



GROUNDSWELL
CONSERVANCY

**GROUNDSWELL
CONSERVANCY, INC.**

FINANCIAL STATEMENTS

June 30, 2020 and 2019

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

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, 2020 and 2019, 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, 2020 and 2019, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Groundswell Conservancy, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
September 23, 2020

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 226,114	\$ 146,398
Unconditional promises to give, net	36,256	34,286
Prepaid expenses	7,013	7,051
Property and equipment, net	3,278	4,723
Land held for conservation	7,113,683	6,477,433
Investments	681,693	698,353
Beneficial interest in assets held by Madison Community Foundation	602,362	614,703
Total assets	\$ 8,670,399	\$ 7,982,947
LIABILITIES		
Accounts payable	\$ 12,610	\$ 11,914
Accrued expenses	20,392	17,211
Note payable	63,765	-
Deferred revenue	76,851	53,644
Total liabilities	173,618	82,769
NET ASSETS		
Without donor restrictions		
Undesignated	624,573	617,762
Designated by the Board of Directors for		
Land held for conservation	7,113,683	6,477,433
Easement enforcement reserve fund	120,000	120,000
Easement enforcement endowment fund	96,720	105,953
Agency endowment fund	103,453	109,475
Total without donor restrictions	8,058,429	7,430,623
With donor restrictions		
Easement enforcement endowment fund	402,189	399,275
Other conservation programs	36,163	70,280
Total with donor restrictions	438,352	469,555
Total net assets	8,496,781	7,900,178
Total liabilities and net assets	\$ 8,670,399	\$ 7,982,947

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Contributions	\$ 445,673	\$ 5,414	\$ 451,087	\$ 391,600	\$ 96,138	\$ 487,738
Grants	28,642	-	28,642	-	-	-
Service fees	38,960	-	38,960	15,000	-	15,000
Rental income	21,141	-	21,141	13,935	-	13,935
Other	397	-	397	1,166	-	1,166
Net assets released from restrictions						
Satisfaction of purpose restrictions	24,117	(24,117)	-	17,307	(17,307)	-
Total operating revenues	558,930	(18,703)	540,227	439,008	78,831	517,839
OPERATING EXPENSES						
Conservation, Outreach and Education	400,095	-	400,095	336,043	-	336,043
Supporting activities						
Management and general	61,077	-	61,077	61,156	-	61,156
Fundraising	96,218	-	96,218	95,156	-	95,156
Total operating expenses	557,390	-	557,390	492,355	-	492,355
Change in net assets from operations	1,540	(18,703)	(17,163)	(53,347)	78,831	25,484
OTHER CHANGES						
Investment return, net	(2,871)	-	(2,871)	18,443	-	18,443
Change in value of beneficial interest in assets held by Madison Community Foundation	(10,305)	-	(10,305)	36,558	-	36,558
Bequest	-	-	-	80,000	-	80,000
Land projects						
Support used for land and easements acquisitions	1,139,710	-	1,139,710	2,785,525	-	2,785,525
Satisfaction of purpose restrictions	12,500	(12,500)	-	71,943	(71,943)	-
Easement acquisitions	(352,463)	-	(352,463)	(1,008,310)	-	(1,008,310)
Contribution of land	(160,305)	-	(160,305)	(1,178,878)	-	(1,178,878)
Change in net assets	627,806	(31,203)	596,603	751,934	6,888	758,822
Net assets at beginning of year	7,430,623	469,555	7,900,178	6,678,689	462,667	7,141,356
Net assets at end of year	\$ 8,058,429	\$ 438,352	\$ 8,496,781	\$ 7,430,623	\$ 469,555	\$ 7,900,178

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020			
	Program Services	Supporting Activities		
	Conservation, Outreach and Education	Management and General	Fundraising	Total Expenses
Personnel	\$ 209,032	\$ 40,887	\$ 76,144	\$ 326,063
Professional services	55,165	10,875	-	66,040
Land management	47,745	-	-	47,745
Occupancy	16,753	3,277	6,103	26,133
Grants and contributions	11,530	-	-	11,530
Supplies	18,401	562	1,045	20,008
Postage and printing	11,633	142	6,649	18,424
Insurance	10,980	1,068	1,989	14,037
Events	3,781	-	1,809	5,590
Travel and meetings	3,635	711	1,324	5,670
Real estate taxes	8,269	-	-	8,269
Communications	2,245	439	818	3,502
Depreciation	926	182	337	1,445
Other	-	2,934	-	2,934
Total operating expenses	400,095	61,077	96,218	557,390
Easement acquisitions	352,463	-	-	352,463
Contribution of land	160,305	-	-	160,305
Total expenses	\$ 912,863	\$ 61,077	\$ 96,218	\$ 1,070,158
	2019			
	Program Services	Supporting Activities		
	Conservation, Outreach and Education	Management and General	Fundraising	Total Expenses
Personnel	\$ 183,360	\$ 40,506	\$ 74,884	\$ 298,750
Professional services	49,467	10,800	1,677	61,944
Land management	30,464	-	-	30,464
Occupancy	13,661	3,018	5,579	22,258
Grants and contributions	18,120	-	-	18,120
Supplies	10,115	795	1,469	12,379
Postage and printing	6,845	348	4,850	12,043
Insurance	5,436	1,201	2,220	8,857
Events	5,550	-	1,637	7,187
Travel and meetings	3,870	855	1,581	6,306
Real estate taxes	6,070	-	-	6,070
Communications	2,616	578	1,068	4,262
Depreciation	469	104	191	764
Other	-	2,951	-	2,951
Total operating expenses	336,043	61,156	95,156	492,355
Easement acquisition	1,008,310	-	-	1,008,310
Contribution of land	1,178,878	-	-	1,178,878
Total expenses	\$ 2,523,231	\$ 61,156	\$ 95,156	\$ 2,679,543

