assets (primary line) and accounts receivable (secondary line) of the Company.

9. Mortgages Payable

Mortgages payable at December 31 consist of:

	2022	2021
Mortgage note payable in the original amount of $4,650,000 owed by 44 Runyon Realty LLC and Greyston Bakery, Inc. payable to a financial institution with principal and interest payable monthly at a fixed rate of 4.67%. The note is secured by the assets of the those entities and payable in monthly installments of $26,478 beginning January 2022 through December 2036.	$ 4,551,480	$ 4,650,000
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, 2024), 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 2024.	1,125,406	1,159,869
On December 27, 2018, the LP 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. The mortgage is secured by the LP's real estate.	1,228,565	1,248,585

9. Mortgages Payable *(continued)*

	2022	2021
Note payable in the amount of $900,000, payable to The 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.	$ 338,572	$ 520,274
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, 2022, the LP was twelve and a half years behind in their mortgage payments. The LP intends to repay these amounts as cash flow permits. The mortgage is secured by the LP's real estate.	292,068	292,068
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
	7,550,904	7,885,609
Unamortized debt issuance costs	(175,269)	(193,679)
	$ 7,375,635	$ 7,691,930

Future principal payments due on mortgages payable at December 31, 2022 are payable as follows:

2023	$ 556,273
2024	332,250
2025	193,493
2026	202,867
2027	212,703
Thereafter	6,053,318
	$ 7,550,904

9. Mortgages Payable *(continued)*

The business loans are subject to loan covenants as defined in the loan agreements, whereby the Company is required to meet certain key financial ratios. The Company was not in compliance with these covenants at December 31, 2022. The Company received a waiver from the financial institution.

10. Government Grants

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

	2022	2021
U.S. Department of Housing and Urban Development		
Housing Opportunities for People with AIDS	$ -	$ 251,215
Continuum of Care	-	14,001
Community Development Block Grant	504,523	425,757
New York State Department of Environmental Conservation		
Greyston Community Wellness	-	2,132
City of Yonkers		
Yonkers Workforce Investment Board	-	104,094
Environmental Education Grant	-	7,112
New York State Office of Temporary Disability Assistance		
New York State Supportive Housing Program	-	63,588
New York State - Venture SNAP Program	495,030	-
CWI Labs, Inc.		
Creating a Pathway to Stable Employment for Returning Citizens Age 50+	137,739	95,261
New York State Department of Labor	177,449	22,489
	$1,314,741	$ 985,649

11. 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 $77,817 and $68,095 in 2022 and 2021.

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 $38,875 and $42,319 in 2022 and 2021.

12. Lease Commitments

The Foundation's For-Profit Group leased warehouse space under operating leases that expired September 2022 and were not renewed.

Rent expense was $185,523 and $149,413 for the years ended December 31, 2022 and 2021.

13. Income Taxes, For-Profit Group

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

	2022	2021
Current		
Federal	$ (81,053)	$ 256,226
State and local	15,908	15,124
	(65,145)	271,350
Deferred		
Federal	(340,317)	248,063
State and local	(74,704)	54,453
	(415,021)	302,516
	$ (480,166)	$ 573,866

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

	2022	2021
Deferred Tax Assets		
Inventory	$ 51,638	$ 48,852
Other liabilities	28,958	28,028
Net operating loss	611,903	-
	692,499	76,880
Deferred Tax Liabilities		
Depreciation	(1,245,434)	(1,044,836)
Net Deferred Tax Liability	$ (552,935)	$ (967,956)

The Company has federal and state net operating loss ("NOL") carryforwards of approximately $2,914,000. The federal NOL is allowed to be carried forward indefinitely. The state NOL carryforward will begin to expire in 2042.

