

Greyston Bakery: *Eat Brownies. Change Lives*

Abstract: How to Save a Community by Baking Brownies?

As New York's first Certified Benefit Corporation, Greyston Bakery is known for its social entrepreneurship. In addition to concentrating on sales for profit, it reinvests in the community through its non-profit parent organization, Greyston Foundation. Toward these ends, Greyston Bakery adopted a unique open hiring policy. Additionally, they provide a business model that other companies can emulate to also engage in social value creation. If you (a student) were working as an intern for the company and were asked to make recommendations for how to extend its social mission, which option(s) would you would encourage Greyston to pursue and why?

Keywords: Benefit Corporation, social entrepreneurship, open hiring policy

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Introduction

Who is Roshi Bernie Glassman and how did he use his training in Zen Buddhism and Applied Mathematics to start a multi-million-dollar bakery -- with a social mission -- in Yonkers, NY? Glassman was a social entrepreneur born in Brooklyn, NY in 1939. His parents had emigrated from Eastern Europe and had instilled in him strong values and ideals. In his early years, Glassman eagerly studied Zen Buddhism and was ordained as a priest in 1970. He opened the Greyston bakery in 1982 in Southwest Yonkers, NY [<http://www.greystonbakery.com>] with the original intention of providing an income for the Buddhist community to which he belonged. Perhaps, though, it would be better for Glassman to continue his unusual story in his own words. As he once told a reporter:

I chose not to live in a monastery. I got involved in business, social action and peacemaking. So, for me the question became, ‘What are the forms in business, social action and peacemaking that can help us see the oneness of society, the interdependence of life?’ My entire teaching life has been dedicated to creating new environments and structures, new businesses and social forms that will move each of us toward the realization and actualization of the enlightened way, which is nothing other than peacemaking (as quoted in Hudson, 2007).

Glassman quickly saw an opportunity to help others improve their quality of life. Since then, the Bakery has implemented an “open hiring policy” in which it would employ anyone who “was dedicated and willing to work, regardless of background or personal history” (White, 2016). Job applicants did not need to submit a resume. They could just stop in, put their name on a waiting list and leave knowing they will be called once a position became available. Glassman believed that such a hiring policy can move individuals out of poverty and towards self-sufficiency (“About Greyston,” 2015). In 2014, the Bakery produced 4.6 million pounds of brownies and achieved sales of \$13.4 million (2015 Annual Report).

Not surprisingly, the company also cared about its impact on its economic, social and environmental communities. It bought ingredients, such as sugar, locally whenever possible. Most importantly, the company’s profits were reinvested in its non-profit parent organization, the Greyston Foundation, to address homelessness, and health care for HIV and AIDS patients. These efforts were not meant only for purposes of community development, but also in order to provide housing for bakery employees so

that they could live with their families in Yonkers. With its efforts to create social value, the Greyston Bakery became New York's first Certified Benefit Corporation in 2012.¹

Despite the bakery's great social value creation, the poverty rate in Yonkers was still high (18.5% live below the poverty line, Iarocci, 2009). Therefore, Greyston became interested in expanding its social mission even further (Cokeh, 2016). It could achieve this by either (1) increasing bakery sales - the more brownies it sold, the more money it had for doing common good (Gupta, 1992) or (2) increasing government and non-government grants, or both. At the same time, it could also (3) invite other companies to adopt a similar social mission to that of Greyston, simply by rolling out the business model to others. By 2030, Greyston planned to make its "Open Hiring Policy" a universal employment practice by encouraging the managers of other companies to adopt it (Cokeh, 2016).

As one might imagine, the above options to expand its social mission were challenging. In the case of option (1), the task at hand would be how to widen the Bakery's customer profile by raising its brand recognition. In the case of option (2), the task at hand would be how to reach prospective donors (e.g., government and non-government bodies such as foundations and individual contributors) and convince them to support Greyston's social mission. Likewise, in the case of option (3), the task at hand would be how to reach and convince managers of other companies to adopt Greyston's social mission and modify its existing business model. The latter may not be easy, especially for companies that have been largely focused on maximizing shareholder value.

¹ New York State passed the law in 2012 that allowed companies to register as Benefit Corporations (i.e., consideration for the welfare of employees, the community, and environment, and not only profits).

