

GROUNDSWELL INTERNATIONAL, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



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, 2018, 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, 2018, 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 2017 financial statements of Groundswell International, Inc., and our report dated April 24, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
April 24, 2019

Groundswell International, Inc.

Statement of Financial Position

As of December 31, 2018

(With summarized comparative totals as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 975,694	\$ 598,936
Grants Receivable	101,751	189,089
Contributions Receivable	10,635	16,162
Prepaid Expenses	12,932	8,469
Deposits	1,725	1,725
Total Current Assets	<u>1,102,737</u>	<u>814,381</u>
<u>Long-Term Assets</u>		
Investments	2,166	2,243
Endowment	22,263	24,544
Property and Equipment, Net	-	821
Total Long-Term Assets	<u>24,429</u>	<u>27,608</u>
Total Assets	<u>\$ 1,127,166</u>	<u>\$ 841,989</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 6,752	\$ 41,485
Partner Grants Payable	67,033	43,675
Deferred Grant Revenue	-	14,384
Accrued Vacation	15,077	3,987
Total Current Liabilities	<u>88,862</u>	<u>103,531</u>
<u>Net Assets</u>		
Without Donor Restrictions	168,946	160,685
With Donor Restrictions	869,358	577,773
Total Net Assets	<u>1,038,304</u>	<u>738,458</u>
Total Liabilities and Net Assets	<u>\$ 1,127,166</u>	<u>\$ 841,989</u>

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

Groundswell International, Inc.

Statement of Activities

Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support				
Grants	\$ 100,000	\$ 1,914,613	\$ 2,014,613	\$ 1,267,057
Contributions	198,530	87,870	286,400	596,710
Program Income	2,495	-	2,495	826
Endowment Gains/(Losses)	(1,427)	-	(1,427)	2,907
In-Kind Contributions	18,258	-	18,258	18,550
Other Income	537	-	537	293
Net Assets Released				
From Restrictions	1,710,898	(1,710,898)	-	-
Total Support	2,029,291	291,585	2,320,876	1,886,343
Expenses				
Program Services	1,618,354	-	1,618,354	1,484,509
Management and General	106,054	-	106,054	132,823
Fundraising	296,622	-	296,622	232,372
Total Expenses	2,021,030	-	2,021,030	1,849,704
Change in Net Assets	8,261	291,585	299,846	36,639
Net Assets, Beginning of Year	160,685	577,773	738,458	701,819
Net Assets, End of Year	\$ 168,946	\$ 869,358	\$ 1,038,304	\$ 738,458

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

Groundswell International, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>	<u>Total 2017</u>
Salaries					
U.S. Staff	\$ 107,339	\$ 62,456	\$ 183,825	\$ 353,620	\$ 289,175
International Staff	115,585	-	-	115,585	159,396
Payroll Taxes	16,058	5,596	16,042	37,696	32,840
Employee Benefits	17,925	3,695	18,044	39,664	48,910
Total-Salaries & Related	<u>256,907</u>	<u>71,747</u>	<u>217,911</u>	<u>546,565</u>	<u>530,321</u>
Program Grants to Partners	1,205,306	-	-	1,205,306	1,066,246
Program Service Contracts	-	-	-	-	6,931
Facilitator Support	-	-	-	-	1,652
Total-Direct Program	<u>1,205,306</u>	<u>-</u>	<u>-</u>	<u>1,205,306</u>	<u>1,074,829</u>
Advertising	252	252	251	755	1,942
Bank Charges and Fees	3,374	624	212	4,210	2,388
Conference and Meetings	2,411	-	182	2,593	5,500
Contract Services	49,863	11,029	18,543	79,435	101,014
Depreciation	274	273	274	821	2,044
Equipment	1,076	886	10,111	12,073	9,978
Food and Lodging	27,874	2,423	3,810	34,107	35,203
Fundraising Fees	10,032	2,424	16,028	28,484	2,161
Insurance	3,385	77	547	4,009	6,447
Postage and Shipping	133	17	6,194	6,344	1,614
Printing and Copying	121	143	1,337	1,601	1,559
Rent	13,944	9,908	11,503	35,355	26,814
Supplies	3,253	1,781	4,434	9,468	3,017
Travel	38,083	3,431	4,482	45,996	36,831
Utilities	597	231	291	1,119	563
Other Expenses	1,469	808	512	2,789	7,479
Total-Other Expenses	<u>156,141</u>	<u>34,307</u>	<u>78,711</u>	<u>269,159</u>	<u>244,554</u>
Total Expenses	<u>\$ 1,618,354</u>	<u>\$ 106,054</u>	<u>\$ 296,622</u>	<u>\$ 2,021,030</u>	<u>\$ 1,849,704</u>

