



**GROUNDSWELL
CONSERVANCY, INC.**
FINANCIAL STATEMENTS
June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Groundswell Conservancy, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of Groundswell Conservancy, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Conservancy, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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October 31, 2018

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GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 65,710	\$ 155,620
Grants receivable	120,297	93,078
Unconditional promises to give - net	14,063	62,993
Prepaid expenses	5,043	5,943
Property and equipment - net	1,637	2,401
Land held for conservation	5,781,312	5,375,100
Investments	711,552	688,667
Beneficial interest in assets held by Madison Community Foundation	500,470	429,031
Total assets	\$ 7,200,084	\$ 6,812,833
LIABILITIES		
Accounts payable	\$ 14,049	\$ 5,838
Accrued expenses	19,221	19,383
Deferred revenue	25,458	14,326
Total liabilities	58,728	39,547
NET ASSETS		
UNRESTRICTED		
Undesignated	638,426	366,112
Designated by the Board of Directors for		
Land held for conservation	5,781,312	5,375,100
Land acquisition reserve fund	-	250,000
Easement enforcement funds	152,324	171,013
Agency endowment	106,627	102,284
Total unrestricted	6,678,689	6,264,509
Temporarily restricted	462,667	508,777
Total net assets	7,141,356	6,773,286
Total liabilities and net assets	\$ 7,200,084	\$ 6,812,833

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 331,582	\$ 95,640	\$ 427,222	\$ 320,665	\$ 224,725	\$ 545,390
Service fees	-	-	-	5,094	-	5,094
Rental income	20,646	-	20,646	80,186	-	80,186
Other	1,414	-	1,414	5,404	-	5,404
Net assets released from restrictions	29,750	(29,750)	-	18,300	(18,300)	-
Total support and revenue	383,392	65,890	449,282	429,649	206,425	636,074
OPERATING EXPENSES						
Program services	291,666	-	291,666	350,750	-	350,750
Supporting activities						
Management and general	59,771	-	59,771	75,736	-	75,736
Fundraising	93,562	-	93,562	99,226	-	99,226
Total operating expenses	444,999	-	444,999	525,712	-	525,712
Change in net assets from operations	(61,607)	65,890	4,283	(96,063)	206,425	110,362
OTHER CHANGES						
Return on investments	54,475	-	54,475	72,317	-	72,317
Return on agency endowments	39,312	-	39,312	47,691	-	47,691
Contribution of land	60,000	-	60,000	24,058	-	24,058
Support used for land and easements acquisition	210,000	-	210,000	1,998,684	-	1,998,684
Net assets released from restrictions	112,000	(112,000)	-	52,318	(52,318)	-
Land project costs						
Contribution	-	-	-	(36,069)	-	(36,069)
Easement acquisitions	-	-	-	(1,712,350)	-	(1,712,350)
Land donations	-	-	-	(552,934)	-	(552,934)
Change in net assets	414,180	(46,110)	368,070	(202,348)	154,107	(48,241)
Net assets - beginning of year	6,264,509	508,777	6,773,286	6,466,857	354,670	6,821,527
Net assets - end of year	<u>\$ 6,678,689</u>	<u>\$ 462,667</u>	<u>\$ 7,141,356</u>	<u>\$ 6,264,509</u>	<u>\$ 508,777</u>	<u>\$ 6,773,286</u>

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
2018				
Personnel	\$ 164,760	\$ 40,134	\$ 72,473	\$ 277,367
Land management	31,317	-	-	31,317
Professional services	35,394	10,225	-	45,619
Occupancy	12,793	3,116	5,627	21,536
Supplies	10,595	1,006	1,817	13,418
Postage and printing	12,198	314	3,628	16,140
Insurance	5,123	1,248	2,254	8,625
Real estate taxes	8,653	-	-	8,653
Travel and meetings	2,169	528	955	3,652
Communications	2,401	585	1,057	4,043
Depreciation	454	111	199	764
Events	4,114	-	5,552	9,666
Other	1,695	2,504	-	4,199
Total expenses	\$ 291,666	\$ 59,771	\$ 93,562	\$ 444,999
	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
2017				
Personnel	\$ 163,724	\$ 41,046	\$ 74,507	\$ 279,277
Land management	75,401	-	-	75,401
Professional services	50,782	24,914	-	75,696
Occupancy	12,141	3,044	5,525	20,710
Supplies	7,922	542	984	9,448
Postage and printing	12,670	1,099	1,181	14,950
Insurance	4,565	1,144	2,077	7,786
Real estate taxes	8,004	-	-	8,004
Travel and meetings	4,568	1,145	2,079	7,792
Communications	1,546	388	704	2,638
Depreciation	448	112	204	764
Events	2,295	-	11,965	14,260
Other	6,684	2,302	-	8,986
Total operating expenses	350,750	75,736	99,226	525,712
Contribution	36,069	-	-	36,069
Easement acquisition	1,712,350	-	-	1,712,350
Land donations	552,934	-	-	552,934
Total expenses	\$ 2,652,103	\$ 75,736	\$ 99,226	\$ 2,827,065

