

GROUNDSWELL INTERNATIONAL, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015



CERTIFIED PUBLIC ACCOUNTANTS

GROUNDSWELL INTERNATIONAL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Groundswell International, Inc.
Asheville, North Carolina

We have audited the accompanying financial statements of Groundswell International, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 financial statements referred to above present fairly, in all material respects, the financial position of Groundswell International, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2014 financial statements of Groundswell International, Inc., and our report dated April 9, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina

April 19, 2016

Groundswell International, Inc.

Statement of Financial Position

As of December 31, 2015

(With summarized comparative totals as of December 31, 2014)

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 486,370	\$ 470,454
Grants Receivable	5,106	248,771
Prepaid Expenses	10,410	11,041
Deposits	2,375	800
Total Current Assets	<u>504,261</u>	<u>731,066</u>
<u>Long-Term Assets</u>		
Investments	2,412	500
Endowment	22,641	23,017
Property and Equipment, Net	2,628	5,222
Total Long-Term Assets	<u>27,681</u>	<u>28,739</u>
Total Assets	<u>531,942</u>	<u>759,805</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	10,149	9,276
Partner Grants Payable	1,748	37,653
Accrued Vacation	6,423	5,884
Total Current Liabilities	<u>18,320</u>	<u>52,813</u>
<u>Net Assets</u>		
Unrestricted		
Undesignated	178,223	301,990
Board Designated Endowment	22,291	22,667
Total Unrestricted	<u>200,514</u>	<u>324,657</u>
Temporarily Restricted	312,758	381,985
Permanently Restricted	350	350
Total Net Assets	<u>513,622</u>	<u>706,992</u>
Total Liabilities and Net Assets	<u>\$ 531,942</u>	<u>\$ 759,805</u>

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

Groundswell International, Inc.

Statement of Activities

Year Ended December 31, 2015

(With summarized comparative totals for the prior year)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Support					
Grants	\$ 100,000	\$ 834,692	\$ -	\$ 934,692	\$ 1,005,135
Contributions	250,330	184,478	-	434,808	587,500
Program Income	5,500	-	-	5,500	26,022
Endowment Gains/(Losses)	(287)	-	-	(287)	1,132
In-Kind Contributions	3,382	-	-	3,382	-
Other Income	231	-	-	231	329
Net Assets Released					
From Restrictions	1,088,397	(1,088,397)	-	-	-
Total Support	1,447,553	(69,227)	-	1,378,326	1,620,118
Expenses					
Program Services	1,337,032	-	-	1,337,032	1,296,175
Management and General	76,154	-	-	76,154	73,411
Fundraising	158,510	-	-	158,510	121,521
Total Expenses	1,571,696	-	-	1,571,696	1,491,107
Change in Net Assets	(124,143)	(69,227)	-	(193,370)	129,011
Net Assets, Beginning of Year	324,657	381,985	350	706,992	577,981
Net Assets, End of Year	\$ 200,514	\$ 312,758	\$ 350	\$ 513,622	\$ 706,992

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

Groundswell International, Inc.
Statement of Functional Expenses

Year Ended December 31, 2015

(With summarized comparative totals for the prior year)