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

Groundswell International, Inc.

Statement of Cash Flows

Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

Cash Flows from Operating Activities	2018	2017
Change in Net Assets	\$ 299,846	\$ 36,639
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	821	2,044
Stock Donation	-	(2,243)
Investment (Gains)/Losses	77	-
Endowment Contributions	(250)	-
Endowment (Gains)/Losses Reinvested, Net of Fees	1,383	(2,812)
(Increase)/Decrease in Operating Activities		
Grants Receivable	87,338	(120,686)
Contributions Receivable	5,527	(873)
Prepaid Expenses	(4,463)	557
Deposits	-	650
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(34,733)	40,392
Partner Grants Payable	23,358	(39,865)
Deferred Grant Revenue	(14,384)	14,384
Accrued Vacation	11,090	542
Net Cash Provided/(Used) by Operating Activities	<u>375,610</u>	<u>(71,271)</u>
Cash Flows from Investing Activities		
Transfer from Endowment	1,148	1,124
Sale of Investments	-	25
Net Cash Provided by Investing Activities	<u>1,148</u>	<u>1,149</u>
Net Change in Cash and Equivalents	<u>376,758</u>	<u>(70,122)</u>
Cash and Equivalents, Beginning of Year	<u>598,936</u>	<u>669,058</u>
Cash and Equivalents, End of Year	<u>\$ 975,694</u>	<u>\$ 598,936</u>

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

Groundswell International, Inc.

Notes to Financial Statements

Year Ended December 31, 2018

1. *Description of the Organization, Corporate and Tax-Exempt Status*

Groundswell International, Inc. (Groundswell) strengthens rural communities to build healthy farming and food systems from the ground up. Groundswell's programs address the root causes of food insecurity, economic vulnerability, and social marginalization with a practical, "learning by doing" approach that builds participants' confidence while meeting their basic needs. When people see the changes they are bringing about, it empowers them, and soon they become the lead actors in improving their own lives.

We work closely with local partner organizations in Latin America and the Caribbean, South Asia, and West Africa. While each regional program design responds to its unique people and context, Groundswell's core program services focus on:

- Building the capacity of those who participate in our programs to analyze their situation, identify existing problems, examine the various alternatives to overcome these problems, and then choose, plan, and implement the best solutions.
- Improving food production using ecological farming techniques to increase yields, adapt to climate change and make small farmers more resilient to other external shocks, while also restoring the natural resource base upon which they depend.
- Generating better rural livelihood opportunities through: savings and credit groups that give marginalized people access to capital for their productive pursuits; micro-enterprises that diversify and increase incomes; strengthening local market linkages.
- Emphasizing the empowerment of women and other marginalized people.

In 2018, Groundswell and partners worked with more than 63,000 smallholder farmers to improve their production, resilience and wellbeing in Burkina Faso, Ecuador, Ghana, Guatemala, Haiti, Honduras, Mali, Nepal, and Senegal. Our work improved the lives of over 388,000 beneficiaries (over 90,000 people directly and 296,000 indirectly) in tangible (food production, income, nutrition, land regeneration) and intangible (organizational strengthening, esteem, voice) ways. We initiated the planning phase of a new program in Mexico to strengthen farmer seed systems for improved food production and climate resilience in the last quarter of 2018.

