

**Groundwork Hudson Valley, Inc.**

Financial Statements

December 31, 2020 and 2019



## **Independent Auditors' Report**

### **Board of Directors Groundwork Hudson Valley, Inc.**

We have audited the accompanying financial statements of Groundwork Hudson Valley, Inc., which comprise the statements of financial position as of December 31, 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.

### **Auditors' 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 auditors' 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.

**Board of Directors**  
**Groundwork Hudson Valley, Inc.**  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Groundwork Hudson Valley, Inc. as of December 31, 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
July 28, 2021

## Groundwork Hudson Valley, Inc.

### Statements of Financial Position

	December 31,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 516,653	\$ 295,842
Contracts and grants receivable	231,802	293,195
Prepaid expenses and other assets	12,378	9,782
Security deposits	3,660	3,660
Fixed assets, net	903,782	1,008,121
	\$ 1,668,275	\$ 1,610,600
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 41,421	\$ 23,861
Deferred revenue	-	14,239
Total Liabilities	41,421	38,100
Net Assets		
Without donor restrictions	1,543,088	1,566,509
With donor restrictions	83,766	5,991
Total Net Assets	1,626,854	1,572,500
	\$ 1,668,275	\$ 1,610,600

See notes to financial statements

**Groundwork Hudson Valley, Inc.**

Statements of Activities  
Year Ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Government grants	\$ 511,878	\$ -	\$ 511,878	\$ 520,989	\$ -	\$ 520,989
Private grants	51,000	214,667	265,667	243,136	35,000	278,136
Contributions	217,199	-	217,199	303,134	-	303,134
In-kind services	33,950	-	33,950	-	-	-
Fundraising events, net of direct benefit to donors, of \$- and \$56,753	301,011	-	301,011	334,677	-	334,677
Program service income	6,920	-	6,920	108,224	-	108,224
Shared costs income	23,767	-	23,767	8,605	-	8,605
Interest and other income	1,189	-	1,189	2,267	-	2,267
Net assets released from restriction	136,892	(136,892)	-	73,594	(73,594)	-
Total Revenue and Support	<u>1,283,806</u>	<u>77,775</u>	<u>1,361,581</u>	<u>1,594,626</u>	<u>(38,594)</u>	<u>1,556,032</u>
<b>EXPENSES</b>						
Program services	871,059	-	871,059	918,196	-	918,196
Administration	161,219	-	161,219	160,158	-	160,158
Fundraising	274,949	-	274,949	235,358	-	235,358
Total Expenses	<u>1,307,227</u>	<u>-</u>	<u>1,307,227</u>	<u>1,313,712</u>	<u>-</u>	<u>1,313,712</u>
Change in Net Assets	(23,421)	77,775	54,354	280,914	(38,594)	242,320
<b>NET ASSETS</b>						
Beginning of year	<u>1,566,509</u>	<u>5,991</u>	<u>1,572,500</u>	<u>1,285,595</u>	<u>44,585</u>	<u>1,330,180</u>
End of Year	<u>\$ 1,543,088</u>	<u>\$ 83,766</u>	<u>\$ 1,626,854</u>	<u>\$ 1,566,509</u>	<u>\$ 5,991</u>	<u>\$ 1,572,500</u>

See notes to financial statements

**Groundwork Hudson Valley, Inc.**Statement of Functional Expenses  
Year Ended December 31, 2020

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 452,394	\$ 72,479	\$ 104,795	\$ 629,668
Payroll taxes and benefits	80,851	12,953	18,729	112,533
Program facilities and materials	64,398	-	-	64,398
Program consultants	36,129	-	-	36,129
Professional fees (including in-kind services of \$33,950)	7,477	60,916	98,803	167,196
Occupancy	57,446	8,476	12,255	78,177
Fundraising event costs	-	-	26,558	26,558
Insurance	31,877	1,683	2,433	35,993
Travel	2,203	-	-	2,203
Office expenses	5,024	1,071	1,164	7,259
Technology and communications	5,245	1,488	2,268	9,001
Conferences and meetings	7,924	1,345	1,836	11,105
Other	1,691	808	6,108	8,607
Depreciation and amortization	<u>118,400</u>	<u>-</u>	<u>-</u>	<u>118,400</u>
<b>Total Expenses Reported by Function</b>	<b><u>\$ 871,059</u></b>	<b><u>\$ 161,219</u></b>	<b><u>\$ 274,949</u></b>	<b><u>\$ 1,307,227</u></b>