If you were working as an intern for Greyston, and Greyston asked to you to make recommendations for how to extend its social mission and increase its revenues, discuss which of the three option(s) you would encourage Greyston to pursue and why. Be specific. Offer a detailed strategic plan and any challenges you would anticipate.

Next, detailed information on Greyston's history, background of its founder, social entrepreneurship, the company's business model, and financial performance is presented.

- **Greyston's History**

Businesses were increasingly under pressure to not only make money, but to be fulfilled in serving the public. This was referred to as the “triple bottom line,” which meant that businesses took responsibility for all three concerns: people, the planet, and profits. A variety of organizations – from startup small companies to large corporations, from non-profit, hybrids, to for-profits – had developed and implemented solutions to meet this triple bottom line. Those firms that specially focused on social issues over profits were called “Social Enterprises.” Greyston Bakery, producing the finest brownies, is recognized as one of the U.S.'s leading Social Enterprises. In 2014, Greyston opened an affordable housing building for 100 families in downtown Yonkers. It also created a workforce development program, expanded Greyston's community gardens program, and supported an after-school and environmental education program for children (Kang, 2013). In 2016, Greyston's founder Glassman received The Lewis Institute's at Babson College Social Innovator Awards – for his commitment to helping solve important social challenges through a sustainable business model (PR Newswire, 2016)

Unique Open Hiring Practice:

Greyston addressed issues of “unemployable” people, poverty alleviation, health care, and community development. The company had a social mission: “One man. One story. One job can make a difference.” Different from the typical hiring process, Greyston practiced an open hiring policy; it conducted no background checks, but gave a job to the first person who walked through the door and asked for it. The founder, Glassman’s motto was: “We don’t hire people to make brownies, we make brownies in order to hire people.” (Walls, TCA Regional News, 2014). In this way, Greyston Bakery had around 144 employees whom it trained and offered them fair wages and benefits in 2014 (“About Greyston,” 2015). The bakery provided opportunities for individuals who were hard to employ and who may have been otherwise forgotten, such as veterans, homeless people, previous drug addicts, and ex-convicts (Corinne, 2015). Further, through its job training program, Greyston supported its employees to move to better paid jobs in other companies². As a manager commented, “We know we hire people who would’ve been weeded out in the interview process. We don’t weed” (Nieves, 1997). Rather, the Bakery focused on providing a second chance, regardless of someone’s past. Most of the employees were local residents (West Yonkers) who had difficulty finding long-term jobs (Brody, 1999). After one year of training, they became eligible to join the bakery’s union and get benefits, such as interest-free loans, medical benefits, and a pension plan. In offering such training and a chance to improve one’s life, the Bakery

² CEO, Armentano in Paraco Gas helped raise funds for the Greyston Foundation and also supported Greyston employees, saying that “I trusted the Greyston people to give me what they thought was going to be a good employee.” (John, 2014):

served as a force for self-transformation, self-sufficiency, and community renewal (Golden, 2014).

Employee Experiences

Jason Ford, previous drug seller, got a job in Greyston Bakery and became supervisor. He said, "I'm able to take care of my kids, and that's all I want". Lamont Dandridge, 34, also a drug dealer, and ex-convict said, "Greyston Bakery gave me the feeling like, 'What can I not do in life?'" Mr. Brady, Greyston's president, mentioned a remark by two employees who said to one another: "Can you believe we were in jail together, and now we're on cookie packaging?" Kim Fudge after spending almost 37 years in prison, got a job at Greyston Bakery which saved him. Denise Riviere who had previously trouble finding a job because of a medical condition said about working at the bakery: "I wake up happy, coming here and knowing I have a paycheck to support my family (Golden, 2014). Bakery Trainer, Dion Drew, received much attention on the Internet for his four-minute story, titled "The Bakery that Gave Him a Second Chance." In a socially conscious media platform, his story received nearly 3 million hits. In 2013, the bakery was selected as "B Corp Best for Communities" for Midsize (50+ Employees) Businesses (CSRwire; 20 Mar 2013). In 2014, 144 were employed, and 122,714 hours were reported by open hire employees (up to 16%) (Annual Report, 2015).

Reinvesting in the Community

In addition to its open hiring policy, Greyton reinvested its bakery earnings into Greyston Foundation that provides low-income housing, daycare, after-school programs and health care for HIV patients to create better social value. In this way, it strives to have a positive impact on the lives of people who would have been otherwise overlooked.