West Africa -- In 2018 we continued to work with our partners ANSD in Burkina Faso; CIKOD in Ghana; Sahel Eco in Mali; and Agrecol in Senegal. Across these four countries, we support programs with various sources of funding that focused on a common set of strategies. These include strengthen community-based farmers and women's organizations to experiment with and promote agroecological farming practices; strengthen women's savings and credit groups; and enabling citizens to engage more effectively in contributing to rural development plans and budgets of local municipalities and districts. A set of effective agroecological strategies are tested by farmers and spread through farmer to farmer teaching networks. These include contour barriers and micro water catchments (zai and half-moons) to improve soil and water conservation; improve composting techniques; and farmer managed natural regeneration (FMNR) of trees for improved agroforestry farming systems. Our programs emphasize women's empowerment by increasing their access to productive resources, training opportunities, and voice in decision making. We support innovation to strengthen the linkages between improved agroecological production and family nutrition. Complementary activities included strengthening community-managed grain banks for improved food security, as well as supporting

30 communities each in Ghana and Burkina Faso to improve access to water through construction of wells and bore holes. Across these four countries our programs are engaging over 52,000 smallholder farmers directly in improving their farming; benefitting over 252,000 people (over 62,000 directly and 189,000 indirectly); and regenerating over 69,000 hectares (or 170,502 acres) of land.

Latin America and the Caribbean -- In 2018 we worked with partners PDL in Haiti; Vecinos Honduras in Honduras; Qachuu Aloom in Guatemala; and EkoRural in Ecuador. We have supported these organizations in the context of our regional program to strengthen sustainable local food systems, improve agroecological production, strengthen local seed systems, and complementary organizational capacity building and livelihoods strategies. In Haiti this includes strengthening three peasant associations; strengthening farmer-to-farmer networks that expand agroecological production to over 9,000 model farmers; supporting community seed banks, grain banks and savings and credit cooperatives; and strengthening 13 new farmer managed microenterprises to process local agriculture produce for sale to local consumers. Likewise, in Guatemala, Honduras and Ecuador, we collaborate with partners to strengthen rural farmer and women's associations; agroecological experimentation and farmer-to-farmer extension; improved local seed systems; savings and credit schemes; and innovative strategies to strengthen local market linkages. Across these four countries our programs in 2018 engaged over 10,000 smallholder farmers directly in improving their farming; benefitting over 135,000 people (over 27,000 directly and 105,000 indirectly); and regenerating over 3,490 hectares (or 8,623 acres) of land. As noted above, we also initiated the planning phase of a new program in Mexico to strengthen farmer seed systems for improved food production and climate resilience in the last quarter of 2018.

South Asia: -- In 2018 we worked with our partner BBP-Pariwar in Nepal. We emphasized work with Dalit (untouchable caste) women by strengthening 14 savings and credit groups with 325 members; providing training in agroecological farming practices to improve production and food security; and providing goats as important asset to 127 rural women, who will pass on the animals' offspring to other women in the future to spread benefits. In Nepal our programs in 2018 engaged 325 smallholder farmers directly in improving their farming; benefitting over 1,405 people (including 1,080 indirect beneficiaries.)

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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

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

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at fair market value on the statement of financial position with realized and unrealized gains and losses reflected on the statement of activities.

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.

Fair Value Measurements

In accordance with U.S. GAAP, the organization 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.

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 \$5,000 per item.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program services fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as “Net Assets Released from Restrictions.”

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include indirect expenses which are allocated based on management estimates of time and effort.

Income Taxes/Uncertain Tax Positions

The organization 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 the organization’s tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2018 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Groundswell has implemented

ASU 2016-14 and the presentation of these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented.

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 audited financial statements for the year ended December 31, 2017, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account. Occasionally, the Board may designate a portion of operating surplus to a reserve account.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 975,694	\$ 598,936
Grants Receivable	101,751	189,089
Contributions Receivable	10,635	16,162
Total Financial Assets	<u>1,088,080</u>	<u>804,187</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	869,359	577,773
Less net assets with purpose restrictions to be met in less than a year		
Burkina Faso Program	(133,393)	(56,327)
Ecuador Program	-	(31,250)
Guatemala Program	(54,263)	(77,058)
Haiti Program	(116,888)	(104,960)
Honduras Program	(1,500)	(74,411)
Mexico Program	(295,151)	-
Nepal Program	(49,847)	(76,083)
Latin America Program	(137,644)	(12,380)
West Africa Program	(80,073)	(144,954)
Total not available to be used in one year	<u>600</u>	<u>350</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,087,480</u>	<u>\$ 803,837</u>

The total net assets with donor restrictions detailed in Note 9 are projected to be satisfied in the coming year through achievement of program objectives and operating expenditures.

