



GROUNDSWELL
CONSERVANCY

**GROUNDSWELL
CONSERVANCY, INC.**

FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

Opinion

We have audited the financial statements of Groundswell Conservancy, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Groundswell Conservancy, Inc. as of June 30, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Groundswell Conservancy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Groundswell Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Groundswell Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Groundswell Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Groundswell has elected to change its method of accounting for certain Funds held by Madison Community Foundation. Our opinion is not modified with respect to that matter.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
December 18, 2025

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash	\$ 1,106,173	\$ 934,523
Unconditional promises to give	208,983	250,200
Prepaid expenses	17,882	11,464
Equipment, net	43,004	42,174
Operating lease right-of-use asset	88,315	129,376
Land held for conservation	6,994,274	7,836,828
Investments	938,862	849,083
Beneficial interest in assets held by Madison Community Foundation	839,098	778,307
Total assets	\$ 10,236,591	\$ 10,831,955
LIABILITIES		
Accounts payable	\$ 35,571	\$ 24,803
Accrued expenses	49,870	41,656
Deferred revenue	117,844	91,928
Refundable advances	3,774	-
Operating lease liability	89,779	130,222
Total liabilities	296,838	288,609
NET ASSETS		
Without donor restrictions	8,727,829	9,511,013
With donor restrictions	1,211,924	1,032,333
Total net assets (2024 as restated)	9,939,753	10,543,346
Total liabilities and net assets	\$ 10,236,591	\$ 10,831,955

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Contributions						
General public contributions	\$ 813,311	\$ 242,731	\$ 1,056,042	\$ 524,734	\$ 401,737	\$ 926,471
Grants	319,651	-	319,651	359,911	-	359,911
Contracts and other revenue						
Service fees	7,602	-	7,602	4,500	-	4,500
Rental income	7,343	-	7,343	12,943	-	12,943
Other	41,650	-	41,650	33,855	-	33,855
Net assets released from restrictions						
Satisfaction of purpose restrictions	120,694	(120,694)	-	111,196	(111,196)	-
Total operating revenues	1,310,251	122,037	1,432,288	1,047,139	290,541	1,337,680
OPERATING EXPENSES						
Conservation, Outreach and Education	960,166	-	960,166	870,951	-	870,951
Supporting activities						
Management and general	150,121	-	150,121	178,814	-	178,814
Fundraising	131,888	-	131,888	168,036	-	168,036
Total operating expenses	1,242,175	-	1,242,175	1,217,801	-	1,217,801
Change in net assets from operations	68,076	122,037	190,113	(170,662)	290,541	119,879
OTHER CHANGES						
Investment return, net	92,900	-	92,900	94,969	-	94,969
Change in value of beneficial interest in assets held by Madison Community Foundation	10,736	57,554	68,290	11,005	53,636	64,641
Land projects						
Support used for land and easements acquisitions	640,920	-	640,920	60,000	-	60,000
Grants and contributions to others	(25,000)	-	(25,000)	-	-	-
Reclassification for the prior period adjustment	(82,285)	-	(82,285)	-	-	-
Easement acquisitions	(435,928)	-	(435,928)	(1,319)	-	(1,319)
Loss on impairment of conservation land	(1,052,603)	-	(1,052,603)	-	-	-
Change in net assets	(783,184)	179,591	(603,593)	(6,007)	344,177	338,170
Net assets at beginning of year (2024 as restated)	9,511,013	1,032,333	10,543,346	9,517,020	688,156	10,205,176
Net assets at end of year	<u>\$ 8,727,829</u>	<u>\$ 1,211,924</u>	<u>\$ 9,939,753</u>	<u>\$ 9,511,013</u>	<u>\$ 1,032,333</u>	<u>\$ 10,543,346</u>