Greyston Foundation is also supported by both government aid and donations from corporations, foundations, and individuals. Since 2012, in addition to creating 32 new manufacturing jobs, the Bakery was concerned with environmental issues such as new energy efficiency. It attempted to produce all of its baked goods using 36 solar panels from Green Mountain Energy (Annual Report, 2015).

Background of the Founder, Glassman

Roshi Bernie Glassman, as an American Zen Buddhist and co-founder of the Zen Peacemakers (previously the Zen Community of New York), promoted Socially Engaged Buddhism, to serve the poor population in Yonkers and to nurture interaction between affiliates of Zen Peacemakers (PR Newswire, 2016). At first, he started Greyston Family Inn for the homeless. Later, realizing people needed more than a home, he founded Greyston Bakery to provide jobs for residents with little education and skills as well as to create a self-supporting community (Smith, 1996). He wanted Greyston Bakery to not simply donate money to social causes but to actually be involved in creating jobs and engaging in community development. He believed in sharing resources because people were all interconnected in some way and it was important to take social action.

Greyston originally made muffins and scones and since 1988 focused on making brownies to blend with chocolate fudge brownie ice cream. Since then, it has grown into one of top suppliers, producing more than 20,000 lbs. of ice cream mix-ins daily. The company grew into a gourmet wholesale-retail bakery. It later opened kiosks in public libraries and a major cafe in Yonkers.

Its labor force increased from 20 to 38 by 1994, and to 50 by 1995, and increased hourly wages for senior workers to \$8.50 in 1993-94 and to \$9.50 in 1994-95. It identified and equipped an additional 10,000 to 15,000 square feet of bakery production space in 1995. It also obtained public start-up capital for a food distribution company in 1993. It expanded the product line for distribution with products from outside suppliers in 1994 and expanded the food distribution operation to private labeling in 1995. It started up the first bakery/cafe in spring 1994 in Westchester, and opened a second cafe in Manhattan in 1994.

From 1988 to 1990, the Bakery lost approximately \$600,000 due to discounted sales of cakes and tarts to distributors, and an introduction of specialty breads. They were competing with big brands, like Wonder Bread. To increase sales for a specialty product, Greyston established a better distribution system. At the same time, it applied for a grant from the State Department of Economic Development's Industry Effectiveness Program for funding. During this time, Hoeberichts, CEO, sought public assistance based on the company's record for its open hiring policy. However, without a loan, the company lost \$20,000 a month by the mid-1990s. The bakery could not pay back its debt and owed vendors and federal and state payroll tax collection agencies. Thus, Hoeberichts appealed to commercial lenders, private investors, and government agencies for financial assistance.

In 1999, Greyston contracted with Ben & Jerry's Ice Cream of Vermont³ to produce 10,000 pounds of brownies per week, and thus hired 20 new employees. Since

³ Greyston Bakery and Ben & Jerry's were leaders in the field of corporate accountability and sustainable social impact. Greyston has been inspired by Ben & Jerry's linked prosperity. They demonstrated that a supply chain with shared values is good for both business and the consumer (Elizabeth. 1987).

then, the Bakery has provided brownies to Ben & Jerry and its parent corporation Unilever, Stonyfield Farms, and Haagen-Dazs. In 2007, the Bakery launched Do-Goodie Brownies and its "Feed Your Conscience" marketing campaign, a line of gluten-free products. In 2009, its revenue reached \$7 million. It offered workforce development, community gardens, environmental education, and an Early Learning Center. In 2011 it moved to a 23,000 sq.-ft. facility where storage was at a premium. In 2012, it became New York State's first social enterprise to register as a Benefit Corporation.⁴ As the CEO stated, "Benefit Corporations are using the power of business to solve social and environmental issues and it is our goal at Greyston to set an example for other social enterprises as we embrace our new corporate status" (CSRwire, 2013). In 2013, Greyston entered a new partnership with Whole Foods. It shipped brownies to stores across the U.S. with a percentage of proceeds supporting women around the world with micro loans through the Whole Foods Foundation⁵ (Crystal. 2013). The brownies were also sold by Shake Shack. Greyston Bakery exceeded \$10 million in annual sales and increased its workforce by 50%. The Greyston Foundation in Yonkers raised a record \$455,000 for its community work (Golden, 2013). (See Appendix A)

- **Greyston's Business Model**

The reason why Greyston Bakery was more than just a bakery is that the founder's social entrepreneurship integrated into his business model. He innovated on the

⁴ There are more than 850 Certified B Corporations in over 60 industries and 29 countries[<http://www.benefitcorp.net>]. Their common goal is to use the power of business for good and be socially and environmentally responsible, accountable, and transparent. As of December 2012, twelve of the fifty States introduced Benefit Corporation legislation into state law. New York State was among the first (CSRwire; 2013).

