

GROUNDSWELL INTERNATIONAL, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019



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, 2019, 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, 2019, 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 2018 financial statements of Groundswell International, Inc., and our report dated April 24, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Salaman, PLLC

Asheville, North Carolina
May 4, 2020

Groundswell International, Inc.

Statement of Financial Position

As of December 31, 2019

(With summarized comparative totals as of December 31, 2018)

	2019	2018
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 646,812	\$ 975,694
Grants Receivable	297,463	101,751
Contributions Receivable	26,082	10,635
Prepaid Expenses	9,179	12,932
Deposits	1,725	1,725
Total Current Assets	<u>981,261</u>	<u>1,102,737</u>
<u>Long-Term Assets</u>		
Investments	2,786	2,166
Endowment	25,350	22,263
Total Long-Term Assets	<u>28,136</u>	<u>24,429</u>
Total Assets	<u>\$ 1,009,397</u>	<u>\$ 1,127,166</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 23,079	\$ 6,752
Partner Grants Payable	85,655	67,033
Accrued Vacation	15,118	15,077
Total Current Liabilities	<u>123,852</u>	<u>88,862</u>
<u>Net Assets</u>		
Without Donor Restrictions	88,704	168,946
With Donor Restrictions	796,841	869,358
Total Net Assets	<u>885,545</u>	<u>1,038,304</u>
Total Liabilities and Net Assets	<u>\$ 1,009,397</u>	<u>\$ 1,127,166</u>

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

Groundswell International, Inc.

Statement of Activities

Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support				
Grants	\$ 153,000	\$ 1,561,971	\$ 1,714,971	\$ 2,014,613
Contributions	190,948	48,281	239,229	286,400
Program Income	20,382	-	20,382	2,495
Endowment Gains/(Losses)	13,371	-	13,371	(1,427)
In-Kind Contributions	7,450	-	7,450	18,258
Other Income	-	-	-	537
Net Assets Released				
From Restrictions	1,682,769	(1,682,769)	-	-
Total Support	2,067,920	(72,517)	1,995,403	2,320,876
Expenses				
Program Services	1,720,104	-	1,720,104	1,618,354
Management and General	118,176	-	118,176	106,054
Fundraising	309,882	-	309,882	296,622
Total Expenses	2,148,162	-	2,148,162	2,021,030
Change in Net Assets	(80,242)	(72,517)	(152,759)	299,846
Net Assets, Beginning of Year	168,946	869,358	1,038,304	738,458
Net Assets, End of Year	\$ 88,704	\$ 796,841	\$ 885,545	\$ 1,038,304

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

Groundswell International, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

	Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries					
U.S. Staff	\$ 187,519	\$ 63,870	\$ 185,065	\$ 436,454	\$ 353,620
International Staff	159,421	-	-	159,421	115,585
Payroll Taxes	25,284	4,276	11,960	41,520	37,696
Employee Benefits	15,811	7,637	14,291	37,739	39,664
Total-Salaries and Related	<u>388,035</u>	<u>75,783</u>	<u>211,316</u>	<u>675,134</u>	<u>546,565</u>
Program Grants to Partners	1,040,639	-	-	1,040,639	1,205,306
Program Service Contracts	88,778	-	-	88,778	-
Total-Direct Program	<u>1,129,417</u>	<u>-</u>	<u>-</u>	<u>1,129,417</u>	<u>1,205,306</u>
Advertising	245	245	798	1,288	755
Bank Charges and Fees	3,411	824	695	4,930	4,210
Conference and Meetings	73,910	-	-	73,910	2,593
Contract Services	12,315	9,793	47,283	69,391	79,435
Depreciation	-	-	-	-	821
Equipment	4,545	2,481	6,733	13,759	12,073
Food and Lodging	34,439	4,979	6,369	45,787	34,107
Fundraising Fees	-	-	7,676	7,676	28,484
Insurance	2,145	2,144	2,144	6,433	4,009
Postage and Shipping	219	403	796	1,418	6,344
Printing and Copying	137	-	546	683	1,601
Rent	14,248	14,175	14,139	42,562	35,355
Supplies	2,090	1,493	2,275	5,858	9,468
Travel	52,079	3,974	7,531	63,584	45,996
Utilities	1,262	443	381	2,086	1,119
Other Expenses	1,607	1,439	1,200	4,246	2,789
Total-Other Expenses	<u>202,652</u>	<u>42,393</u>	<u>98,566</u>	<u>343,611</u>	<u>269,159</u>
Total Expenses	<u>\$ 1,720,104</u>	<u>\$ 118,176</u>	<u>\$ 309,882</u>	<u>\$ 2,148,162</u>	<u>\$ 2,021,030</u>