14. Concentrations, Risks and Uncertainties

Significant Donors and Grantors

The Foundation receives significant contributions and grants from donors and grantors which may result in a significant portion of its contribution and grant revenue from relatively few donors and grantors in any given period. During the years ended December 31, 2022 and 2021, the Foundation received approximately 69% and 73% of its contribution and grant revenues from three donors and grantors. At December 31, 2022 and 2021, the Foundation had approximately 51% and 39% of its accounts receivable balance from three and two grantors.

Significant Customers

The For-Profit Group had one customer with approximately 90% and 89% of sales in 2022 and 2021. As of December 31, 2022 and 2021, one customer comprised approximately 86% and 89% of accounts receivable.

Significant Suppliers

The For-Profit Group had three suppliers that comprised approximately 52% of purchases in 2022 and two suppliers that comprised approximately 41% of purchases in 2021. At December 31, 2022 and 2021 one supplier comprised approximately 14% and 10% of accounts payable.

Collective Bargaining Agreement

On January 1, 2018, the Company's production employees ratified a three-year union collective bargaining agreement. This agreement was retroactive as of January 1, 2018, and expired on December 31, 2020. Effective January 1, 2021 a new three-year collective bargaining agreement was ratified and expires December 31, 2023.

Credit Risks

The Foundation maintains cash balances in financial institutions which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The Foundation does not believe that a significant risk of loss due to the failure of an financial institution presently exists. At December 31, 2022 and 2021, $2,419,117 and $4,781,506 was maintained with institutions in excess of FDIC limits.

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.

14. Concentrations, Risks and Uncertainties *(continued)*

Investment Concentrations

The Foundation invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

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 do 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.

16. Contingency

During 2021, the For-Profit Group was notified by one of its customers that it failed to provide product in accordance with certain purchase specifications which resulted in waste, missed production and additional costs on the part of the customer. As a result, the customer is seeking reimbursement for the cost of the purchases along with additional costs incurred. During 2022, the For-Profit Group reached a settlement with the customer in the amount of $1,250,000. Payment of $550,000 was made in December 2022 and the remaining $700,000 will be paid in quarterly installments of $175,000 during 2023. The full settlement amount is recognized as product recall costs within cost of sales on the 2022 consolidated statement of activities and changes in net assets. The remaining balance of $700,000 owed to the customer at December 31, 2022 is included in accounts payable and accrued expenses on the 2022 consolidated statement of financial position.

In May 2023, the Company reached an agreement with its insurance company to recover $1,078,750 of the cost of the claim. This amount was recognized as a reduction of product recall costs within cost of sales on the 2022 consolidated statement of income (loss) and the related receivable is included in prepaid expenses and other current assets on the 2022 consolidated statement of financial position.

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Greyston Foundation, Inc. and Subsidiaries

Supplementary Information
December 31, 2022 and 2021

Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
December 31, 2022

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
ASSETS					
Cash	$ 2,556,452	$ 845,808	$ 616,581	$ -	$ 4,018,841
Investments	1,695,133	-	-	-	1,695,133
Accounts receivable	998,553	-	917,375	-	1,915,928
Inventories	-	-	3,006,029	-	3,006,029
Prepaid expenses and other assets	89,791	45,464	1,200,575	-	1,335,830
Prepaid taxes	-	-	581,814	-	581,814
Property and equipment, net	309,148	2,964,234	15,420,974	-	18,694,356
Security deposits	80,070	-	13,650	-	93,720
Due from affiliates	797,243	1,327,177	-	(2,124,420)	-
Investment in subsidiaries, net of dividend distribution	11,475,605	-	-	(11,475,605)	-
	$ 18,001,995	$ 5,182,683	$ 21,756,998	$ (13,600,025)	$ 31,341,651
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 67,702	$ 60,047	$ 1,979,177	$ -	$ 2,106,926
Accrued compensation	331,745	-	-	-	331,745
Deferred interest	-	5,895	-	-	5,895
Mortgages payable, net	-	1,498,220	5,877,415	-	7,375,635
Due to affiliates	625,119	321,808	1,177,493	(2,124,420)	-
Cumulative losses from investments in limited partnerships	113,170	-	-	(113,170)	-
Deferred income taxes	-	-	552,935	-	552,935
Total Liabilities	1,137,736	1,885,970	9,587,020	(2,237,590)	10,373,136
Net Assets					
Net assets	16,864,259	3,296,713	-	807,543	20,968,515
Common stock	-	-	201	(201)	-
Paid in capital	-	-	6,475,629	(6,475,629)	-
Accumulated earnings	-	-	5,694,148	(5,694,148)	-
Total Net Assets	16,864,259	3,296,713	12,169,978	(11,362,435)	20,968,515
	$ 18,001,995	$ 5,182,683	$ 21,756,998	$ (13,600,025)	$ 31,341,651