⁵ Greyston having partnership with Whole Planet Foundation supported job creation. 2% of brownie sales go to Whole Planet Foundation's project to support poverty alleviation through microcredit loans across 57 countries. Greyston has donated over \$70,000 to Whole Planet Foundation (Crystal. 2013).

social enterprise business model by providing jobs at the bakery to hard-to-employ residents. Its profits support the Greyston Foundation for community development. All of the ways of creating social value are interconnected.

Generating Revenue and Reinvesting

The bakery provided 4 million pounds of brownies a year for Ben & Jerry's popular ice cream flavors. The brownies were also sold by Shake Shack. The bakery distributed other baked desserts into Gourmet specialty stores like Fairway and Todaro Brothers, and five-star restaurants and hotels in New York City. All products distributed were certified organic and kosher. The bakery also sold cakes and tarts for weddings and parties and served a walk-in business at the bakery. In addition, the company offered contract baking, custom flavor development, and custom baking, as well as selling products online. Sales from the bakery rose from \$2.3 million in 1994 to \$3.4 million in 1998, \$4 million in 2011, more than \$13 million in 2014. To make people aware of Brownie and increase its sales, Brownie has been available on the company website, along with other goods. Greyston hoped to expand its business coast to coast, including two major markets: the Texas, Oklahoma, Louisiana market, and the Southern California, Nevada, Arizona, Hawaii market.

The Bakery's profits went into the Greyston Foundation's community development. In 2014, 19,000 families were served. Many of its social-service programs were subsidized with government aid and donors from corporations, foundations, and individuals. In 2014, Greyston received \$1,290,253 in total government grants and \$1,236,813 in private donations. Government grant sources included the following: (1) the U.S department of Housing and Urban Development, (2) The City of Yonkers's

Housing Opportunities for People with AIDS, (3) Westchester County Department of Health, HIV Emergency Relief Project Funds, (4) State of New York Department of Health, (5) Yonkers Community Action Program, and (6) New York State Office of Temporary and Disability Assistance. (See Appendix B for Government Grant and Appendix C for a list of Donors from coronations, foundations, and individuals).

In 2013, Greyston Foundation launched a crowdfunding campaign through Indiegogo. This was its first effort to raise money online. "Indiegogo is a way to advertise and market Greyston and buy packaging equipment used to package Greyston baked goods in order to efficiently expand our production capacity and sell more brownies online" (Crystal, 2013). The crowdfunding effort raised \$9,311 with 45 days left in the campaign. The online crowdfunding did not only overcome specific geographic boundaries, but also used marketing tools by spreading Greyston philanthropic aspect" (Crystal, 2013). (See Appendix D for Greyston Foundation's Organizational Structure.)

- **Financial Performance**

The bakery's sales steadily increased over time from 2012 onwards, by around 13% (see Appendix F: Income statement for 104 Ashburton Holding Corp. & Subsidiaries, Bakery Operation Only). Revenues from selling brownies, the major item, were mostly used to cover operating expenses, interest, and management fees. While it did not lose money, it seemed that under the current pricing strategy of charging less than a 2% profit margin, the bakery operation was not so profitable. So far, the bakery relied largely on Ben & Jerry for more than 80% of its revenues. The partnership with Ben & Jerry has been credible and trustworthy, and has not raised concerns about a typical buyer's power because Ben & Jerry shares Greyston's mission: it too cares about high-

quality products, employees' welfare, and social change. However, to increase revenues, it seems important to find other customers. Greyston overall created revenues from not only sales from the bakery, but also from government grants and contributions, which covered around less than 20% of revenues (see Appendix G: Greyston's Consolidating Income Statement for 2014). Overall, Greyston lost money in 2014 after covering all expenses.