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 368,070	\$ (48,241)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution of land	-	(24,058)
Depreciation	764	764
Net realized and unrealized gains on investments	(38,636)	(56,739)
Land donation	-	552,934
Investment return retained in agency endowments	(39,312)	(47,691)
Amortization of discount on unconditional promises to give	(670)	(1,458)
(Increase) decrease in assets		
Grants receivable	(27,219)	(93,078)
Unconditional promises to give	49,600	(30,400)
Prepaid expenses	900	(2,002)
Increase (decrease) in liabilities		
Accounts payable	8,211	488
Accrued expenses	(162)	4,845
Deferred revenue	11,132	(41,871)
Net cash provided by operating activities	332,678	213,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(511,111)
Interest and dividends retained in investments	(15,839)	(15,446)
Proceeds from sales of investments	31,590	570,530
Purchases of land held for conservation	(406,212)	(314,483)
Distributions from agency endowments	13,473	14,025
Contributions to agency endowments	(45,600)	(86,599)
Net cash used in investing activities	(422,588)	(343,084)
Net change in cash	(89,910)	(129,591)
Cash - beginning of year	155,620	285,211
Cash - end of year	\$ 65,710	\$ 155,620
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Contribution of land	\$ -	\$ 24,058

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

Groundswell Conservancy, Inc. (Groundswell) works to protect natural areas, wildlife habitats, working farms, healthy lakes and streams, and recreation land to provide a high quality of life in the Dane County, Wisconsin region. Groundswell is supported primarily by contributions from the general public and grants from government agencies.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Groundswell reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by Groundswell in perpetuity.

Income Tax Status

Groundswell is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Groundswell qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Grants Receivable

Groundswell considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land Held for Conservation

Purchases of land are recorded at cost or, if donated, at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Groundswell reports expiration of donor restrictions when the assets are placed in service, and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Conservation Easements

Conservation easements accepted or purchased by Groundswell are not recognized as assets or revenue in the accompanying financial statements because Groundswell does not hold fee title to these properties and there are no expected future economic benefits associated with the easements. In addition, conservation easements carry significant obligations to monitor and defend their terms. If purchased, the costs of conservation easements are expensed when the easements are acquired.

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing various program services and supporting activities are summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services and supporting activities are included in the accompanying financial statements:

Program services—Includes activities to protect land and water and build community support for land protection through outreach and education of the public.

Management and general—Includes accounting and production of financial reports, development and oversight of the annual budget, maintenance of personnel records, personnel evaluations, and organizational governance.

Fundraising—Includes the cultivation of new donors, the administration of fundraising events, membership solicitations, direct mailings, and planned giving activities.

Date of Management’s Review

Management has evaluated subsequent events through October 31, 2018, the date which the financial statements were available to be issued.

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Receivable in less than one year	\$ 5,600	\$ 49,600
Receivable in one to five years	9,400	15,000
Unconditional promises to give	15,000	64,600
Less discounts to net present value	(937)	(1,607)
Unconditional promises to give - net	\$ 14,063	\$ 62,993

Unconditional promises to give receivable in more than one year are discounted at 5%.