**Groundwork Hudson Valley, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2019

	Program Services	Administration	Fundraising	Direct Costs of Fundraising Events	Total Fundraising	Total
Payroll	\$ 437,591	\$ 78,339	\$ 129,977	\$ -	\$ 129,977	\$ 645,907
Payroll taxes and benefits	87,564	15,676	26,009	-	26,009	129,249
Program facilities and materials	67,126	-	-	-	-	67,126
Program consultants	52,778	-	-	-	-	52,778
Professional fees	6,468	49,358	51,191	20,000	71,191	127,017
Occupancy	47,193	7,392	4,926	-	4,926	59,511
Fundraising event costs	-	-	17,239	36,753	53,992	53,992
Insurance	31,934	2,873	-	-	-	34,807
Travel	15,551	-	-	-	-	15,551
Office expenses	12,977	2,755	1,156	-	1,156	16,888
Technology and communications	15,149	2,546	1,697	-	1,697	19,392
Other	4,702	1,219	3,163	-	3,163	9,084
Depreciation and amortization	139,163	-	-	-	-	139,163
<b>Total Expenses</b>	<b>918,196</b>	<b>160,158</b>	<b>235,358</b>	<b>56,753</b>	<b>292,111</b>	<b>1,370,465</b>
Expenses deducted directly from revenues on the statement of activities						
Direct cost of special events	-	-	-	(56,753)	(56,753)	(56,753)
<b>Total Expenses Reported by Function</b>	<b>\$ 918,196</b>	<b>\$ 160,158</b>	<b>\$ 235,358</b>	<b>\$ -</b>	<b>\$ 235,358</b>	<b>\$ 1,313,712</b>

See notes to financial statements

**Groundwork Hudson Valley, Inc.**

## Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 54,354	\$ 242,320
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	118,400	139,163
Changes in operating assets and liabilities		
Contracts and grants receivable	61,393	44,742
Prepaid expenses and other assets	(2,596)	(2,690)
Accounts payable and accrued expenses	17,560	(232,589)
Deferred revenue	<u>(14,239)</u>	<u>14,239</u>
Net Cash from Operating Activities	234,872	205,185
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(14,061)	(202,533)
<b>CHANGES IN CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan from related party	<u>-</u>	<u>(20,000)</u>
Net Change in Cash and Cash Equivalents	220,811	(17,348)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>295,842</u>	<u>313,190</u>
End of Year	<u>\$ 516,653</u>	<u>\$ 295,842</u>

See notes to financial statements



## **Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **1. Organization**

Groundwork Hudson Valley, Inc. (the "Organization") is a non-for-profit corporation incorporated in the State of New York. The Organization has been a dynamic force for change in distressed communities in the lower Hudson Valley by working to make neglected neighborhoods more livable and sustainable through an array of on-the-ground environmental projects that directly involve local residents.

The Organization is exempt from Federal taxes under Section 501(c)(3) of the Internal Revenue Code and similar New York State statutes. The Organization has been designated as an organization which is not a private foundation.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly, actual results could differ from those estimates.

#### ***Classes of Net Assets***

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### ***Cash and Cash Equivalents***

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less, at time of purchase, to be cash and cash equivalents.

**Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of Significant Accounting Policies (continued)*****Contracts and Grants Receivable***

Contracts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of December 31, 2020 and 2019, no allowance for doubtful accounts has been deemed necessary.

***Pledges Receivable***

The Organization discounts pledges that are expected to be collected beyond one year using a risk adjusted rate to estimate present value.

***Recognition of Pledges***

U.S. GAAP requires that unconditional promises to give be recorded as revenue and receivable, discounted for future cash flows, at the time the pledge is made. If the pledge is restricted by the donor, it is recorded as income in net assets with donor restrictions. As the time or purpose restriction is satisfied, net assets with donor restrictions are released and transferred to net assets without donor restrictions to offset the costs incurred for the restricted purpose. The effect of this accounting treatment for pledges and net asset transfer is to have a net asset increase (surplus) in one year followed by a net asset decrease (loss) in the subsequent years, even though the funds are being received or used in subsequent years.