Groundswell's goal is generally to maintain financial assets to meet a minimum of 90 days of essential operating expenses (approximately \$201,000).

4. Cash and Equivalents

Cash and equivalents consist of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Operating Account	\$ 142,602	\$ 152,543
Funds Restricted by Grantor/Donor	833,092	446,393
Total Cash and Equivalents	<u>\$ 975,694</u>	<u>\$ 598,936</u>

5. Contributions and Grants Receivable

Contributions receivable balance consists of \$10,635 and \$16,162 as of December 31, 2018 and 2017, respectively. 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>2018</u>	<u>2017</u>
Global Reliance Partnership	\$ 99,893	\$ -
Margaret A. Cargill Foundation/Helvatas	-	56,965
SAIRLA	1,858	4,101
Sanders Foundation	-	75,000
TCP Honduras	-	7,215
Vista Hermosa	-	45,808
Total Grants Receivable	<u>\$ 101,751</u>	<u>\$ 189,089</u>

6. Property and Equipment

Property and equipment consist of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Equipment and Furniture	\$ 11,874	\$ 11,874
Less: Accumulated Depreciation	(11,874)	(11,053)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 821</u>

7. Endowment

In August 2013, Groundswell used \$20,000 of its unrestricted funds to establish a board designated endowment at the Oklahoma City Community Foundation. The name of the fund is "Groundswell International, Inc." The endowment includes \$600 to be held in perpetuity and is included in net assets with donor restrictions. The following page shows a summary of the fund activity, by net assets class, during 2018:

	<u>Board Designated</u>	<u>Endowment In Perpetuity</u>	<u>Total Endowment</u>
Transfer from Groundswell	\$ 20,000	\$ 350	\$ 20,350
Prior Accumulated Income/Gains	4,194	-	4,194
2018 Activity:			
Contributions Received	-	250	250
Investment Income	317	-	317
Investment Gains	(1,351)	-	(1,351)
Release to Groundswell Operating	(1,148)	-	(1,148)
Community Foundation Fees	(349)	-	(349)
Value as of December 31, 2018	<u>\$ 21,663</u>	<u>\$ 600</u>	<u>\$ 22,263</u>

8. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$168,946 as of December 31, 2018. The Board designated a portion of these Net Assets for future contingencies and purposes. Board designated funds have no donor restrictions and are held in the cash reserve account. Net assets designated by the Board totaled \$21,663 and \$24,194 for the years ended December 31, 2018 and 2017, respectively.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31:</u>	GSI	Partners	Total 2018
Burkina Faso Program	\$ 36,905	\$ 96,488	\$ 133,393
Guatemala Program	5,786	48,477	54,263
Haiti Program	41,113	75,775	116,888
Honduras Program	1,500	-	1,500
Mexico Program	168,651	126,500	295,151
Nepal Program	12,229	37,618	49,847
Latin America Program	37,644	100,000	137,644
West Africa Program	43,873	36,200	80,073
Endowment in Perpetuity	600	-	600
Total net assets with donor restriction	<u>\$ 348,301</u>	<u>\$ 521,058</u>	<u>\$ 869,359</u>

<u>As of December 31:</u>	GSI	Partners	Total 2017
Burkina Faso Program	\$ 12,652	\$ 43,675	\$ 56,327
Ecuador Program	6,250	25,000	31,250
Guatemala Program	11,158	65,900	77,058
Haiti Program	6,300	98,660	104,960
Honduras Program	49,411	25,000	74,411
Nepal Program	24,533	51,550	76,083
Latin America Program	12,380	-	12,380
West Africa Program	62,380	82,574	144,954
Endowment in Perpetuity	350	-	-
Total net assets with donor restriction	<u>\$ 185,414</u>	<u>\$ 392,359</u>	<u>\$ 577,773</u>

10. Multi-Year Conditional Grants

Groundswell receives several multi-year promises-to-fund grants that are conditional based upon satisfaction of specific programmatic milestones detailed in work plans within each grant. As of December 31, 2018, Groundswell had the following multi-year grant funding promises conditioned on specific program outcomes that are currently funded and in progress.