NOTE 3—PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Property and equipment	\$ 8,171	\$ 8,171
Less accumulated depreciation	6,534	5,770
Property and equipment - net	\$ 1,637	\$ 2,401

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4—LAND HELD FOR CONSERVATION

Groundswell acquires important conservation land to add to public parks, nature preserve, trails, and wildlife areas. Some of its acquisitions are transferred to government agencies for long-term ownership and management. Groundswell also acquires conservation easements, which protect land from incompatible development while keeping it in private ownership. The conservation easements held by Groundswell protect high-quality farmland, streambanks, and scenic areas.

Groundswell, as of June 30, 2018, has the following land held for conservation and conservation easements:

Location	Number of Properties	Acres	Recorded Amount
Land			
Westport Drumlín Preserve	4	213	\$ 2,395,044
Patrick Marsh Wildlife Area	3	80	2,575,998
Lodi Marsh Wildlife Area	2	84	255,862
Avon Bottoms Wildlife Area	1	50	123,385
Yahara River	1	31	60,000
Cherokee Marsh Conservation Park	1	96	211,910
Other land acquisition costs	-	-	159,113
Conservation easements			
Town of Dunn Rural Preservation Program	37	3,538	-
Village of Windsor Farmland Preservation Program	2	320	-
Other Easements	35	2,561	-
Land held for conservation	<u>86</u>	<u>6,973</u>	<u>\$ 5,781,312</u>

NOTE 5—CONTINGENCY

Groundswell holds 74 conservation easements that may require expenditures to monitor and defend the provisions of the easements.

NOTE 6—INVESTMENTS

Investments at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Cash	\$ 14,269	\$ 5,021
Exchange traded funds	294,260	266,135
Mutual funds comprised of equities	188,835	166,451
Mutual funds comprised of fixed income securities	214,188	251,060
Investments	<u>\$ 711,552</u>	<u>\$ 688,667</u>

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6—INVESTMENTS (continued)

Return on investments for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
Interest and dividends	\$ 20,419	\$ 20,027
Net realized and unrealized gains	38,636	56,739
Investment fees	(4,580)	(4,449)
Return on investments	\$ 54,475	\$ 72,317

NOTE 7—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 294,260	\$ 294,260	\$ -
Mutual funds comprised of equities	188,835	188,835	-
Mutual funds comprised of fixed income securities	214,188	214,188	-
Beneficial interest in assets held by MCF	500,470	-	500,470
June 30, 2018	\$ 1,197,753	\$ 697,283	\$ 500,470
Exchange traded funds	\$ 266,135	\$ 266,135	\$ -
Mutual funds comprised of equities	166,451	166,451	-
Mutual funds comprised of fixed income securities	251,060	251,060	-
Beneficial interest in assets held by MCF	429,031	-	429,031
June 30, 2017	\$ 1,112,677	\$ 683,646	\$ 429,031

Fair values for exchange traded funds and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Groundswell's beneficial interest in assets held by Madison Community Foundation (MCF) represents an agreement between Groundswell and MCF in which Groundswell transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to Groundswell by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 7—FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by Madison Community Foundation	
	2018	2017
Beginning balance	\$ 429,031	\$ 308,766
Change in value of beneficial interest included in change in net assets	39,312	47,691
Purchases	45,600	86,599
Sales	(13,473)	(14,025)
Ending balance	\$ 500,470	\$ 429,031

The change in value of beneficial interest included in change in net assets is reported as return on agency endowments in the statements of activities.

NOTE 8—NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017 were available for the following purposes:

	2018	2017
Monitoring and enforcement of conservation easements	\$ 361,519	\$ 320,849
Lake View project	14,000	102,500
Other conservation programs	87,148	84,428
Restricted for future period	-	1,000
Temporarily restricted net assets	\$ 462,667	\$ 508,777

Easement Stewardship provides for baseline development, monitoring, and enforcement, with a view to prompt identification and enforcement of violations of the terms of conservation easements granted to Groundswell. *Easement Legal Defense* provides for expenses incurred in the enforcement, by litigation or otherwise, of the terms of any easement granted to Groundswell.