	Program	Management and General	Fundraising	2015 Total	2014 Total
Salaries					
U.S. Staff	\$ 171,636	\$ 56,628	\$ 93,846	\$ 322,110	\$ 240,629
International Staff	118,650	-	-	118,650	114,404
Payroll Taxes	20,504	3,565	6,377	30,446	23,692
Employee Benefits	12,486	2,171	3,883	18,540	32,100
Total-Salaries & Related	<u>323,276</u>	<u>62,364</u>	<u>104,106</u>	<u>489,746</u>	<u>410,825</u>
Program Grants to Partners	866,135	-	-	866,135	884,306
Program Service Contracts	16,800	-	-	16,800	12,616
Facilitator Support	3,889	-	-	3,889	780
Total-Direct Program	<u>886,824</u>	<u>-</u>	<u>-</u>	<u>886,824</u>	<u>897,702</u>
Advertising	267	-	1,964	2,231	1,532
Bank Charges and Fees	2,682	649	848	4,179	4,383
Conference and Meetings	3,503	-	1,304	4,807	3,575
Global Conference	27,968	-	-	27,968	26,480
Regional Conference	10,186	-	-	10,186	-
Contract Services	21,794	3,523	19,654	44,971	84,764
Depreciation	1,039	720	835	2,594	2,802
Equipment	6,083	548	1,407	8,038	1,106
Food and Lodging	16,287	356	2,494	19,137	9,394
Fundraising Fees	79	23	3,230	3,332	3,683
Insurance	768	2,240	-	3,008	2,173
Postage and Shipping	196	231	1,850	2,277	1,680
Printing and Copying	632	594	5,130	6,356	4,330
Rent	8,686	2,716	6,978	18,380	15,533
Supplies	3,540	226	415	4,181	731
Travel	21,380	951	5,771	28,102	16,477
Utilities	1,335	798	1,574	3,707	3,512
Other Expenses	507	215	950	1,672	425
Total-Other Expenses	<u>126,932</u>	<u>13,790</u>	<u>54,404</u>	<u>195,126</u>	<u>182,580</u>
Total Expenses	<u>\$ 1,337,032</u>	<u>\$ 76,154</u>	<u>\$ 158,510</u>	<u>\$ 1,571,696</u>	<u>\$ 1,491,107</u>

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

Groundswell International, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

(With summarized comparative totals for the prior year)

<u>Cash Flows from Operating Activities</u>	<u>2015</u>	<u>2014</u>
Change in Net Assets	\$ (193,370)	\$ 129,011
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	2,594	2,802
Stock Donation	(1,912)	-
Loss on Equipment Disposal	-	144
Endowment (Gains)/Losses Reinvested, Net of Fees	376	(1,141)
(Increase)/Decrease in Operating Activities		
Grants Receivable	243,665	(235,020)
Contributions Receivable	-	1,000
Prepaid Expenses	631	(3,229)
Deposits	(1,575)	975
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	873	920
Partner Grants Payable	(35,905)	31,694
Accrued Vacation	539	3,763
Net Cash Provided/(Used) by Operating Activities	<u>15,916</u>	<u>(69,081)</u>
<u>Cash Flows from Investing Activities</u>		
Transfer to Endowment	-	(100)
Purchase of Equipment	-	(3,852)
Net Cash Provided/(Used) by Investing Activities	<u>-</u>	<u>(3,952)</u>
Net Change in Cash and Equivalents	<u>15,916</u>	<u>(73,033)</u>
Cash and Equivalents, Beginning of Year	<u>470,454</u>	<u>543,487</u>
Cash and Equivalents, End of Year	<u>\$ 486,370</u>	<u>\$ 470,454</u>

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

Groundswell International, Inc.

Notes to Financial Statements

Year Ended December 31, 2015

1. A. Description of Organization

Description of the Organization

Groundswell International strengthens rural communities to build healthy farming and food systems from the ground up. In 2015, 17,483 farmers learned ecological farming methods (also known as agroecology) from Groundswell and its partners, and these farmers supported another 15,743 farmers to learn these principles and techniques farmer-to-farmer. Together these people have now applied agroecological principles on 44,793 acres of land. The collective impact of these actions is tipping the scales towards lasting solutions to hunger and poverty in Burkina Faso, Ecuador, Ghana, Guatemala, Haiti, Honduras, Mali, Nepal, Senegal, and the United States.

West Africa -- Together with partner organizations in Burkina Faso, Ghana, and Mali, Groundswell continued implementing a long-term program to improve community resilience, farmer livelihoods, and environmental stewardship by fostering the spread of Farmer Managed Natural Regeneration of trees (or FMNR) and other locally adapted ecological farming practices. Also, in 2015, the Senegalese organization Agrecole Afrique joined these other Groundswell partners to design a project that won the \$1M Global Resilience Challenge from a pool of some 500 applicants. This USAID, SIDA and Rockefeller Foundation-funded initiative will enable Groundswell partners in West Africa to integrate women's empowerment and improved nutrition into ongoing agricultural work with rural communities in dry-land areas to strengthen their resilience and overcome food insecurity.