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2025 and 2024

	2025			
	Program Services	Supporting Activities		
	Conservation, Outreach and Education	Management and General	Fundraising	Total Expenses
Personnel	\$ 537,676	\$ 81,742	\$ 110,444	\$ 729,862
Land management	80,058	-	-	80,058
Program grants and subawards	96,905	-	-	96,905
Professional services	91,034	45,998	-	137,032
Occupancy	34,401	5,258	7,071	46,730
Communications and marketing	6,112	1,863	691	8,666
Postage and printing	15,528	2,372	3,192	21,092
Insurance	14,004	2,141	2,879	19,024
Supplies	19,114	1,010	1,359	21,483
Real estate taxes	16,112	-	-	16,112
Travel and meetings	21,831	3,337	4,488	29,656
Events	18,815	-	-	18,815
Depreciation	7,596	1,161	1,562	10,319
Other	980	5,239	202	6,421
Total operating expenses	960,166	150,121	131,888	1,242,175
Grants and contributions	25,000	-	-	25,000
Easement acquisitions	435,928	-	-	435,928
Loss on impairment of conservation land	1,052,603	-	-	1,052,603
Total expenses	\$ 2,473,697	\$ 150,121	\$ 131,888	\$ 2,755,706
	2024			
	Program Services	Supporting Activities		
	Conservation, Outreach and Education	Management and General	Fundraising	Total Expenses
Personnel	\$ 432,198	\$ 87,640	\$ 142,164	\$ 662,002
Land management	149,270	-	-	149,270
Program grants and subawards	136,181	-	-	136,181
Professional services	47,546	34,558	-	82,104
Occupancy	34,203	3,752	11,551	49,506
Communications and marketing	4,782	525	1,615	6,922
Postage and printing	13,396	5,512	7,369	26,277
Insurance	5,995	8,522	-	14,517
Supplies	4,729	14,281	50	19,060
Real estate taxes	3,754	-	-	3,754
Travel and meetings	20,670	8,590	2,326	31,586
Events	11,471	669	1,052	13,192
Depreciation	5,652	620	1,909	8,181
Other	1,104	14,145	-	15,249
Total operating expenses	870,951	178,814	168,036	1,217,801
Easement acquisitions	1,319	-	-	1,319
Total expenses	\$ 872,270	\$ 178,814	\$ 168,036	\$ 1,219,120

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (603,593)	\$ 338,170
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution for investment in endowment	(18,000)	(86,362)
Loss on impairment of land held for conservation	1,052,603	-
Accumulated land acquisition costs written off	-	53,529
Depreciation	10,319	8,181
Amortization of operating lease right-of-use assets	41,061	39,558
Net realized and unrealized (gain) loss on investments	(51,143)	(74,402)
Change in value of beneficial interest in assets held by Madison Community Foundation	(68,290)	(64,641)
(Increase) decrease in assets		
Unconditional promises to give	41,217	(135,955)
Prepaid expenses	(6,418)	3,593
Increase (decrease) in liabilities		
Accounts payable	10,768	(15,197)
Accrued expenses	8,214	(11,857)
Deferred revenue	25,916	21,433
Lease liability	(40,443)	(37,642)
Refundable advances	3,774	(26,538)
Net cash provided by operating activities	405,985	11,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	(38,636)	(20,011)
Purchases of equipment	(11,149)	(11,260)
Purchases of land held for conservation	(210,049)	(60,923)
Distributions from beneficial interest in assets held by Madison Community Foundation	25,499	23,421
Additions to beneficial interest in assets held by Madison Community Foundation	(18,000)	(86,362)
Net cash used in investing activities	(252,335)	(155,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for permanent endowment	18,000	86,362
Net change in cash	171,650	(56,903)
Cash at beginning of year	934,523	991,426
Cash at end of year	\$ 1,106,173	\$ 934,523
SUPPLEMENTAL DISCLOSURE		
Noncash investing and financing transaction		
Loss on impairment of land	\$ (1,052,603)	\$ -
Accumulated land acquisition costs written off	-	(53,529)

See accompanying notes.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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, Inc. 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.

Equipment

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

Leases

Groundswell does not recognize short-term leases in the statement of financial position. For these leases, Groundswell recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Groundswell also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Groundswell uses a risk-free rate as the discount rate for the lease for all classes of underlying 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.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Groundswell reports investments in equity securities with readily determinable fair values are stated at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Beneficial Interest in Assets Held by Madison Community Foundation

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

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 from the land acquired with Knowles-Nelson funding. Revenue is recognized as conservation activities meet the Knowles-Nelson obligation.

Refundable Advances

Groundswell is the recipient of grants that require expenditure for specified activities before Groundswell is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as a refundable advance.

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, 2025 and 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 donor 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, communications and marketing, 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.

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.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Date of Management's Review

Management has evaluated subsequent events through December 18, 2025, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF RISK

Groundswell maintains cash balances at several financial institutions located in Madison, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or National Credit Union Administration up to \$250,000. At June 30, 2025 and 2024, Groundswell's uninsured cash balances totaled approximately \$850,000 and \$680,000, respectively.

NOTE 3—PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 183,983	\$ 150,200
Receivable in one to five years	<u>25,000</u>	<u>100,000</u>
Unconditional promises to give	<u>\$ 208,983</u>	<u>\$ 250,200</u>

Groundswell has a grant that is conditioned upon Groundswell incurring qualifying expenses under the grant programs. At June 30, 2025, these conditional grants total approximately \$270,000. Conditional support from the government source is for reimbursement for expenses related to program activities supporting Wisconsin's HMoob farmers. The conditional grant will be recognized as revenue when the respective conditions are met in future years.