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 596,603	\$ 758,822
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution of land	160,305	1,178,878
Depreciation	1,445	764
Net realized and unrealized (gain) loss on investments	15,335	(3,617)
Change in value of beneficial interest in assets held by Madison Community Foundation	10,305	(36,558)
Amortization of discount on unconditional promises to give	(514)	(423)
(Increase) decrease in assets		
Unconditional promises to give	(1,456)	100,497
Prepaid expenses	38	(2,008)
Increase (decrease) in liabilities		
Accounts payable	696	(5,985)
Accrued expenses	3,181	(2,010)
Deferred revenue	23,207	28,186
Net cash provided by operating activities	809,145	2,016,546
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(55,007)	(280,434)
Interest and dividends retained in investments	(12,463)	(14,827)
Proceeds from sales of investments	68,795	312,077
Purchases of land held for conservation	(796,555)	(2,174,999)
Proceeds from sale of land	-	300,000
Distributions from beneficial interest in assets held by Madison Community Foundation	16,069	14,858
Additions to beneficial interest in assets held by Madison Community Foundation	(14,033)	(92,533)
Net cash used in investing activities	(793,194)	(1,935,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	63,765	-
Net change in cash	79,716	80,688
Cash at beginning of year	146,398	65,710
Cash at end of year	\$ 226,114	\$ 146,398
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transactions		
Contribution of land	\$ 160,305	\$ 1,178,878
Property and equipment financed with accounts payable	-	3,850

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

Income Tax Status

Groundswell Conservancy 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).

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.

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 support without restriction 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 net assets with donor restrictions to net assets without donor restrictions 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.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Deferred Revenue

Under contracts from Wisconsin's Knowles-Nelson Stewardship Program, Groundswell is obligated to spend land rental revenue on conservation activities on land acquired with funding from this program. Deferred revenue balances are the accumulated rent revenue on the land acquired with Knowles-Nelson funding. Revenue is recognized as conservation activities meet the Knowles-Nelson obligation.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants

Groundswell receives grants from government agencies and others that are conditioned upon Groundswell incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Groundswell, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without grantor restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, supplies, insurance, travel and meetings, communications, and depreciation, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Conservation, Outreach and Education—Includes activities to protect land and water and build community support for land protection through outreach and education of the public.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and general— Management and general activities relate to the overall direction of Groundswell and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of Groundswell, and perform other administrative functions.

Fundraising— Fundraising activities relate to soliciting contributions from individuals, foundations, government agencies, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to Groundswell.

Estimates

The preparation of financial statements 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 reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

On June 21, 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. Groundswell adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019, or entered into after that date.

Date of Management’s Review

Management has evaluated subsequent events through September 23, 2020, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 12,021	\$ 12,021
Less accumulated depreciation	<u>8,743</u>	<u>7,298</u>
Property and equipment, net	<u>\$ 3,278</u>	<u>\$ 4,723</u>

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Receivable in less than one year	\$ 36,256	\$ 28,500
Receivable in one to five years	-	6,300
	36,256	34,800
Unconditional promises to give	-	(514)
Less discounts to net present value	-	(514)
Unconditional promises to give, net	\$ 36,256	\$ 34,286

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

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, 2020, has the following land held for conservation and conservation easements:

Location	Number of Properties	Acres	Recorded Amount
Land			
Westport Drumlin Preserve	4	213	\$ 2,395,044
Patrick Marsh Wildlife Area	3	80	2,575,998
Lodi Marsh Wildlife Area	2	84	255,862
Yahara River	1	31	60,000
Cherokee Marsh Conservation Park	2	106	264,513
Other land and acquisition costs	5	327	1,562,266
Conservation easements			
Town of Dunn Rural Preservation Program	40	3,906	-
Village of Windsor Farmland Preservation Program	2	320	-
Other Easements	38	2,815	-
	97	7,882	\$ 7,113,683

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5—CONTINGENCY

Groundswell held 80 conservation easements at June 30, 2020 that may require expenditures to monitor and defend the provisions of the easements. Groundswell established Funds to support easement stewardship. 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.