Burkina Faso -- Groundswell works with the Burkinabe non-governmental organization Association Nourrir Sans Détruire (ANSD) to improve the lives of thousands of farm families living in eastern Burkina Faso by spreading practical ecological farming methods as well as sustainable livelihood solutions. In addition to working with ANSD on the regional initiatives mentioned above, in 2015 Groundswell and ANSD worked together on an action-research project designed to study and implement farmer-led innovation in agroecology as a means of enhancing nutrient management and water retention in soils to improve food security, and on a project that improved access to water for drinking and agriculture - to allow for dry season vegetable gardening. These strategies complement and enhance Groundswell's sustainable agriculture and FMNR work with these same families. A farmer-to-farmer network has been organized to spread these practices across over 80 villages - restoring barren soils, regenerating trees on the land, and increasing production.

Ghana -- The Center for Indigenous Knowledge and Organizational Development (CIKOD) is Groundswell's Ghanaian partner organization in the West African regional program. We are working together to address the soil and food crisis in Ghana by spreading the adoption of FMNR and complementary ecological farming practices that are improving rural livelihoods and food security through increases in food and fuel wood production, increased abundance of fodder for livestock and small enterprise development for women and men. This in turn is contributing to enhanced resilience to climate change and reduced risk in rural communities by revitalizing the natural resources on which rural families depend. Groundswell and CIKOD are working with 34 villages, traditional chiefs, and women's networks to test and spread these agroecological solutions. CIKOD is also supporting citizens to engage in district food security planning and to create enabling policies for agroecology.

Mali -- SahelEco, a Groundswell ally for many years, formally joined the Groundswell partnership in 2015. Groundswell and Sahel Eco, as well as ANSD in Burkina Faso and CIKOD in Ghana, are jointly implementing a regional program to scale farmer-led agroecology in West Africa. Groundswell and Sahel Eco are strengthening networks to improve and scale out farmer-led agroecological initiatives to increase soil fertility, improve production, and address climate change in over 20 villages; building the capacity of small-scale farmer and women's organizations in order to create more enabling local and national policies and programs in support of agroecology; and documenting, systematizing and disseminating lessons learned on spreading and scaling agroecological approaches.

Senegal -- Groundswell began collaboration with Agrecole Afrique in 2015. We work together, along with other partners in West Africa, on a regional program supporting farmers to deepen and spread agroecological practices, strengthen women's roles, and improve family nutrition. These strategies will complement Agrecole Afrique's strong capacity to support women's and farmers' organizations to improve organic agriculture and local food markets.

Ecuador -- Groundswell and EkoRural, an Ecuadorian NGO, are working together to strengthen the capacity of 35 marginalized, rural highland communities to lead their own development processes that improve local food production and resilience and reinforce local food systems. Specifically, this work is strengthening local seed systems (improving seed quality, production, storage and distribution), promoting plant and animal biodiversity (through more diverse local farming systems), and scaling-up alternative food networks that connect small-scale farmers to urban consumer markets in order to empower rural communities, and increase their incomes while providing low-income urban families with healthy, affordable local food.

Guatemala -- Groundswell began collaborating with Qachuu Aloom in 2015. Qachuu Aloom is a Mayan NGO with 500 members working in Baja Verapaz to spread agroecological farming, and is one of the main organizations conserving, producing, and selling native seeds in Guatemala. Groundswell has also supported REDSAG, the Food Sovereignty Network of Guatemala, to launch a Campaign for Healthy and Responsible Food Consumption in Northern Guatemala. REDSAG and local NGOs are using grassroots media and events, such as community radio stations, village fairs, and popular theatre, to encourage local people to consume healthy foods produced by local farmers using agroecological methods.

Haiti -- Since 2009, Groundswell and Partenariat pour le Développement Local (PDL), a Haitian NGO, have worked with rural communities to create 17 peasant organizations that are leading local development efforts for over 225,000 people living in rural areas of Haiti's Artibonite, North, Northeast, and West departments. The work in Haiti builds the capacity of these peasant organizations and local communities to sustainably improve their agriculture, livelihoods, health, and resiliency. In addition to our longstanding community capacity building and agroecology work in Haiti, increasingly Groundswell and PDL are supporting farmers groups to develop market opportunities for processed agricultural products, enabling hundreds of farmers to generate more income for their households.

