

GROUNDSWELL INTERNATIONAL, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016



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, 2016, 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, 2016, 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 2015 financial statements of Groundswell International, Inc., and our report dated April 19, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Salaman, PLLC

Asheville, North Carolina
May 18, 2017

Groundswell International, Inc.
Statement of Financial Position

As of December 31, 2016

(With summarized comparative totals as of December 31, 2015)

	2016	2015
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 669,058	\$ 486,370
Grants Receivable	68,403	5,106
Contributions Receivable	15,289	-
Prepaid Expenses	9,026	10,410
Deposits	2,375	2,375
Total Current Assets	764,151	504,261
<u>Long-Term Assets</u>		
Investments	25	2,412
Endowment	22,856	22,641
Property and Equipment, Net	2,865	2,628
Total Long-Term Assets	25,746	27,681
Total Assets	\$ 789,897	\$ 531,942
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 1,093	\$ 10,149
Partner Grants Payable	83,540	1,748
Accrued Vacation	3,445	6,423
Total Current Liabilities	88,078	18,320
<u>Net Assets</u>		
Unrestricted		
Undesignated	109,673	178,223
Board Designated Endowment	22,506	22,291
Total Unrestricted	132,179	200,514
Temporarily Restricted	569,290	312,758
Permanently Restricted	350	350
Total Net Assets	701,819	513,622
Total Liabilities and Net Assets	\$ 789,897	\$ 531,942

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

Groundswell International, Inc.

Statement of Activities

Year Ended December 31, 2016

(With summarized comparative totals for the prior year)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support					
Grants	\$ 100,000	\$ 1,438,720	\$ -	\$ 1,538,720	\$ 934,692
Contributions	200,113	191,400	-	391,513	434,808
Program Income	-	-	-	-	5,500
Endowment Gains/(Losses)	1,342	-	-	1,342	(287)
In-Kind Contributions	-	-	-	-	3,382
Other Income	(871)	-	-	(871)	231
Net Assets Released					
From Restrictions	<u>1,373,588</u>	<u>(1,373,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support	<u>1,674,172</u>	<u>256,532</u>	<u>-</u>	<u>1,930,704</u>	<u>1,378,326</u>
Expenses					
Program Services	1,453,084	-	-	1,453,084	1,337,032
Management and General	113,792	-	-	113,792	76,154
Fundraising	<u>175,631</u>	<u>-</u>	<u>-</u>	<u>175,631</u>	<u>158,510</u>
Total Expenses	<u>1,742,507</u>	<u>-</u>	<u>-</u>	<u>1,742,507</u>	<u>1,571,696</u>
Change in Net Assets	<u>(68,335)</u>	<u>256,532</u>	<u>-</u>	<u>188,197</u>	<u>(193,370)</u>
Net Assets, Beginning of Year	<u>200,514</u>	<u>312,758</u>	<u>350</u>	<u>513,622</u>	<u>706,992</u>
Net Assets, End of Year	<u>\$ 132,179</u>	<u>\$ 569,290</u>	<u>\$ 350</u>	<u>\$ 701,819</u>	<u>\$ 513,622</u>

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

Groundswell International, Inc.
Statement of Functional Expenses

Year Ended December 31, 2016

(With summarized comparative totals for the prior year)