***Fixed Assets***

Fixed assets are stated at cost or, if donated, at estimated fair value on the date of the gift, and depreciated using the straight line method over the estimated useful lives of such assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals. Purchases are capitalized based on the economic useful life of the assets and in accordance with guidelines issued by various governmental agencies for reimbursement purposes. When the grantor retains title or when it is probable that the title will revert to the grantor upon certain contingent events, the purchases are expensed in the year the funds are received and spent.

**Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of Significant Accounting Policies (continued)**

***Fixed Assets (Continued)***

The estimated lives by asset class are as follows:

	<u>Years</u>
Science barge and related structures and equipment	15
Ecohouse	10
Furniture and equipment	5-10
Vehicles	3-5

***Donated Services***

Donated services are reported in the financial statements at fair value, if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not donated. Contributions of donated non-cash assets are recorded at their fair value in the period received. During the year ended December 31, 2020, \$33,950 was donated to the Organization and has been reported in the statement of activities. No donated services were received during the year ended December 31, 2019.

For the year ended December 31, 2020, there were no donations to the Organization in relation to fundraising expenses. For the year ended 2019, \$20,000 was donated to the Organization in relation to fundraising events and has been reported in the statement of activities net of expenses.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the above criteria and have not been recorded in the financial statements.

***Contributions***

All contributions, including unconditional promises to give, are considered available for general use unless specifically restricted by the donor or subject to other legal restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose has been fulfilled net assets are reclassified to net assets without donor restrictions and are reported as such in the statements of activities.

## **Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Revenue Recognition***

The Organization receives government contract and private grants, which are reviewed to determine if they contain traits more similar to contributions or exchange transactions. For those contracts and grants that have been determined to be exchange transactions, revenue is recognized when earned. The difference between grants earned and cash received is recorded as either contracts and grants receivables or deferred revenue.

Contract or grant revenue is recognized for these programs as expenses are incurred up to the maximum of the contract or grant award.

#### ***Functional Expense Allocation***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the functions benefited. Administration expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

#### ***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for tax periods prior to December 31, 2017.

#### ***Evaluation of Subsequent Events by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 28, 2021.

## Groundwork Hudson Valley, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 3. Fixed Assets

Fixed assets consist of the following at December 31:

	2020	2019
Land - lot for community garden	\$ 79,193	\$ 79,193
Depreciable Assets:		
Science barge and related structures and equipment	1,180,416	1,166,355
Ecohouse	17,543	17,543
Furniture and equipment	3,914	3,914
Vehicles	40,017	40,017
Leasehold improvements	9,179	9,179
Total Depreciable Assets	1,251,069	1,237,008
Accumulated depreciation and amortization	(426,480)	(308,080)
Net Depreciable Assets	824,589	928,928
	\$ 903,782	\$ 1,008,121

### 4. Lines of Credit

In 2017, the Organization opened a line of credit with The Westchester Bank (the "Bank"). The line of credit provides working capital borrowings up to \$50,000, with an interest rate of 2.25% above prime. The line of credit is secured by substantially all assets of the Organization. This is a revolving line of credit due on demand. In February 2020, the line of credit borrowings increased up to \$100,000 maturity continues to be due on demand. No funds were drawn during 2020 and 2019.

In 2018, the Organization opened a second line of credit with the Bank to provide additional borrowings up to \$325,000 with an interest rate of 2% above prime. The purpose of this line of credit was to support the development of a new playground being created by the Organization. The playground project is funded by several private and government grants on a reimbursement basis. Any outstanding payments were due upon the initial maturity date of May 31, 2019. This line of credit was renewed in 2019, with a new maturity date of November 30, 2019. No funds were drawn in 2019 from the line of credit. This line of credit was closed in December 2019.

**Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**4. Lines of Credit (continued)**

In 2018, the Organization opened a third line of credit with the Bank to provide additional borrowings up to \$175,000 with an interest rate of 2% above prime. The purpose of this line of credit was to support expenses related to the Science Barge funded by several private and government grants on a reimbursement basis. Any outstanding payments are due upon the maturity date of November 30, 2019. No funds were drawn during the year 2019. This line of credit was closed in December 2019.

**5. Paycheck Protection Program**

On April 29, 2020, the Organization received loan proceeds in the amount of \$131,300 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended, over a period between eight to twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors.