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

Groundswell International, Inc.

Statement of Cash Flows

Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

<u>Cash Flows from Operating Activities</u>	<u>2019</u>	<u>2018</u>
Change in Net Assets	\$ (152,759)	\$ 299,846
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	-	821
Investment (Gains)/Losses	(620)	77
Endowment Contributions	-	(250)
Endowment (Gains)/Losses Reinvested, Net of Fees	(4,259)	1,383
(Increase)/Decrease in Operating Activities		
Grants Receivable	(195,712)	87,338
Contributions Receivable	(15,447)	5,527
Prepaid Expenses	3,753	(4,463)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	16,327	(34,733)
Partner Grants Payable	18,622	23,358
Deferred Grant Revenue	-	(14,384)
Accrued Vacation	41	11,090
Net Cash Provided/(Used) by Operating Activities	<u>(330,054)</u>	<u>375,610</u>
<u>Cash Flows from Investing Activities</u>		
Transfer from Endowment	<u>1,172</u>	<u>1,148</u>
Net Cash Provided by Investing Activities	<u>1,172</u>	<u>1,148</u>
Net Change in Cash and Cash Equivalents	<u>(328,882)</u>	<u>376,758</u>
Cash and Cash Equivalents, Beginning of Year	<u>975,694</u>	<u>598,936</u>
Cash and Cash Equivalents, End of Year	<u>\$ 646,812</u>	<u>\$ 975,694</u>

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

Groundswell International, Inc.

Notes to Financial Statements

Year Ended December 31, 2019

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

Groundswell International, Inc. (Groundswell) strengthens 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 programs everywhere:

- Work with farmer leaders to test and adopt agroecological methods and spread them to more people through farmer-to-farmer training, allowing these farmers to produce more healthy food and restore hundreds of thousands of acres of degraded land.
- Empower women farmers to participate in savings and credit groups, improve ecological production, gain access to productive assets, and diversify their livelihoods, which in turn improves their families' food security, incomes and resilience.
- Strengthen local markets and increase farmers' incomes through savings and credit groups and community-based agricultural enterprises that add value to locally grown crops.
- Nourish vulnerable families by explicitly integrating gender equity and nutrition into agricultural programs. Our holistic approach links agroecological farming to family nutrition.
- Support citizens to engage with local decision makers on enabling local policies, and produce influential case studies, policy briefs, and reports to facilitate sharing across our networks and with other stakeholders to expedite the necessary transition to agroecology.

In 2019, Groundswell and its partners worked with 43,576 smallholder farmers to improve their production, resilience and wellbeing in Burkina Faso, Ecuador, Ghana, Guatemala, Haiti, Honduras, Mali, Mexico, Nepal, and Senegal. Our work improved the lives of 547,636 people (92,686 directly and 454,954 indirectly) in tangible (ecological restoration and increased food production, incomes, nutrition) and intangible (stronger local governance, improved self-esteem, greater agency) ways.

West Africa -- We continued to work with our partners *Agrecol Afrique* in Senegal; *Association Nourrir Sans Détruire* in Burkina Faso; the Center for Indigenous Knowledge and Organizational Development in Ghana; and, *Sahel Eco* in Mali. Across these four countries our programs are engaging 36,213 smallholder farmers directly in improving their farming; benefitting 409,631 people (69,597 directly and 340,038 indirectly); and regenerating 120,002 acres of land.