	Program	Management and General	Fundraising	2016 Total	2015 Total
Salaries					
U.S. Staff	\$ 165,244	\$ 54,363	\$ 105,792	\$ 325,399	\$ 322,110
International Staff	133,542	-	-	133,542	118,650
Payroll Taxes	22,966	4,179	8,132	35,277	30,446
Employee Benefits	27,379	4,981	9,694	42,054	18,540
Total-Salaries & Related	<u>349,131</u>	<u>63,523</u>	<u>123,618</u>	<u>536,272</u>	<u>489,746</u>
Program Grants to Partners	997,734	-	-	997,734	866,135
Program Service Contracts	29,006	-	-	29,006	16,800
Facilitator Support	3,960	-	-	3,960	3,889
Total-Direct Program	<u>1,030,700</u>	<u>-</u>	<u>-</u>	<u>1,030,700</u>	<u>886,824</u>
Advertising	1,281	-	2,158	3,439	2,231
Bank Charges and Fees	1,105	1,044	181	2,330	4,179
Conference and Meetings	1,122	5,247	622	6,991	4,807
Global Conference	496	-	-	496	27,968
Regional Conference	1,715	-	-	1,715	10,186
Contract Services	16,183	2,942	21,050	40,175	44,971
Depreciation	776	572	696	2,044	2,594
Equipment	1,546	614	291	2,451	8,038
Food and Lodging	9,272	8,520	2,736	20,528	19,137
Fundraising Fees	30	8	1,636	1,674	3,332
Insurance	775	2,098	-	2,873	3,008
Postage and Shipping	186	154	4,008	4,348	2,277
Printing and Copying	369	180	2,964	3,513	6,356
Rent	6,144	12,375	4,060	22,579	18,380
Supplies	1,503	1,329	1,350	4,182	4,181
Travel	26,562	8,179	3,357	38,098	28,102
Utilities	522	602	711	1,835	3,707
Other Expenses	3,666	6,405	6,193	16,264	1,672
Total-Other Expenses	<u>73,253</u>	<u>50,269</u>	<u>52,013</u>	<u>175,535</u>	<u>195,126</u>
Total Expenses	<u>\$1,453,084</u>	<u>\$ 113,792</u>	<u>\$ 175,631</u>	<u>\$1,742,507</u>	<u>\$1,571,696</u>

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

Groundswell International, Inc.

Statement of Cash Flows

Year Ended December 31, 2016

(With summarized comparative totals for the prior year)

<u>Cash Flows from Operating Activities</u>	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 188,197	\$ (193,370)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	2,044	2,594
Stock Donation	-	(1,912)
Endowment (Gains)/Losses Reinvested, Net of Fees	(1,309)	376
(Increase)/Decrease in Operating Activities		
Grants Receivable	(63,297)	243,665
Contributions Receivable	(15,289)	-
Prepaid Expenses	1,384	631
Deposits	-	(1,575)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(9,056)	873
Partner Grants Payable	81,792	(35,905)
Accrued Vacation	(2,978)	539
Net Cash Provided by Operating Activities	<u>181,488</u>	<u>15,916</u>
<u>Cash Flows from Investing Activities</u>		
Transfer from Endowment	1,094	-
Sale of Investments	2,385	-
Purchase of Equipment	(2,279)	-
Net Cash Provided by Investing Activities	<u>1,200</u>	<u>-</u>
Net Change in Cash and Equivalents	<u>182,688</u>	<u>15,916</u>
Cash and Equivalents, Beginning of Year	<u>486,370</u>	<u>470,454</u>
Cash and Equivalents, End of Year	<u>\$ 669,058</u>	<u>\$ 486,370</u>

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

Groundswell International, Inc.

Notes to Financial Statements

Year Ended December 31, 2016

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 2016, 33,000 farmers learned ecological farming methods (also known as agroecology) from Groundswell and its partners, and today they are applying agroecological principles on 44,793 acres of land. With Groundswell's support, farmers in 10 countries - Burkina Faso, Ecuador, Ghana, Guatemala, Haiti, Honduras, Mali, Nepal, Senegal, and the United States - are growing their way out of poverty and hunger, weathering climate change, and sowing real and lasting change.

West Africa -- Together with partner organizations in Burkina Faso, Ghana, and Mali, Groundswell continued implementing a long-term regional 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 2016, Groundswell and its partners Burkina Faso, Mali, and Senegal implemented the Global Resilience Challenge initiative, which aims 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 (ANSO) to improve the lives of thousands of farm families living in eastern Burkina Faso. Last year, over 10,600 households (2,554 headed by women) applied FMNR techniques to improve their land and farm production, and 3,433 of these farmers applied complementary agroecological practices, such as soil conservation, water harvesting, and composting, to further improve their farms. The collective impact of these actions has reduced food insecurity by an average of 50% among participating families in Burkina Faso while regenerating almost 16,000 acres of land.