NOTE 6—INVESTMENTS

Investments at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Cash	\$ 24,344	\$ 40,319
Exchange traded funds	251,979	268,362
Mutual funds comprised of equities	183,225	186,893
Mutual funds comprised of fixed income securities	222,145	202,779
	<u>681,693</u>	<u>698,353</u>
Investments	<u>\$ 681,693</u>	<u>\$ 698,353</u>

NOTE 7—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	<u>Assets at Fair Value as of June 30, 2020</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange traded funds	\$ 251,979	\$ 251,979	\$ -
Mutual funds - equity securities	183,225	183,225	-
Mutual funds - fixed income securities	222,145	222,145	-
Beneficial interest in assets held by MCF	602,362	-	602,362
	<u>\$ 1,259,711</u>	<u>\$ 657,349</u>	<u>\$ 602,362</u>
	<u>Assets at Fair Value as of June 30, 2019</u>		
Exchange traded funds	\$ 268,362	\$ 268,362	\$ -
Mutual funds - equity securities	186,893	186,893	-
Mutual funds - fixed income securities	202,779	202,779	-
Beneficial interest in assets held by MCF	614,703	-	614,703
	<u>\$ 1,272,737</u>	<u>\$ 658,034</u>	<u>\$ 614,703</u>

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7—FAIR VALUE MEASUREMENTS (continued)

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.

The table below presents a reconciliation from the beginning balance to the ending balance of the beneficial interest in assets held by Madison Community Foundation measured at fair value on a recurring basis using significant unobservable inputs for the years ended June 30, 2020 and 2019:

	2020	2019
Beginning balance	\$ 614,703	\$ 500,470
Change in value of beneficial interest	(10,305)	36,558
Additions	14,033	92,533
Distributions	(16,069)	(14,858)
Ending balance	\$ 602,362	\$ 614,703

The change in value of beneficial interest included in change in net assets is reported in the statements of activities.

NOTE 8—NOTE PAYABLE

In April of 2020, Groundswell received a \$63,765 unsecured loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but the payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends on the total amount of eligible expenses paid by Groundswell during the covered period and Groundswell sustaining the same level of employment. Eligible expenses include payroll costs, rent, and utilities. Any unforgiven portion is payable over two years. Groundswell anticipates full forgiveness of the loan based on their understanding of eligible costs.

NOTE 9—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, 2020 and 2019 was \$8,099 and \$7,445, respectively.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10—ENDOWMENTS

Groundswell established two agency endowment funds with the Madison Community Foundation (MCF) 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.

Through June 30, 2020, Groundswell received contributions of \$402,189 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 net assets with donor restriction of the quasi-endowment fund are reclassified to net assets without donor restriction as the purpose restriction is met.

Groundswell relies on MCF’s total return strategy to satisfy its long-term rate-of-return objectives for the agency endowments. Under MCF’s total return strategy investment returns are achieved through both realized and unrealized gains/loss and interest and dividends.

Composition of and changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets at June 30, 2018	\$ 138,951	\$ 361,519	\$ 500,470
Contributions	54,777	37,756	92,533
Changes in beneficial interest	36,558	-	36,558
Distributions	(14,858)	-	(14,858)
Endowment net assets at June 30, 2019	215,428	399,275	614,703
Contributions	11,119	2,914	14,033
Changes in beneficial interest	(10,305)	-	(10,305)
Distributions	(16,069)	-	(16,069)
Endowment net assets at June 30, 2020	<u>\$ 200,173</u>	<u>\$ 402,189</u>	<u>\$ 602,362</u>

NOTE 11—OPERATING LEASES

Groundswell leases office space under an operating lease that expires in June 2025 and requires monthly payments of \$2,004 with annual increase of 3%. Rent expense for years ended June 30, 2020 and 2019 was \$25,054 and \$21,028, respectively.

Groundswell leases a copier under an operating lease that expires in October 2023 and requires monthly payments of \$183. Lease expense for the years ended June 30, 2020 and 2019 was \$3,028 and \$2,544, respectively.

Future minimum lease payments for the years ending June 30, 2021, 2022, 2023, 2024, and 2025 are \$26,244, \$26,964, \$26,244, \$26,280, and \$27,060, respectively.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 12—LIQUIDITY AND AVAILABILITY

The following table reflects Groundswell’s financial assets as of the dates of the statements of financial position reduced by amounts not available for general expenditures within one year of the dates of the statements of financial position because of contractual or donor-imposed restrictions or internal board designations:

	2020	2019
Cash	\$ 226,114	\$ 146,398
Unconditional promises to give, net	36,256	34,286
Investments	681,693	698,353
Financial assets at year-end	944,063	879,037
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Knowles-Nelson conservation activities-land rental revenue	(76,851)	(53,644)
Restricted by donor with time and purpose restrictions	(36,163)	(79,566)
Board designations:		
Designated reserve for easement enforcement fund	(120,000)	(120,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 711,049	\$ 625,827

As part of Groundswell’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13—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, 2020 and 2019 was \$182,492 and \$192,979. 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 during the years ended June 30, 2020 and 2019 totaled \$7,383 and \$7,649, respectively.

NOTE 14—SUBSEQUENT EVENTS

Groundswell’s operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on Groundswell is uncertain; however, it may result in a material adverse impact Groundswell’s financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to Groundswell’s donors and revenues, absenteeism in Groundswell’s workforce, and a decline in value of assets held by Groundswell.