The financial position of the bakery over time indicated that it did not hold enough working capital to cover its immediate expenses (see Appendix H: Financial Position of the bakery). Since 2013, its accounts payable has increased. At the same time, it also had building accounts receivable. But as the bakery had physical inventory and properties, it was able to take out loans from creditors. Its assets position seemed to be sufficient to cover its financial obligations for the time being. The financial position of Greyston overall shows that the bakery constituted almost 55% of Greyston's total assets, indicating that it is the most important contributor (see Appendix I: Consolidated Financial Position of Greyston in 2014). But, at the same time, the bakery was one of the greatest liabilities for Greyston because of its loan debts. While Greyston's net assets were positive, the bakery had to improve its operation to accrue more revenue. In addition, Greyston may need to collect its grants receivables, as well as seeking new grants.

Conclusion: How to Save a Community by Baking Brownies?

As New York's first Certified Benefit Corporation, Greyston Bakery is known for its social entrepreneurship. Greyston Bakery's goal has been to meet the triple bottom line, taking responsibility for not only profits, but also for people in the community and for the planet. Therefore, in addition to concentrating on sales for profit to generate

revenue, it reinvests in the community – such as by providing affordable housing, daycare, and healthcare – through its non-profit parent organization, the Greyston Foundation. Toward these ends, Greyston Bakery adopted a unique open hiring policy, as well as worked to widen its customer profile by raising its brand recognition. The employee experiences quoted earlier in this case study attest to the bakery’s success. The bakery also reached out to grant donors, such as the government and other contributors that brought it less than 20% of its revenues. Together, Greyston Bakery and the Foundation present interplay between for-profit and non-profit enterprise. Additionally, they provide a business model and social mission that other companies can emulate to also engage in social value creation.

Considering the above information about this case study of Greyston Bakery and Foundation, if you were working as an intern for the company and you were asked to make recommendations for how to extend its social mission and increase its revenues, which of the three option(s) would you would encourage Greyston to pursue and why? Be specific. Offer a detailed strategic plan and any challenges you would anticipate.

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Appendix A: Greyston Milestones

- 1982: Greyston Bakery founded in the Bronx, NY by Roshi Bernard Glassman
- 1987: Relocation to Southwest Yonkers
- 1988: Production begins on brownies for Ben & Jerry's ice cream
- 1988: First affordable housing opens with Child Care Center
- 1991: a 19-unit apartment building for the homeless was renovated, funded with \$4 million in federal and state grants; it had a youth center with counseling services and a day-care facility for low-income Yonkers parents
- 1992: Greyston Foundation is established to develop community programs for Southwest Yonkers
- 1995: First Community Garden opens
- 1998: Greyston Bakery and Ben & Jerry's celebrate 10 years of production, selling more than 300,000 pints of Chocolate Fudge Brownie ice cream
- 1998: Issan House and Maitri Center open to serve the HIV/AIDS population
- 2004: New 21,000 square foot bakery built and opened in Yonkers, chosen as an AIA Top Ten Green Project
- 2009: Greyston launches a new Workforce Development program, designed to provide both hard-skills and soft-skills training to hard-to-employ individuals
- 2012: Greyston Bakery achieves \$10 million in sales. It registers as New York State's first Benefit Corporation
- 2013: Greyston opens new \$32 million multifamily housing developing in Yonkers with 92 modern, energy efficient apartments for local working families
- 2015: Rated in the top 10% of B-Corps in the world

(source: Annual Report, 2015)

Appendix B: Government Grant

	2012	2013	2014
U.S. Department of Housing and Urban Development			
• Housing Opportunities for People with AIDS	444252	457998	365337
• Supportive Housing Programs	257713	253107	272031
City of Yonkers			
• Housing Opportunities for People with AIDS	178500	173145	95553
• Yonkers Workforce Investment Board	61208	75065	69216
• Community Development Block Grants	35825	33163	34000
Westchester County Department of Health			
• HIV Emergency Relief Project Funds	188929	152483	176943
State of New York Department of Health			
• Child and Adult Care Food Program	100196	85023	49269
Yonkers Community Action Program			
• Development and Job Placement Program	111000	14000	
New York State Office of Temporary & Disability Assistance			
• Single Room Occupancy Support Services Program	84000		84000
• Supportive Housing for Families and Young Adults	82500	166499	82500
New York State Department of Labor			
• Workforce Development			51404
Enterprise Community Grant	35000	15000	10000
	<u>1579123</u>	<u>1425483</u>	<u>1290253</u>

(source: Annual Report, 2015)