Honduras -- Since 2011, Groundswell and Vecinos Honduras, an NGO based in Tegucigalpa, are strengthening local capacity for sustainable development at both the individual and community level in Honduras' drought stricken and impoverished southern region. Specifically, Vecinos Honduras coordinates four programs with 39 rural communities, strengthening community organizations and local leadership, agroecological farming, community health, and the wellbeing of children. Additionally, since 2013, Groundswell has worked with Vecinos Honduras and ANAFSAE, the agroecology network in Honduras, to launch a "consumo responsable" campaign, which, like the campaign in Guatemala, raises

awareness about health and food issues through community radio, village fairs, and popular theatre.

Nepal -- Groundswell partners with the Nepalese NGO BBP-Pariwar to improve farmers' livelihoods and food security by spreading ecological agriculture, strengthening community organizations, and facilitating the creation of savings and credit groups and farming cooperatives. In 2015, Groundswell and BBP-Pariwar dramatically expanded – from 15 to 22 villages – their work to support more marginalized women impacted by last year's earthquakes. The program focuses on women from the “untouchable” dalit caste, who suffer the most severe inequality and discrimination in the country. We are providing these women with opportunities to develop alternative means of earning income (training as vet techs and agriculture promoters) and to improve animal husbandry and farming practices to help their families recover their household economies.

United States -- In 2015, Groundswell launched the “Grow Food Where People Live” initiative to bring our experience and lessons from abroad home to create vibrant, regenerative communities in the U.S. Grow Food Where People Live aims to improve the health, food security, and economic wellbeing of vulnerable people. Last year, we began doing this in Western North Carolina (WNC) – a rural region that suffers some of worst, most entrenched poverty in the country – by supporting struggling families to grow their own food, learn valuable skills and organize food-buying clubs to improve their household economies, and start market gardens and food-related enterprises to earn more income. In 2017, based on the lessons we learn in WNC, we plan to scale the program into more counties in North Carolina and across the Southeast.

Corporate and Tax-Exempt Status

The organization was established as a not-for-profit corporation under the laws of the District of Columbia in October 2009 and has a Certificate of Authority to conduct affairs in North Carolina. Groundswell has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

B. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying basic financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Financial Statement Presentation

U.S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are generally available for general operating expenses of the organization. This class also includes net assets designated by the board of directors for particular purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization.

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net Assets Released from Restrictions.”

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$500 per item.

Fair Value Measurements

Groundswell follows FASB ASC 820-10 “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in U.S. GAAP, and it expands disclosures about fair value measurements. Fair Value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.” Groundswell’s endowment at the Oklahoma City Community Foundation is carried at fair value on a recurring basis.

Uncertain Tax Positions

Groundswell is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to an organization’s tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2015 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Board Designated Endowment

In 2013, Groundswell established a board designated permanent endowment at the Oklahoma City Community Foundation (the Foundation). According to the Foundation’s endowment fund policy statement, the Foundation provides the following benefits and services for the Groundswell fund:

- a) A common fund to which many donors can make contributions to establish and build permanent charitable support for the organization.
- b) Management and investment policies which provide the best opportunity for enhancing long-term growth of the endowment as well as providing annual cash distributions to support the organization.
- c) An investment and distribution policy which emphasizes the preservation of capital, protection against inflation and a continuing source of income to ensure that it will always be available to support the organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The organization reports its expenses in the functional areas of Program, Management and General and Fundraising. Expenses that can be identified with a specific area are assigned directly to that area. Other expenses that are common to two or more functions are allocated by management estimate.

2. Cash and Equivalents

Cash and equivalents consist of the following:

<u>As of December 31:</u>	<u>2015</u>	<u>2014</u>
Operating Account	\$ 211,541	\$ 464,842
Separate Bank Accounts for Grant Funds per Grantor Requirements	269,222	200
Money Market Account	5,021	5,001
PayPal Account	586	411
Total Cash and Equivalents	<u>\$ 486,370</u>	<u>\$ 470,454</u>

3. Grants Receivable

Grants receivable consists of the following:

<u>As of December 31:</u>	<u>2015</u>	<u>2014</u>
Mary Tidlund Foundation	\$ 5,106	\$ 5,106
Margaret A. Cargill Foundation/World Vision	-	223,665
United Methodist Committee on Relief	-	20,000
Total Grants Receivable	<u>\$ 5,106</u>	<u>\$ 248,771</u>

4. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2015</u>	<u>2014</u>
Equipment and Furniture	\$ 9,593	\$ 9,593
Less: Accumulated Depreciation	<u>(6,965)</u>	<u>(4,371)</u>
Property and Equipment, Net	<u>\$ 2,628</u>	<u>\$ 5,222</u>

5. Endowment

In August 2013, Groundswell used \$20,000 of its unrestricted funds to establish a board designated permanent endowment at the Oklahoma City Community Foundation. The name of the fund is "Groundswell International, Inc." The following is a summary of the fund activity, by net assets class, during 2015:

	Board Designated	Permanently Restricted	Total Endowment
Transfer from Groundswell	\$ 20,000	\$ 350	\$ 20,350
Prior Accumulated Income/Gains	2,667	-	2,667
2015 Activity:			
Investment Income	211	-	211
Investment Gains/(Losses)	(287)	-	(287)
Community Foundation Fees	(300)	-	(300)
Value as of December 31, 2015	<u>\$ 22,291</u>	<u>\$ 350</u>	<u>\$ 22,641</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31:</u>	<u>2015</u>	<u>2014</u>
Burkina Faso Program	\$ 101,252	\$ 33,012
Ecuador Program	5,106	5,106
Ghana Program	99,397	144,367
Haiti Program	1,014	153,210
Honduras Program	21,469	-
Nepal Program	12,407	-
West Africa Program	72,113	46,290
Total Temporarily Restricted Net Assets	<u>\$ 312,758</u>	<u>\$ 381,985</u>

7. Grants to Partners

Groundswell provides grants to partners and allied organizations engaged in work that furthers its mission. In 2015, Groundswell made grants to: Agrecol Afrique (Senegal), Association Nourrir Sans Detruire – ANSD (Burkina Faso), BBP-Pariwar (Nepal), the Center for Indigenous Knowledge and Organizational Development – CIKOD (Ghana), EkoRural (Ecuador), ETC-Africa (West Africa), the Institute for the Environment and Agricultural Research – INERA (Burkina Faso), Minim Song Paanga Association – AMSP (Burkina Faso), Partenariat pour le Développement Local – PDL (Haiti), Le Conseil pour l'Education et le Développement, Polk County Government (United States), Sahel Eco (Mali), and, Vecinos Honduras (Honduras). Grants to partners totaled \$866,135 and \$884,306 for 2015 and 2014, respectively.

8. Fund Benefiting Groundswell

Groundswell is the income beneficiary of a permanent endowment fund held, and owned by, the Oklahoma City Community Foundation. The Groundswell International Milburn Legacy Fund for Africa was established in October 2015 by a private donor as an endowment to support Groundswell's work in Africa. The fund is not owned by Groundswell and is not reflected in the organization's assets. There was no distribution from the fund in 2015. The value of the fund was approximately \$1,000,000 as of December 31, 2015.

9. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Financial Assets</u>				
Endowment Fund	\$ 22,641	\$ -	\$ -	\$ 22,641

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are based partially on unobservable inputs:

Endowment fund with community foundation -- fair values provided by the foundation are used without adjustment. The applicable unobservable estimates are developed by the foundation.

Financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Endowment Fund</u>
Balance as of January 1, 2015	\$ 23,017
Change in Value, Net (Note 5)	(376)
Balance as of December 31, 2015	<u>\$ 22,641</u>

10. Concentration of Credit Risk

The organization manages its cash deposit accounts to minimize exposure over the \$250,000 FDIC federally insured limit. Management believes that it is not exposed to any significant credit risk on its cash balances.

11. Lease Agreements

During the year, Groundswell entered a one-year office lease agreement for its Asheville North Carolina office. The lease ends July 2016 and monthly payments are \$650. Groundswell also rents office space for its Washington DC office on a month-to-month lease. Rent expense for the years ended December 31, 2015 and 2014 was \$18,380 and \$15,533. Future lease obligations expected to be paid in 2016 total \$4,550.

12. Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived. In addition, certain reclassifications have been made to the prior year data for consistency with the current year presentation.

13. *Subsequent Events*

Subsequent events have been evaluated through April 19, 2016, which is the date the financial statements were available to be issued.