<u>Funder</u>	Total Grant	<u>Recognized Revenue</u>		Award	Required Milestone
	Award	Prior Years	Current Year	Remaining	
SAIRLA	\$ 47,904	\$ 31,704	\$ 13,150	\$ 3,050	Reporting
Vibrant Villages	400,000	-	100,000	300,000	Reporting
Mexico- WKKF	998,589	-	351,149	647,440	Reporting

11. Grants to Partners

Groundswell provides grants to partners and allied organizations engaged in work that furthers its mission. In 2018 and 2017, Groundswell made grants to partner organizations in the following regions:

<u>Year Ended December 31:</u>	<u>2018</u>	<u>2017</u>
Haitian Programs	\$ 182,975	\$ 224,492
Ghana Programs	285,989	298,916
West Africa Multi-Country	-	-
Ecuador Programs	57,850	50,000
West Africa Programs	-	-
Burkina Faso Programs	350,792	341,602
Mali Programs	35,322	66,229
Senegal Programs	66,206	50,718
Honduras Programs	108,695	34,290
BBP Programs	51,577	-
Guatemala Programs	65,900	-
Total Grants to Partners	<u>\$ 1,205,306</u>	<u>\$ 1,066,246</u>

12. Federal Financial Awards

Groundswell received an award for federal USAID KPMG East Africa Limited grant through the Global Resilience Partnership. The below summarizes the total funds awarded and expended by year:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Total</u>
Federal Funds Revenue	\$ 99,893	\$ 340,007	\$ 559,038	\$ 998,938
Federal Funds Expended				
West Africa Program	46,327	124,333	141,301	311,961
Senegal Program	-	88,930	172,564	261,494
Mali Program	-	130,973	81,160	212,133
Burkina Faso Program	-	146,248	67,102	213,350
Total Federal Funds Expended	<u>\$ 46,327</u>	<u>\$ 490,484</u>	<u>\$ 462,127</u>	<u>\$ 998,938</u>

13. Fund Benefiting Groundswell

Groundswell is the income beneficiary of a endowment fund held in pertetuity, 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 a distribution of \$51,186 and \$37,183 from the fund in 2018 and 2017, respectively.

14. Lease Agreements

During 2018, Groundswell entered a one-year office lease agreement for its Asheville North Carolina office. Rent expense for the year ending December 31, 2018 was \$2,000. Groundswell also rents office space for its Washington DC office. Rent expense for the years ended December 31, 2018 and 2017 was \$15,097 and \$7,077. Future lease obligations expected to be paid in 2019 total \$33,456.

15. Donated Services and Materials

The organization recorded the rental discount they received for the Washington DC office lease agreement as in-kind support. This amount totaled \$18,258 and \$18,550 in 2018 and 2017, respectively and is reflected in the accompanying financial statements as in-kind support is offset by a like amount included in expenses.

16. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

Financial Assets	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Endowment	\$ 22,263	\$ -	\$ -	\$ 22,263

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
Balance as of January 1, 2018	\$ 24,544
Contributions	250
Change in Value, Net (Note 5)	(1,383)
Distributions	(1,148)
Balance as of December 31, 2018	\$ 22,263

17. Related Party Transaction

Groundswell contracts with an in-country consultant to lead program and administrative coordination with its partners and allies in West Africa. This consultant is also the President of the board of trustees for one of Groundswell's partners in West Africa. The organization passed through \$290,218 and \$306,815 to this partner during 2018 and 2017, respectively.

In many developing countries, there is not a culture or pattern of board's functioning in the same manner that they function in the United States. However, Groundswell feels there are sufficient administrative and financial controls in place to ensure proper oversight and management of this related party relationship.

18. Subsequent Events

Subsequent events have been evaluated through April 24, 2019, which is the date the financial statements were available to be issued.