Appendix C: A list of Donors from Corporations, Foundations, & Individuals from 2013-2014 (not a complete list, from Annual report, 2015)

\$50,000-\$99,999	\$10,000-\$24,999	\$5,000-\$9,999 (not a complete list)
Wendy & Howard Berk Diane & Marc Greenwald Hearst Foundation MAC AIDS Fund Wells Fargo Westchester Community Foundation	Ginny Aaron Advocate Brokerage Anbinder Family Foundation Anonymous Joan Binstock & David Silvers Capital Group	Anonymous Barbara Bash & Steve Gorn Janine Behrman & Alan Gover Roslyn & Ron Binda Harris & Frances Burpee Foundation
\$25,000-\$49,999	Citigroup	Block Foundation
Bank of America Capital One Thomas & Agnes Carvel Foundation	Colgate-Palmolive Harry Chapin Memorial Foundation	Betty & Stuart Cotton Nathan Cummings Foundation Customers Bank Goldman Sachs Hess Corporation Usina Hoch
Enterprise Community Partners Patricia & Edward Falkenberg Grace J. Fippinger Foundation FJC	Columbine Family Foundation Denise & Jeffrey Koslowsky Alexander Ehrlich Eileen Fisher, Inc. Gannett Foundation Giants Foundation	\$1,000-\$4,999 A list of donors.... \$500-\$999 A list of donors...

Appendix D: Greyston Foundation’s Organizational Structure

- **Greyston Foundation’s for profit-group (revenue generating):**
 - (1) 104 Ashburton Property Corp (owns a bakery facility and distribution center in Yonkers)
 - (2) Greyston Bakery (a manufacturer of brownies and other products).

- **Greyston Foundation’s for non-profit group (providing management services & fund-raising support to its three-not-for-profit subsidiaries).**
 - (1) Greyston Family Inn, begun in Yonkers in 1986 provides permanent housing and related community services (e.g., youth programs, workforce development, child care, tenant services and technology programs).
 - (2) Greyston Health Services provides housing and community services to homeless persons living with AIDS or HIV-related illnesses.
 - (3) Ravine Avenues Properties provides affordable housing to low-income families and provides certain maintenance services to affiliates.

(source: Annual Report, 2015)

Additional information: 2015 Greyston Outcomes	
BAKERY	
• Employment	195 employment opportunities created through Open Hiring™ 2,000 hours of training provided 122,000 hours worked by Open Hiring™ employees
• Production and Finance	\$15.8 million in sales (an increase of 18% from last year) 6 million pounds of brownies produced Launched new Snickerdoodle Blondie \$6.89 million in Salaries and Taxes Paid
• Operations	Certified B Corp since 2008 Received Best for the World and Best for Community Awards through B Lab Maintained Level 3 Safe Quality Food Certification - the highest level of safety standard
COMMUNITY PROGRAMS (Over 5,400 people served)	
• Workforce Development	140 individuals trained 107 individuals placed in employment
• Environmental Sustainability	Reduced Greenhouse Gas Intensity at Greyston Bakery by 31.1% since 2012 Increased amount of total waste sent for recycling at Greyston Bakery 65-70% Hosted 8 healthy eating initiatives
• Community Gardens	491 garden plots maintained 28,000 pounds of produce grown 3,094 children served
• Housing	Provided affordable housing to 222 individuals \$3.3 million in savings to government 43 HIV+ individuals housed
• Early Learning Center	166 children provided with early learning and after school services 78% of children enrolled fully met Creative Curriculum milestones

(source: Annual Report, 2015)

**Appendix F: Income Statement for 104 Ashburton Holding Corp. & Subsidiaries
(Bakery Operation Only)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES			
Sales-for-profit operations	10116556	11456944	13443444
Government grants			
Service fees			
Management fees			
Rental			
Contributions			
Interest and other			
Total Revenues	<u>10116556</u>	<u>11,456,944</u>	<u>13443444</u>
EXPENSES			
Cost of sales-for-profit operations	8141911	8957560	11238210
Selling and administrative- for-profit operations	1804652	1774065	1978819
Program services			
Management and general Fundraising			
Total Expenses	<u>9946563</u>	<u>10731625</u>	<u>13217029</u>
Change in Net Assets (Deficit) Before Other Income (Expenses)	169993	725319	226 415
OTHERINCOME (EXPENSES)			
Equity in losses of subsidiaries			
Equity in losses of limited partnerships			
Interest expense	-48083	-58733	-48949
Other (expense) revenue	112478	83428	-14715
Intercompany adjustments			
Management fees	-244235	-295829	-305383
Income tax benefit	950	-135,734	82075
Total Other Income (Expenses)	<u>-178890</u>	<u>-406868</u>	<u>-286972</u>
Change in Unrestricted Net Assets From Continuing Operations		318451	-60557
DISCONTINUED OPERATIONS			
Loss from operations			
Debt forgiveness			
Loss on abandonment of leasehold improvements			
Intercompany adjustments			
Change in Unrestricted Net Assets	-8897		-60557
Net Assets (Deficit)			
Beginning of year	<u>6741828</u>	<u>6732931</u>	<u>7051382</u>
End of year	<u>6732931</u>	<u>7051382</u>	<u>6990825</u>