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. In 2016, Groundswell and CIKOD worked with 1,200 households in 34 villages to regenerate 9,083 acres of land, increasing tree density by an average of 60%. This resulted in more food and fuel wood production and increased abundance of fodder for livestock, which in turn is contributing to enhanced resilience to climate change.

Mali -- In 2016, Groundswell and Sahel Eco, as well as ANSO in Burkina Faso and Agrecol in Senegal, continued jointly implementing the USAID, SIDA and Rockefeller Foundation-funded Global Resilience Challenge initiative, which seeks 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.

Senegal -- Since 2015, Groundswell and Agrecol Afrique worked 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 marginalized, rural highland communities to lead their own development processes that improve local food production and resilience and reinforce local food systems. EkoRural promotes discovery based learning to deepen and spread agroecological farming, and supports communities to map, recover, reproduce, and improve seeds through participatory plant breeding of dozens of useful varieties that have fallen into disuse. EkoRural is also a member of a national network working to recruit 250,000 Ecuadorian families to participate in a "Responsible Local Food Consumption" campaign to shift the country toward the consumption of healthy, local food.

Guatemala -- Groundswell began collaborating with Qachuu Aloom in 2015. Qachuu Aloom is a Mayan NGO with 500 members (80% women) from 21 communities in Baja Verapaz that are working together to learn and apply agroecological farming methods, promote sustainable livestock production, and conserve, reproduce, and sell native seeds. 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. In 2016, some 23,000 people (belonging to 15 of these local organizations) directly participated in programs 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, permitting farmers to generate more income for their households. In 2016, local organizations launched a community rice commercialization enterprise, cassava processing workshop, and artisanal sugar cane mills.

Honduras -- Since 2011, Groundswell and Vecinos Honduras, an NGO based in Tegucigalpa, have nurtured the capacities and skills of women and men to become leaders and active agents in the positive transformation of their communities. In 2016, in Honduras' drought stricken and impoverished southern region, we strengthened 65 communities and engaged more than 1,400 women, men and youth in participant-led programs that have improved the food security, nutrition, health and livelihoods of more than 7,500 people. Also, Vecinos Honduras and ANAF AE, the agroecology network in Honduras, continue to raise awareness about health and food issues through community radio, village fairs, and popular theatre.

Nepal -- Since 2014, Groundswell has partnered with the Nepalese NGO BBP-Pariwar to improve farmers' livelihoods and food security. In 2016, Groundswell and BBP-Pariwar continued their work with marginalized women impacted by the 2015 earthquakes. This program provides women from the "untouchable" dalit caste with opportunities to learn agroecological farming to improve their food production, create savings and credit groups and farming cooperatives to give them access to affordable credit, and develop alternative means of earning income (such as training as vet techs and agriculture promoters) to help their families recover their household economies.

United States -- In 2016, Groundswell completed a two-year US pilot project called "Grow Food Where People Live", which sought to test our experience and lessons from abroad in rural

Western North Carolina. The project succeeded in improving access to healthy food and providing lifelong skills to some of the region's most marginalized families; helped galvanize a coalition of actors that are now working together to build a better local food system; collaborated with the University of North Carolina Asheville to create an adult learning curriculum for growing and eating healthy food; and, supported the creation of a new nonprofit – Growing Rural Opportunities (GRO), which is taking the pilot forward beginning in 2017.