Latin America and the Caribbean -- We worked with partners *Centro de Desarrollo Integral Campesino de la Mixteca* in Mexico; *EkoRural* in Ecuador; *Partenariat pour le Développement Local* in Haiti; *Qachuu Aloom* in Guatemala; and, *Vecinos Honduras* in Honduras. In these five countries, we engaged 6,834 smallholder farmers directly in improving their farming;

benefitting 135,360 people (22,560 directly and 112,800 indirectly); and regenerating 16,880 acres of land.

South Asia -- We worked with our partner *Boudha Bahanupati Project – Pariwar* in Nepal to create or strengthen 20 savings and credit groups with 448 members; train 529 smallholder farmers in agroecological farming practices to improve production and food security; and, distribute goats as important asset to 315 rural women, who will pass on the animals' offspring to other women in the future to spread benefits. In 2019, this program benefitted, directly and indirectly, over 2,645 people.

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. Certain categories of expenses that are attributable to more than one program or supporting function, require managements allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee 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 2019 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

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The standard is effective for annual reporting periods beginning after December 15, 2018. The organization has adopted the new standard for calendar 2019 with modified prospective application to 2019. Accordingly, the summarized prior period comparative statements for 2018 have not been adjusted. Impacts to the 2018 financial statements from the revenue recognition standards are not considered significant and are not required to be adjusted during the transition period.

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, 2018, 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 money market accounts and certificates of deposit. 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>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 646,812	\$ 975,694
Grants Receivable	297,463	101,751
Contributions Receivable	<u>26,082</u>	<u>10,635</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 970,357</u>	<u>\$ 1,088,080</u>

The total net assets with donor restrictions detailed in Note 8 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 \$250,000).

4. **Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Operating Account	\$ 49,020	\$ 142,602
Funds Restricted by Grantor/Donor	597,792	833,092
Total Cash and Cash Equivalents	<u>\$ 646,812</u>	<u>\$ 975,694</u>

5. **Contributions and Grants Receivable**

Receivable balances consist of \$26,082 and \$10,635 as of December 31, 2019 and 2018, respectively. All balances were received in the subsequent year and no allowance doubtful is considered necessary. Grants receivable consists of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Global Resilience Partnership	\$ 48,257	\$ 99,893
Margaret A. Cargill Foundation	12,712	-
Milburn/Oklahoma City Community Foundation	125,000	-
SAIRLA	6,494	1,858
Sanders Foundation	25,000	-
WANGO Fund	20,000	-
Vista Hermosa	60,000	-
Total Grants Receivable	<u>\$ 297,463</u>	<u>\$ 101,751</u>

6. **Endowment**

In August 2013, Groundswell used \$20,000 of its funds with no donor restrictions 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 2019:

	Board Designated	Endowment In Perpetuity	Total Endowment
Transfer from Groundswell	\$ 20,000	\$ 600	\$ 20,600
Prior Accumulated Income/Gains	1,663	-	1,663
2019 Activity:			
Contributions Received	-	-	-
Investment Income	320	-	320
Investment Gains	4,275	-	4,275
Release to Groundswell Operating	(1,172)	-	(1,172)
Community Foundation Fees	(336)	-	(336)
Value as of December 31, 2019	<u>\$ 24,750</u>	<u>\$ 600</u>	<u>\$ 25,350</u>

7. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$88,704 and \$168,946 as of December 31, 2019 and 2018, respectively. In addition to the Endowment in Note 6, the Board designated \$40,000 of Net Assets for future contingencies and purposes. These Board designated funds have no donor restrictions and are held in the cash reserve account. Net assets designated by the Board totaled \$64,750 and \$21,663 as of the years ended December 31, 2019 and 2018, respectively.

8. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>GSI</u>	<u>Partners</u>	<u>Total 2019</u>
Burkina Faso Program	\$ 39,195	\$ 172,623	\$ 211,818
Ecuador Program	6,250	25,000	31,250
Ghana Program	-	98,500	98,500
Guatemala Program	8,655	90,095	98,750
Haiti Program	37,664	118,586	156,250
Honduras Program	6,250	35,000	41,250
Mexico Program	-	14,673	14,673
Mail Program	8,500	34,000	42,500
Nepal Program	3,200	21,800	25,000
Senegal Program	8,500	34,000	42,500
Latin America Program	33,750	-	33,750
Endowment in Perpetuity	600	-	600
Total Net Assets With Donor Restrictions	<u>\$ 152,564</u>	<u>\$ 644,277</u>	<u>\$ 796,841</u>

<u>As of December 31:</u>	<u>GSI</u>	<u>Partners</u>	<u>Total 2018</u>
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 Restrictions	<u>\$ 348,301</u>	<u>\$ 521,058</u>	<u>\$ 869,359</u>

9. 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, 2019, Groundswell had the following multi-year grant funding promises conditioned on specific program outcomes, for projects that are currently funded and in progress.

Funder	Total Grant	Recognized Revenue		Award	Required
	Award	Prior Years	Current Year	Remaining	Milestone
SAIRLA	\$ 58,150	\$ 44,854	\$ 13,296	\$ -	Reporting
Vibrant Villages	400,000	100,000	200,000	100,000	Reporting
Mexico- WKKF	998,589	351,149	-	647,440	Reporting

10. Grants to Partners

Groundswell provides grants to partners and allied organizations engaged in work that furthers its mission. In 2019 and 2018, Groundswell made grants to partner organizations in the following regions:

<u>Year Ended December 31:</u>	<u>2019</u>	<u>2018</u>
Haitian Programs	\$ 146,275	\$ 182,975
Ghana Programs	154,200	285,989
Ecuador Programs	60,000	57,850
Burkina Faso Programs	236,003	350,792
Mali Programs	72,344	35,322
Senegal Programs	73,429	66,206
Honduras Programs	25,000	108,695
Nepal Programs	37,618	51,577
Mexico Programs	162,293	-
Guatemala Programs	73,477	65,900
Total Grants to Partners	<u>\$ 1,040,639</u>	<u>\$ 1,205,306</u>

11. Federal Financial Awards

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

<u>Year Ended December 31:</u>	<u>2019</u>	<u>2018</u>
Federal Funds Revenue	<u>\$ 107,125</u>	<u>\$ 99,893</u>
Federal Funds Expended		
West Africa Program	67,690	46,327
Senegal Program	16,429	-
Mali Program	12,844	-
Burkina Faso Program	11,337	-
Total Federal Funds Expended	<u>\$ 108,300</u>	<u>\$ 46,327</u>

12. Fund Benefiting Groundswell

Groundswell is the income beneficiary of a endowment fund held in perpetuity, 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 were distributions of \$52,811 and \$51,186 from the fund in 2019 and 2018, respectively.

13. Line of Credit

In June 2019, Groundswell renewed a \$75,000 revolving line of credit with PNC Bank for an additional year. The instrument is unsecured and has a variable interest rate. There is no outstanding balance as of December 31, 2019.

14. Lease Agreements

During 2019, Groundswell renewed a one-year office lease agreement for its Asheville, North Carolina office. Rent expense was \$9,220 and \$2,000 for the years ended December 31, 2019 and 2018, respectively. Groundswell also rents office space for its Washington, DC office. Rent expense for the years ended December 31, 2019 and 2018 was \$25,824 and \$15,097. Future minimum lease obligations expected to be paid in 2020 total \$39,000.

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 \$7,450 and \$18,258 in 2019 and 2018, 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, 2019 are as follows:

<u>Financial Assets</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Endowment	\$ 25,350	\$ -	\$ -	\$ 25,350

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</u>
Balance as of January 1, 2019	\$ 22,263
Contributions	-
Change in Value, Net (Note 6)	4,259
Distributions	(1,172)
Balance as of December 31, 2019	<u>\$ 25,350</u>

17. *Subsequent Events*

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of the geographical area in which the organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the organization, to date, the organization is expecting a decline in revenue through the remainder of 2020. A subsequent potential decline in foundation grants and major/individual contributions make it reasonably possible that the organization is vulnerable to the risk of a near-term impact.

Subsequent events have been evaluated through May 4, 2020, which is the date the financial statements were available to be issued.