(source: Annual Report, 2015)

Appendix G: Consolidating Income Statement (12/31/2014)

	Greyston Fondation	Greyston Family Inn	Greyston Health Services	Maitri Center	Ravine	104 Ashburton Holding Corp & Subsidiaries (Greyston Bakery)	Eliminations	Consolidated
REVENUES								
Sales-for-profit operations						13,443,444		13,443,444
Government grants	237,120	62,479	990,654					1,290,253
Service fees	31,177	651,441	95,043		274,192		-171,861	879,992
Management fees	634,806						-634,806	
Rental		159,602	386,942		304,031		-15,745	834,830
Contributions	968,702	243,111	25,000					1,236,813
Interest and other	22,512	27,117	435		59		-6,048	44,075
Total Revenues	<u>1,894,317</u>	<u>1,143,750</u>	<u>1,498,074</u>		<u>578,282</u>	<u>13,443,444</u>	<u>-1,828,460</u>	<u>17,729,407</u>
EXPENSES								
Cost of sales-for-profit operations						1,123,821		1,123,821
Selling and administrative-for-profit operations						197,889		197,889
Program services	721,066	1,186,553	1,170,950		757,650		-177,909	3,658,310
Management and general fundraising	734,751	150,781	234,009		23,289		-256,183	886,647
	471,839							471,839
Total Expenses	<u>1,927,656</u>	<u>1,337,334</u>	<u>1,404,959</u>		<u>780,939</u>	<u>1,321,702</u>	<u>-434,092</u>	<u>1,823,382</u>
Change in Net Assets (Deficit) Before Other Income (Expenses)	-33,339	-1,193,584	93,115		-202,657	226,415	-394,368	-504,418
OTHER INCOME (EXPENSES)								
Equity in losses of subsidiaries	-60,557						60,557	
Equity in losses of limited partnerships	-160,253	-57,419	-41,874					-259,546
Interest expense	-183,766					-48,949		-673,255
Other (expense) revenue	76,732					-14,715		62,017
Intercompany adjustments	-1,162,718	-251,288	-144,888					-1,332,726
Management fees						-305,383	305,383	
Income tax benefit						82,075		82,075
Total Other Income (Expenses)	<u>-1,325,172</u>	<u>-82,547</u>	<u>-186,754</u>			<u>-286,972</u>	<u>365.94</u>	<u>-1,515,505</u>
Change in Unrestricted Net Assets from Continuing Operations	-1,358,511	-276,131	-93,639		-202,657	-60,557	-284,288	-2,019,923
DISCONTINUED OPERATIONS								
Loss from operations				-285,637			88,985	-196,652
Debt forgiveness				360,928				360,928
Loss on abandonment of leasehold improvements				-1,137,385				-1,137,385
Intercompany adjustments				1,332,726				1,332,726
Change in Unrestricted Net Assets	-1,358,511	-276,131	-93,639	351,895	-202,657	-60,557	60,557	158,804
Net Assets (Deficit)								
Beginning of year	<u>10,232,944</u>	<u>789,361</u>	<u>3,254,706</u>	<u>-3,518,985</u>	<u>-1,139,511</u>	<u>7,051,382</u>	<u>-7,051,382</u>	<u>9,618,515</u>
End of year	<u>8,874,433</u>	<u>513,230</u>	<u>3,161,067</u>		<u>-1,342,168</u>	<u>6,990,825</u>	<u>6,990,825</u>	<u>11,206,562</u>

Appendix H: Financial Position of 104 Ashburton Holding Corp. & Subsidiaries
(Bakery Operation Only)