The status of these funds as of June 30, 2018 and 2017 was as follows:

	2018	2017
Temporarily restricted Board designated	\$ 361,519 152,324	\$ 320,849 171,013
Easement Stewardship and Legal Defense	\$ 513,843	\$ 491,862

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9—COMMUNITY TRUST FUND

The Eugenie Mayer Bolz Family Foundation contributed \$125,000 in 2000 to establish the Dane County Natural Heritage Foundation Trust (Fund) at the Madison Community Foundation. MCF, as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Component funds of MCF are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant MCF variance power that allows MCF to modify the donors' stipulations under certain circumstances as MCF monitors the changing needs of the community. Therefore, the Fund is not included in Groundswell's financial statements. The fair value of the Fund at MCF as of June 30, 2018 and 2017 was \$187,731 and \$179,734. The amount available for annual distribution is calculated using a variable rate set annually by MCF applied to the rolling twenty month average of the Fund balance. Groundswell received distributions from the Fund during the years ended June 30, 2018 and 2017 of \$7,843 and \$8,026.

NOTE 10—ENDOWMENTS

Groundswell's endowments consists of agency endowment funds to support easement enforcement and Groundswell's operations from the earnings in each of the two funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Groundswell has established two endowments with the Madison Community Foundation (MCF) as follows:

	2018	2017
Beneficial interest in assets held by MCF	\$ 500,470	\$ 429,031
Assets held by SVA Plumb Wealth Management	-	165,115
Endowment funds	\$ 500,470	\$ 594,146

Through June 30, 2018, Groundswell received contributions of \$361,519 restricted for conservation easement stewardship and defense. The board of directors decided these contributions should be held as a quasi-endowment fund and the income of the fund will be spent for the restricted purpose. Since the designation to hold the assets as a quasi-endowment is not a donor restriction, the temporarily restricted net assets of the quasi-endowment fund are reclassified to unrestricted net assets as the purpose restriction is met.

Groundswell has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Under these policies, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of Groundswell's work while assuming a moderate level of investment risk. Groundswell relies on MCF's total return strategy to satisfy its long-term rate-of-return objectives for the agency Endowment. Under MCF's total return strategy investment returns are achieved through both realized and unrealized gains/loss and interest and dividends.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 10—ENDOWMENTS (continued)

Endowment net asset composition as of June 30, 2018 and 2017 by type of fund is as follows:

	Unrestricted	Temporarily Restricted	Total
Quasi-endowment funds			
Easement enforcement fund	\$ 32,324	\$ 361,519	\$ 393,843
Agency endowment	106,627	-	106,627
June 30, 2018	<u>\$ 138,951</u>	<u>\$ 361,519</u>	<u>\$ 500,470</u>
Quasi-endowment funds			
Conservation easement monitoring and defense	\$ 171,013	\$ 320,849	\$ 491,862
Agency endowment	102,284	-	102,284
June 30, 2017	<u>\$ 273,297</u>	<u>\$ 320,849</u>	<u>\$ 594,146</u>

Changes in endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	Unrestricted	Temporarily Restricted	Total
Endowment net assets - at June 30, 2016	\$ 265,295	\$ 302,460	\$ 567,755
Contributions	-	64,458	64,458
Investment income	5,802	-	5,802
Net appreciation	46,762	-	46,762
Appropriated for expenditures	(44,562)	(46,069)	(90,631)
Endowment net assets - at June 30, 2017	273,297	320,849	594,146
Contributions	-	45,600	45,600
Transfers	(165,115)	-	(165,115)
Net appreciation	39,312	-	39,312
Appropriated for expenditures	(8,543)	(4,930)	(13,473)
Endowment net assets - at June 30, 2018	<u>\$ 138,951</u>	<u>\$ 361,519</u>	<u>\$ 500,470</u>

NOTE 11—OPERATING LEASES

Groundswell leases office space under an operating lease that expires in June 2020 and requires monthly payments of \$1,697 with annual increase of 3%. Rent expense for years ended June 30, 2018 and 2017 was \$20,445 and \$19,825.

Groundswell leases a copier under an operating lease that expires in February 2019 and requires monthly payments of \$244. Lease expense for the years ended June 30, 2018 and 2017 was \$3,994 and \$3,132.

Future minimum lease payments for the years ending June 30, 2019 and 2020 are \$22,874 and \$21,600.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 12—RETIREMENT PLAN

Groundswell sponsors a defined contribution retirement plan for employees who work 20 or more hours per week for Groundswell. Employer contributions to the plan were 3% of the employee's annual compensation. Contributions are fully vested when made. Retirement expense for the years ended June 30, 2018 and 2017 was \$7,033 and \$6,714.