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Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
December 31, 2021

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
ASSETS					
Cash	$ 2,375,905	$ 1,529,858	$ 3,388,823	$ -	$ 7,294,586
Investments	2,178,875	-	-	-	2,178,875
Accounts receivable	1,869,507	-	1,479,325	-	3,348,832
Inventories	-	-	2,676,059	-	2,676,059
Prepaid expenses and other assets	31,392	44,145	149,865	-	225,402
Prepaid taxes	-	-	520,765	-	520,765
Property and equipment, net	310,002	3,124,104	14,673,158	-	18,107,264
Security deposits	-	-	42,315	-	42,315
Due from affiliates	166,034	668,237	-	(834,271)	-
Investment in subsidiaries, net of dividend distribution	13,232,570	-	-	(13,232,570)	-
	$ 20,164,285	$ 5,366,344	$ 22,930,310	$ (14,066,841)	$ 34,394,098
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 68,555	$ 62,351	$ 1,852,002	$ -	$ 1,982,908
Accrued compensation	180,303	-	-	(57,619)	122,684
Deferred revenue	10,000	-	-	-	10,000
Deferred interest	-	5,983	-	-	5,983
Mortgages payable, net	-	1,510,560	6,181,370	-	7,691,930
Due to affiliates	668,237	163,995	2,039	(834,271)	-
Cumulative losses from investments in limited partnerships	113,170	-	-	(113,170)	-
Deferred income taxes	-	-	967,956	-	967,956
Total Liabilities	1,040,265	1,742,889	9,003,367	(1,005,060)	10,781,461
Net Assets					
Net assets	19,124,020	3,623,455	-	865,162	23,612,637
Common stock	-	-	201	(201)	-
Paid in capital	-	-	6,475,629	(6,475,629)	-
Accumulated earnings	-	-	7,451,113	(7,451,113)	-
Total Net Assets	19,124,020	3,623,455	13,926,943	(13,061,781)	23,612,637
	$ 20,164,285	$ 5,366,344	$ 22,930,310	$ (14,066,841)	$ 34,394,098

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Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Activities and Change in Net Assets
Year Ended December 31, 2022