ASSETS	2012	2013	2014
Cash and equivalents	418567	348246	458146
Accounts and grants receivable, net	-		730440
Inventories	1620777	1499518	636723
Prepaid expenses and other assets	596007		68356
Receivables from limited partnerships	38931	948190	
Loans receivable from subsidiary	-	213614	
Investments in limited partnerships	-		
Property and equipment, net	-		7274986
Restricted cash and equivalents	7031795		
Tenants' security deposits	45809	7046186	
Security deposits	-		45672
Deferred income taxes	183250		158460
Deferred finance costs, net	100177	182350	80154
Investment in subsidiary	-	90166	
Total Assets	<u>10035313</u>	<u>10328270</u>	<u>9452937</u>
LIABILITIES			
Accounts payable and accrued expenses	847527	834,004	789305
PILOT payable	147905		
Taxes payable	1050	45085	8366
Line of credit	496430	900430	100000
Tenants' security deposits payable			
Deferred interest			
Capital lease obligations	106146	49921	42327
Notes payable	363865	267446	423517
Mortgages payable	390000	382870	375312
Cumulative losses in excess of investments in limited partnerships			
Deferred income taxes	431,900	470600	404500
Due (from) to affiliates	517,559	326552	318785
Total Liabilities	<u>3,302,382</u>	<u>3276888</u>	<u>2462112</u>
Net Assets (Deficit)			
Common stock	201	201	201
Paid in capital	6475629	6475629	6475629
Accumulated deficit	257101	575552	514995
Total Net Assets (Deficit)	<u>6732931</u>	<u>7051382</u>	<u>6990825</u>
	<u>10035313</u>	<u>10,328,270</u>	<u>9452.937</u>

(source: Annual Report, 2015)

Appendix I: Consolidating Statement of Financial Positions (12/31/2014)

	Greyston Foundation	Greyston Family Inn	Greyston Health Services	Maitri Center	Ravine ave Properties	104 Ashburton Holding Corp & Subsidiaries (Greyston Bakery)	Elimination	Consolidated
ASSETS								
Cash and equivalents	127778	122781	153436		1225	458146		863366
Accounts and grants receivable, net	164494	82523	182791		24333	730440		1184581
Inventories						636723		636723
Prepaid expenses and other assets	22987	11904	14857		4244	68356		122348
Receivables from limited partnerships	192000		2507899					2699899
Loans receivable from subsidiary	87397						-87397	0
Investments in limited partnerships	32403							32403
Property and equipment, net	15767	1728876	96266		1840443	7274986		10956338
Restricted cash and equivalents	104654	11029	219012		72741			407436
Tenants' security deposits		9596			20726			30322
Security deposits						45672		45672
Deferred income taxes						158460		158460
Deferred finance costs, net						80154		80154
Investment in subsidiary	6990825						-6990825	0
Total Assets	<u>7738305</u>	<u>1966709</u>	<u>3174261</u>		<u>1963712</u>	<u>9452937</u>	<u>-7078222</u>	<u>17217702</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	-34250	69968	111617		142535	789305		1079175
Taxes payable						8366		8366
Line of credit						100000		100000
Tenants' security deposits payable		9596			20726			30322
Deferred interest					112463			112463
Capital lease obligations						42327		42327
Notes payable		87397			81000	423517	-87397	504517
Mortgages payable	508067				2511288	375312		3394667
Cumulative losses in excess of investments in limited partnerships	74126	177570	83107					334803
Deferred income taxes						404500		404500
Due (from) to affiliates	-1684071	1108948	-181530		437868	318785		0
Total Liabilities	<u>-1136128</u>	<u>1453479</u>	<u>13194</u>		<u>3305880</u>	<u>2462112</u>	<u>-87397</u>	<u>6011140</u>
	8874433	513230	3161067		-1342.17			11206582
Net Assets (Deficit)								
Common stock						201	-201	0
Paid in capital						6475629	-6475629	0
Accumulated deficit						514995		-514,995
Total Net Assets (Deficit)	8874433	513230	3,161,067		-1342.17	6990825	6990825	11206582
	<u>7738305</u>	<u>1966709</u>	<u>3174261</u>		<u>1,963,712</u>	<u>9452,937</u>	<u>-7078222</u>	<u>17217702</u>

(source: Annual Report, 2015)