On June 1, 2021, the SBA notified the Organization that the PPP loan has been forgiven. For the year ended December 31, 2020, the Organization recognized \$131,300 of the proceeds from the PPP loan as grant income in the statement of activities. Subsequent to year-end, the Organization obtained a second PPP loan in the amount of \$146,775.

**6. Related Party Transactions**

The Organization is one of the Groundwork Trusts in the national network of Groundwork USA, Inc. ("GWUSA"). The Organization is related to GWUSA in that they share administrative offices. GWUSA reimburses the Organization for occupancy and other administrative costs that the Organization incurs on behalf of GWUSA. These reimbursements are reflected as shared costs income on the statements of activities.

As of December 31, 2020 and 2019, the Organization had zero outstanding balances due from GWUSA.

GWUSA made grants to the Organization totaling \$66,667 and \$49,467 in 2020 and 2019.

## Groundwork Hudson Valley, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 7. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions consist of the following at December 31:

Purpose / Restriction	2019	Additions	Releases	2020
Greenway, parks and rivers	\$ 2,500	\$ 94,667	\$ (62,850)	\$ 34,317
Sustainability education	3,491	25,000	(25,000)	3,491
Youth development	-	45,000	(45,000)	-
Professional development	-	50,000	(4,042)	45,958
	<u>\$ 5,991</u>	<u>\$ 214,667</u>	<u>\$ (136,892)</u>	<u>\$ 83,766</u>
Purpose / Restriction	2018	Additions	Releases	2019
Greenway, parks and rivers	\$ 21,269	\$ -	\$ (18,769)	\$ 2,500
Sustainability education	23,316	25,000	(44,825)	3,491
Youth development	-	10,000	(10,000)	-
	<u>\$ 44,585</u>	<u>\$ 35,000</u>	<u>\$ (73,594)</u>	<u>\$ 5,991</u>

### 8. Commitments and Contingencies

#### *Lease Commitments*

The Organization leases office space and certain equipment under various non-cancelable operating leases through September 2022. At December 31, 2020, aggregate future minimum annual rental payments are payable as follows:

2021	\$ 36,576
2022	<u>27,000</u>
	<u>\$ 63,576</u>

#### *Government Contracts*

Government contracts are subject to audit by various governmental agencies. Management is of the opinion that expense adjustments, if any, resulting from governmental agency audits, will not be material. Disallowances and adjustments, if any, resulting from such audits will be reflected in the financial statements in the year of settlement. As such, no reserves have been recorded.

## Groundwork Hudson Valley, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 9. Concentrations and Risks

#### *Credit Risk*

Cash includes cash balances held in bank accounts that are federally insured. At times cash deposits may exceed the federally insured limit of the financial institution and expose the Organization to credit risk. The Organization believes it is not exposed to any significant risk of loss of these funds. At December 31, 2020 and 2019, approximately \$28,000 and \$264,000 of cash was maintained with an institution in excess of the federally insured limits.

#### *Operating Risk*

Five large funders provided approximately 31% and 46% of the Organization's revenue and support in 2020 and 2019. The same five funders represented 71% and 65% of the contracts and grants receivable balance at December 31, 2020 and 2019. Future giving is not guaranteed. Any significant changes in the giving levels of these funding sources could have a major impact on the operations of the Organization.

The Coronavirus pandemic may have an adverse effect on the operations. Given the uncertainty around the extent and timing of the potential spread or migration of the Coronavirus and around imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

### 10. Retirement Plan

The Organization has a SIMPLE Individual Retirement Account plan whereby eligible employees can contribute pre-tax dollars up to statutory limits. All contributions made to the plan are fully vested. The Organization provides an employer contribution of 2% of salary for all eligible employees, which totaled \$9,708 and \$11,327 in 2020 and 2019.

### 11. Liquidity

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 516,653	\$ 295,842
Contracts and grants receivable	<u>231,802</u>	<u>293,195</u>
Total financial assets available within one year	748,455	589,037
Less :		
Net assets with donor restrictions	<u>(83,766)</u>	<u>(5,991)</u>
Total financial assets available within one year for general expenditures	<u>\$ 664,689</u>	<u>\$ 583,046</u>



**Groundwork Hudson Valley, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

**11. Liquidity (*continued*)**

At December 31, 2020, the Organization had an available revolving line of credit of \$100,000 for working capital.

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

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