	Greyston Foundation Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
REVENUES					
Sales - for-profit operations	$ -	$ -	$ 28,428,689	$ -	$ 28,428,689
Government grants	1,308,850	-	-	-	1,308,850
Management fees	798,841	-	-	(798,841)	-
Rental, net of vacancy losses	-	356,589	-	(356,589)	-
Contributions	1,100,281	-	-	-	1,100,281
Training fees	166,750	-	-	-	166,750
Special event, net of direct expenses of $87,532	160,019	-	-	-	160,019
Other revenue	2,000,000	-	-	(2,000,000)	-
Total Revenues	5,534,741	356,589	28,428,689	(3,155,430)	31,164,589
EXPENSES					
Cost of sales - for-profit operations	-	-	25,482,580	-	25,482,580
Selling and administrative - for-profit operations	-	-	4,199,401	(2,000,000)	2,199,401
Program services	3,112,024	584,449	-	(414,763)	3,281,710
Management and general	2,155,675	16,997	-	-	2,172,672
Fundraising	288,066	-	-	-	288,066
Total Expenses	5,555,765	601,446	29,681,981	(2,414,763)	33,424,429
Change in Net Assets Before Other Income (Expenses)	(21,024)	(244,857)	(1,253,292)	(740,667)	(2,259,840)
OTHER INCOME (EXPENSES)					
Equity in gains of subsidiaries	(1,756,965)	-	-	1,756,965	-
Interest expense	-	(81,734)	(307,337)	-	(389,071)
Unrealized gain on investments	(476,374)	-	-	-	(476,374)
Interest and other revenue	(5,398)	(151)	(502)	7,048	997
Management fees	-	-	(676,000)	676,000	-
Income tax provision - for-profit operations	-	-	480,166	-	480,166
Total Other Income (Expenses)	(2,238,737)	(81,885)	(503,673)	2,440,013	(384,282)
Change in Net Assets	(2,259,761)	(326,742)	(1,756,965)	1,699,346	(2,644,122)
NET ASSETS					
Beginning of year	19,124,020	3,623,455	13,926,943	(13,061,781)	23,612,637
End of year	$ 16,864,259	$ 3,296,713	$ 12,169,978	$ (11,362,435)	$ 20,968,515

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Greyston Foundation, Inc. and Subsidiaries

Consolidating Schedule of Activities and Change in Net Assets
Year Ended December 31, 2021

	Greyston Foundation, Inc.	Greyston Health Services, Inc. and Subsidiaries	104 Ashburton Holding Corp. and Subsidiaries	Eliminations	Total
REVENUES					
Sales - for-profit operations	$ -	$ -	$ 29,012,649	$ -	$ 29,012,649
Government grants	656,845	328,804	-	-	985,649
Service fees	148,707	19,000	-	(19,000)	148,707
Management fees	877,695	-	-	(877,695)	-
Rental, net of vacancy losses	-	69,700	-	-	69,700
Contributions	2,113,879	15,000	-	-	2,128,879
Special event, net of direct expenses of $4,572	35,172	-	-	-	35,172
Total Revenues	3,832,298	432,504	29,012,649	(896,695)	32,380,756
EXPENSES					
Cost of sales - for-profit operations	-	-	22,024,138	-	22,024,138
Selling and administrative - for-profit operations	-	-	4,412,875	(2,000,000)	2,412,875
Program services	2,798,158	1,093,074	-	(110,460)	3,780,772
Management and general	321,928	126,121	-	(84,796)	363,253
Fundraising	141,073	25,439	-	(25,439)	141,073
Total Expenses	3,261,159	1,244,634	26,437,013	(2,220,695)	28,722,111
Change in Net Assets Before Other Income (Expenses)	571,139	(812,130)	2,575,636	1,324,000	3,658,645
OTHER INCOME (EXPENSES)					
Loss on disposal of property and equipment	-	-	(1,874)	-	(1,874)
Equity in gains of subsidiaries	1,233,845	-	-	(1,233,845)	-
Interest expense	-	(77,965)	(147,051)	-	(225,016)
Unrealized loss on investments	221,668	-	-	-	221,668
Interest and other revenue (expense)	80,618	425	57,000	-	138,043
Other income	2,000,000	-	-	(2,000,000)	-
Management fees	-	-	(676,000)	676,000	-
Income tax benefit - for-profit operations	-	-	(573,866)	-	(573,866)
Total Other Income (Expenses)	3,536,131	(77,540)	(1,341,791)	(2,557,845)	(441,045)
Change in Net Assets	4,107,270	(889,670)	1,233,845	(1,233,845)	3,217,600
NET ASSETS					
Beginning of year	15,016,750	4,513,125	12,693,098	(11,827,936)	20,395,037
End of year	$ 19,124,020	$ 3,623,455	$ 13,926,943	$ (13,061,781)	$ 23,612,637

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