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

In accordance with U.S. GAAP, Groundswell follows “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon 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 2016 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 consists of the following:

<u>As of December 31:</u>	<u>2016</u>	<u>2015</u>
Operating Account	\$ 79,602	\$ 211,541
Restricted Funds		
Funds Restricted by Grantor/Donor	584,427	269,222
Money Market Account	5,029	5,029
PayPal Account	-	586
Total Cash and Equivalents	<u>\$ 669,058</u>	<u>\$ 486,378</u>

3. Contributions and Grants Receivable

Contributions receivable balance of \$15,289 as of December 31, 2016. Management has evaluated the receivable balances and believes all amounts are fully collectible. Grants receivable consists of the following:

<u>As of December 31:</u>	<u>2016</u>	<u>2015</u>
Mary Tidlund Foundation	\$ -	\$ 5,106
Global Reliance Partnership	59,569	-
United Methodist Committee on Relief	8,834	-
Total Grants Receivable	<u>\$ 68,403</u>	<u>\$ 5,106</u>

4. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2016</u>	<u>2015</u>
Equipment and Furniture	\$ 11,874	\$ 9,593
Less: Accumulated Depreciation	(9,009)	(6,965)
Property and Equipment, Net	<u>\$ 2,865</u>	<u>\$ 2,628</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 2016:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Transfer from Groundswell	\$ 20,000	\$ 350	\$ 20,350
Prior Accumulated Income/Gains	2,291	-	2,291
2016 Activity:			
Investment Income	277	-	277
Investment Gains	1,342	-	1,342
Release to Groundswell Operating	(1,094)	-	(1,094)
Community Foundation Fees	(310)	-	(311)
Value as of December 31, 2016	<u>\$ 22,506</u>	<u>\$ 350</u>	<u>\$ 22,856</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31:</u>	<u>GSI</u>	<u>Partners</u>	<u>2016</u> <u>Total</u>
Burkina Faso Program	\$ 25,414	\$ 41,870	\$ 67,284
Haiti Program	13,640	76,570	90,210
Honduras Program	-	31,791	31,791
West Africa Program	128,208	251,797	380,005
Total Temporarily Restricted Net Assets	<u>\$ 167,262</u>	<u>\$ 402,028</u>	<u>\$ 569,290</u>

<u>As of December 31:</u>	<u>GSI</u>	<u>Partners</u>	<u>2015</u> <u>Total</u>
Burkina Faso Program	\$ 30,334	\$ 70,918	\$ 101,252
Ecuador Program	-	5,106	5,106
Ghana Program	29,779	69,618	99,397
Haiti Program	-	1,014	1,014
Honduras Program	-	21,469	21,469
Nepal Program	3,250	9,157	12,407
West Africa Program	-	72,113	72,113
Total Temporarily Restricted Net Assets	<u>\$ 63,363</u>	<u>\$ 249,395</u>	<u>\$ 312,758</u>

7. Grants to Partners

Groundswell provides grants to partners and allied organizations engaged in work that furthers its mission. In 2016, Groundswell made grants to partner organizations in the following regions:

<u>Year Ended December 31:</u>	<u>2016</u>	<u>2015</u>
Haitian Programs	\$ 171,739	\$ 330,907
Ghana Programs	-	81,264
West Africa Multi-Country	122,008	4,890
Ecuador Programs	53,305	40,000
West Africa Programs	349,130	38,766
Burkina Faso Programs	267,023	313,230
Honduras Programs	31,530	28,554
BBP Programs	-	22,638
Other	3,000	5,886
Total Grants to Partners	<u>\$ 997,734</u>	<u>\$ 866,135</u>

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 organization's assets. There was no distribution from the fund in 2016. The value of the fund was approximately \$1,050,922 as of December 31, 2016.

9. *Fair Value Measurements*

Fair values of assets measured on a recurring basis at December 31, 2016 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)
Financial Assets				
Endowment Fund	\$ 22,856	\$ -	\$ -	\$ 22,856

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):

	Endowment Fund
Balance as of January 1, 2016	\$ 22,641
Change in Value, Net (Note 5)	215
Balance as of December 31, 2016	\$ 22,856

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 2017 and monthly payments are \$700. Groundswell also rents office space for its Washington DC office on a month-to-month lease. Rent expense for the years ended December 31, 2016 and 2015 was \$22,579 and \$18,380. Future lease obligations expected to be paid in 2017 total \$4,900.

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, 2015,

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 May 18, 2017, which is the date the financial statements were available to be issued.