NOTE 4—EQUIPMENT

Equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 72,755	\$ 61,606
Less accumulated depreciation	<u>29,751</u>	<u>19,432</u>
Equipment, net	<u>\$ 43,004</u>	<u>\$ 42,174</u>

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 5—LEASES

Groundswell leases office space in Madison, Wisconsin that requires monthly payments of \$3,600 with annual increase of 3% that began on June 1, 2023 and will expire on June 30, 2027. Groundswell has an option to extend the lease for another two years at the expiration date of the original lease, with payments continuing to increase annually by 3%. Groundswell leased a copier under a lease that expired on October 31, 2023 and required monthly payment of \$183.

The components of total lease costs are as follows:

	2025	2024
Operating lease cost	\$ 45,224	\$ 45,224
Short-term lease cost	-	2,102
Total	\$ 45,224	\$ 47,326

Other information related to operating lease is as follows:

	2025	2024
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liability	\$ 44,607	\$ 43,308
Weighted-average remaining lease term in years	2 years	3 years
Weighted-average discount rate	3.85%	3.85%

The maturities of operating lease liability are as follows:

Year ending June 30:	
2026	\$ 45,943
2027	47,208
Total minimum lease payments	93,151
Less imputed interest	(3,372)
Total lease liability	\$ 89,779

NOTE 6—CONTINGENCY

Groundswell held approximately 83 conservation easements at June 30, 2025 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.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 7—LAND HELD FOR CONSERVATION

Groundswell acquires important conservation land to add to public parks, nature preserves, 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, 2025, 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	5	94	3,447,998
Lodi Marsh Wildlife Area	2	84	50,706
Yahara River	3	105	30,635
Cherokee Marsh Conservation Park	2	106	119,603
Anderson Wildlife Protection Area	1	20	60,000
Other land and acquisition costs	8	231	890,288
Conservation easements			
Town of Dunn Rural Preservation Program	35	3,703	-
Village of Windsor Farmland Preservation Program	2	320	-
Other Easements	46	4,307	-
Land held for conservation	<u>108</u>	<u>9,183</u>	<u>\$ 6,994,274</u>

NOTE 8—INVESTMENTS

Investments consisted of the following:

	2025	2024
Cash held by investment managers	\$ 8,278	\$ 8,017
Exchange traded funds	293,060	199,211
Mutual funds comprised of equities	602,532	578,043
Mutual funds comprised of fixed income securities	34,992	63,812
Investments	<u>\$ 938,862</u>	<u>\$ 849,083</u>

Fair values of exchange traded funds and mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by Groundswell are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The exchange traded funds and mutual funds held by Groundswell are considered to be actively traded.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 9—NET ASSETS

Groundswell’s board of directors has designated net assets without donor restrictions for the following purposes:

	2025	2024
Land held for conservation	\$ 6,994,274	\$ 7,836,828
Agency endowment fund	129,289	123,353
Easement and fee-owned lands defense fund	185,000	185,000
Strategic Budget Fund	325,000	325,000
Norm Anderson conservation opportunities fund	12,736	50,000
Preserve & Farm Management	35,000	35,000
Undesignated	1,046,530	955,832
	\$ 8,727,829	\$ 9,511,013

Net assets with donor restrictions are restricted for the following purposes:

	2025	2024
Easement enforcement endowment fund	\$ 709,809	\$ 654,953
Land, farm and conservation programs	439,615	289,880
Future periods	62,500	87,500
	\$ 1,211,924	\$ 1,032,333

NOTE 10—COMMUNITY TRUST FUND

Madison Community Foundation (MCF) manages two Funds, Groundswell Conservancy Bolz Gift Endowment and Easement Endowment Fund(A) (the “Funds”) for the benefit of Groundswell. The Eugenie Mayer Bolz Family Foundation contributed \$125,000 in 2000 to establish Groundswell Conservancy Bolz Gift Endowment at the MCF. MCF has accumulated \$66,700 in contributions from donors to establish the Easement Endowment Fund(A). 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 Funds at MCF as of June 30, 2025 and 2024 was \$337,415 and \$321,146, respectively. 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, 2025 and 2024 totaled \$11,836 and \$11,727, respectively.

NOTE 11—ENDOWMENTS

At June 30, 2025 and 2024, Groundswell has two agency endowment funds with the Madison Community Foundation 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 CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 11—ENDOWMENTS (continued)

Through June 30, 2025, Groundswell received contributions of \$489,145 donor restricted for an endowment supporting conservation easement stewardship and monitoring in the Easement Endowment Fund(L) at MCF. These funds are held as net assets with donor restrictions until they are appropriated for expenditure.

The board of directors also established the Groundswell Agency Endowment Fund and in so doing decided these funds should be held as a quasi-endowment fund and the income of the fund will be spent to benefit Groundswell operations. The board designation to create the Groundswell Agency Endowment Fund assets makes it a quasi-endowment. The net assets of the quasi-endowment fund are included in net assets without donor restrictions.

Groundswell established both Funds at the MCF to invest its endowment assets. These agreements between Groundswell and MCF state that the transfer of assets is irrevocable and that the transferred assets will not be returned to Groundswell. However, MCF will make annual distributions of the income earned on the funds subject to MCF's spending policy. The agreements also grants variance power to MCF, which permits MCF to substitute another beneficiary in place of Groundswell if Groundswell ceases to exist or if MCF's board of governors votes that support of Groundswell either is no longer necessary or is inconsistent with the needs of the community.

MCF's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. MCF seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Endowment net asset composition by type of fund is as follows:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 129,289	\$ -	\$ 129,289
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	489,145	489,145
Accumulated investment gains	-	220,664	220,664
Total funds	\$ 129,289	\$ 709,809	\$ 839,098
	2024		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 123,353	\$ -	\$ 123,353
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	471,145	471,145
Accumulated investment gains	-	183,809	183,809
Total funds	\$ 123,353	\$ 654,954	\$ 778,307

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 11—ENDOWMENTS (continued)

Changes in endowment net assets are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets at June 30, 2023	\$ 117,057	\$ 533,669	\$ 650,726
Contributions	-	86,362	86,362
Changes in beneficial interest	11,004	53,636	64,640
Distributions	(4,708)	(18,713)	(23,421)
Endowment net assets at June 30, 2024	123,353	654,954	778,307
Contributions	-	18,000	18,000
Changes in beneficial interest	10,736	57,554	68,290
Distributions	(4,800)	(20,699)	(25,499)
Endowment net assets at June 30, 2025	<u>\$ 129,289</u>	<u>\$ 709,809</u>	<u>\$ 839,098</u>

NOTE 12—LIQUIDITY AND AVAILABILITY

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

	2025	2024
Cash	\$ 1,106,173	\$ 934,523
Unconditional promises to give	208,983	250,200
Investments	938,862	849,083
Financial assets at year-end	2,254,018	2,033,806
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Knowles-Nelson conservation activities-land rental revenue	(117,844)	(91,928)
Restricted by donor with time and purpose restrictions	(464,615)	(339,880)
Board designations:		
Easement and fee-owned lands defense fund	(185,000)	(185,000)
Strategic Budget Fund	(325,000)	(325,000)
Norm Anderson conservation opportunities fund	(12,736)	(50,000)
Preserve & Farm Management	(35,000)	(35,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,113,823</u>	<u>\$ 1,006,998</u>

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.

GROUNDSWELL CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13—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, 2025 and 2024 was \$21,209 and \$11,336, respectively.

NOTE 14—LOSS ON IMPAIRMENT OF CONSERVATION LAND

The recorded loss is the difference between the fair value of land to be received and the fair value of property to be transferred in an exchange of property that is expected to be completed in August 2025.

NOTE 15—PAYCHECK PROTECTION PROGRAM LOAN

On April 9, 2020, Groundswell received a \$63,765 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. On January 13, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. Groundswell must retain PPP documentation in its files for six years after the date the loan was forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Groundswell's good-faith certification concerning the necessity of its loan request, whether Groundswell calculated the loan amount correctly, whether Groundswell used loan proceeds for the allowable uses specified in the CARES Act, and whether Groundswell is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Groundswell was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the ineligible amount.

NOTE 16— PRIOR PERIOD ADJUSTMENTS

Groundswell has elected to change its method of accounting for certain Funds held by Madison Community Foundation (MCF). To change one Fund, the Easement Endowment Fund(A), was removed from the assets of Groundswell because it was determined be an asset of MCF. Groundswell also made the decision change the Easement Endowment Fund(L) to be recorded as an endowment, from quasi-endowment treatment after a review of Easement Endowment Fund donation history, Fund solicitation materials, and Groundswell's endowment policy. This resulted the following changes to previously reported balances:

	Previously Reported	Adjustments	Restated
For the year ended June 30, 2024			
General public contributions	\$ 923,047	\$ 3,424	\$ 926,471
Change in value of beneficial interest in assets held by MCF	73,806	(9,165)	64,641
Without donor restrictions	9,731,618	(220,605)	9,511,013
With donor restrictions	915,125	117,208	1,032,333