

Groundwork USA, Inc.

Financial Statements and Uniform Guidance Schedules
Together With Independent Auditors' Reports

December 31, 2021 and 2020

Groundwork USA, Inc.

Financial Statements and Uniform Guidance Schedules Together With Independent Auditor's Reports

December 31, 2021 and 2020

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Independent Auditors' Report

Board of Directors
Groundwork USA, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Groundwork USA, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020 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 financial statements present fairly, in all material respects, the financial position of Groundwork USA, Inc. as of December 31, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Groundwork USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, 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 Groundwork USA, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Groundwork USA, 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 Groundwork USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of Groundwork USA, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Groundwork USA, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Groundwork USA, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
June 28, 2022

Groundwork USA, Inc.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Cash	\$ 6,717,925	\$ 587,324
Grants receivable	716,536	1,178,102
Prepaid expenses	13,070	11,950
Fixed assets, net	<u>2,641</u>	<u>2,831</u>
	<u>\$ 7,450,172</u>	<u>\$ 1,780,207</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 79,774	\$ 101,422
Deferred revenue	<u>186,212</u>	<u>377,703</u>
Total Liabilities	<u>265,986</u>	<u>479,125</u>
Net Assets		
Without donor restrictions	286,229	201,133
With donor restrictions	<u>6,897,957</u>	<u>1,099,949</u>
Total Net Assets	<u>7,184,186</u>	<u>1,301,082</u>
	<u>\$ 7,450,172</u>	<u>\$ 1,780,207</u>

See notes to financial statements

Groundwork USA, Inc.

Statements of Activities
Year Ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government support	\$ 1,412,667	\$ -	\$ 1,412,667	\$ 1,278,628	\$ -	\$ 1,278,628
Foundation and corporate grants	697,695	6,326,586	7,024,281	384,664	1,750,000	2,134,664
Individual contributions	30,189	-	30,189	28,652	-	28,652
In-kind contributions	3,000	-	3,000	5,900	-	5,900
Program fees	3,877	-	3,877	17,373	-	17,373
Interest	1,847	-	1,847	2,356	-	2,356
Net assets released from restrictions	528,578	(528,578)	-	726,134	(726,134)	-
Total Revenue and Support	<u>2,677,853</u>	<u>5,798,008</u>	<u>8,475,861</u>	<u>2,443,707</u>	<u>1,023,866</u>	<u>3,467,573</u>
EXPENSES						
Program services	2,276,911	-	2,276,911	2,029,640	-	2,029,640
Administration	260,365	-	260,365	249,112	-	249,112
Fundraising	55,481	-	55,481	49,505	-	49,505
Total Expenses	<u>2,592,757</u>	<u>-</u>	<u>2,592,757</u>	<u>2,328,257</u>	<u>-</u>	<u>2,328,257</u>
Change in Net Assets	85,096	5,798,008	5,883,104	115,450	1,023,866	1,139,316
NET ASSETS						
Beginning of year	<u>201,133</u>	<u>1,099,949</u>	<u>1,301,082</u>	<u>85,683</u>	<u>76,083</u>	<u>161,766</u>
End of year	<u>\$ 286,229</u>	<u>\$ 6,897,957</u>	<u>\$ 7,184,186</u>	<u>\$ 201,133</u>	<u>\$ 1,099,949</u>	<u>\$ 1,301,082</u>

See notes to financial statements

Groundwork USA, Inc.

Statements of Functional Expenses
Year Ended December 31,

	2021				2020			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Payroll	\$ 795,564	\$ 203,779	\$ 44,548	\$ 1,043,891	\$ 659,425	\$ 193,456	\$ 39,549	\$ 892,430
Payroll taxes, benefits & related costs	148,755	38,103	8,330	195,188	124,293	36,463	7,454	168,210
Subawards and grants	976,193	-	-	976,193	998,060	-	-	998,060
Consultants & professional fees	240,430	5,276	1,253	246,959	94,610	7,327	1,498	103,435
Travel	53,684	3,083	-	56,767	87,673	2,450	-	90,123
Conferences and meetings	1,259	-	-	1,259	395	-	-	395
Program materials	35,488	-	-	35,488	29,282	-	-	29,282
Occupancy	5,750	5,100	250	11,100	5,300	7,100	300	12,700
Technology & communication	12,263	3,582	65	15,910	15,334	726	81	16,141
Subscriptions & memberships	1,910	175	-	2,085	9,606	602	47	10,255
Office supplies & printing	770	710	223	1,703	95	558	230	883
Insurance	1,862	88	10	1,960	2,826	134	15	2,975
Other	-	469	802	1,271	-	296	331	627
Depreciation	2,983	-	-	2,983	2,741	-	-	2,741
Total	<u>\$ 2,276,911</u>	<u>\$ 260,365</u>	<u>\$ 55,481</u>	<u>\$ 2,592,757</u>	<u>\$ 2,029,640</u>	<u>\$ 249,112</u>	<u>\$ 49,505</u>	<u>\$ 2,328,257</u>

See notes to financial statements

Groundwork USA, Inc.

Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,883,104	\$ 1,139,316
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,983	2,741
Changes in operating assets and liabilities		
Grants receivable	461,566	(987,745)
Due from related parties	-	5,559
Prepaid expenses	(1,120)	(6,741)
Accounts payable and accrued expenses	(21,648)	42,453
Deferred revenue	(191,491)	134,049
Net Cash from Operating Activities	<u>6,133,394</u>	<u>329,632</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(2,793)</u>	<u>(2,337)</u>
Net Change in Cash	6,130,601	327,295
CASH		
Beginning of year	<u>587,324</u>	<u>260,029</u>
End of year	<u>\$ 6,717,925</u>	<u>\$ 587,324</u>

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Tax Status

Groundwork USA, Inc. (the "Organization") is a not-for-profit organization, incorporated in the State of New York.

The mission of the Organization and its network is to bring about the sustained regeneration, improvement, and management of the physical environment by developing community-based partnerships that empower people, businesses, and organizations to promote environmental, economic, and social well-being. Dedicated to the belief that by changing places we can change lives, the Organization transforms blighted communities in small to medium-sized cities frequently overlooked by funders and policy makers.

The Organization accomplishes its work by supporting, strengthening and building a national network of independent nonprofits called Groundwork Trusts. Locally organized and controlled, Groundwork Trusts provide cost effective project development services focused on improving their communities, environment, economy and quality of life. The Organization provides the Groundwork Trusts with needed services to ensure each Trust is an effective, credible and valued partner within their communities.

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code. The Organization is exempt from New York State income taxes.

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. Some of the more significant estimates required to be made by management include the allowance for doubtful accounts.

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.

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established for amounts where there is doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections. Management determined that an allowance was not necessary at December 31, 2021 and 2020.

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. Items with a cost in excess of \$1,000 are capitalized. The estimated lives by asset class are as follows:

Furniture and equipment	5-10 years
Computers	3-5 years

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. In-kind contributions for the years ended December 31, 2021 and 2020 was \$3,000 and \$5,900.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

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 receivable 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.

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications on the basis of the allocation of payroll costs, function of staff using space and other bases as determined by management of the Organization to be appropriate.

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 years prior to December 31, 2018.

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 June 28, 2022.

3. Fixed Assets

Fixed assets consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computers	\$ 14,304	\$ 11,511
Accumulated depreciation	<u>(11,663)</u>	<u>(8,680)</u>
	<u>\$ 2,641</u>	<u>\$ 2,831</u>

4. Transactions With Affiliates

Groundwork Hudson Valley, Inc. ("GWHV") is an independent not-for-profit organization that comprises one of the Groundwork Trusts in the Organization's national network. The Organization is related to GWHV in that they share administrative offices. The Organization reimburses that entity for occupancy, and other administrative costs incurred on behalf of the Organization. The reimbursements amounted to \$6,300 for the years ending December 31, 2021 and 2020. In addition, the Organization made grants to this entity totaling approximately \$55,000 and \$51,667 in 2021 and 2020.

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

5. Line of Credit

The Organization opened a line of credit with Valley Bank. The line of credit provides working capital borrowings up to \$100,000, 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. No funds were drawn in 2021 and 2020 from the line of credit and there was no interest expense for the years ended December 31, 2021 and 2020.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions arises when a restricted grant is received that requires upfront revenue recognition under generally accepted accounting principles, but some of the associated restricted expenditures occur in a different fiscal year. In March of 2020, the Organization received a three-year grant to support capacity building and youth programmatic activities for \$1,500,000, to be paid in three \$500,000 annual installments. All \$1,500,000 of grant revenue was recognized in 2020. As of December 31, 2021 and 2020, \$501,451 and \$400,051 of the \$1,500,000 had been expended.

In October of 2021, the Organization received a one-and-a-half-year grant to support climate safe neighborhoods for \$400,000, to be paid in one payment. The full amount of the of grant revenue was recognized in 2021. As of December 31, 2021, \$27,127 of the \$400,000 had been expended.

In November of 2021, the Organization received a stock transfer with a fair market value of \$5,926,586 to be used within a three-year period to carry out climate resilience/environmental justice program activities. The full amount of the grant revenue was recognized in 2021. As of December 31, 2021, none of the funds had been expended.

Changes in net assets with donor restrictions consist of the following for the years ending December 31:

Purpose / Restriction	2019	Additions	Releases	2020
General operating support	\$ 76,083	\$ 250,000	\$(326,083)	\$ -
JPB - Capacity building and youth programs	-	1,500,000	(400,051)	1,099,949
	<u>\$ 76,083</u>	<u>\$ 1,750,000</u>	<u>\$(726,134)</u>	<u>\$ 1,099,949</u>
Purpose / Restriction	2020	Additions	Releases	2021
DDCF - Climate resilience	\$ -	\$ 400,000	\$ (27,127)	\$ 372,873
Bezos - Environmental justice program	-	5,926,586	-	5,926,586
JPB - Capacity building and youth programs	1,099,949	-	(501,451)	598,498
	<u>\$ 1,099,949</u>	<u>\$ 6,326,586</u>	<u>\$(528,578)</u>	<u>\$ 6,897,957</u>

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

7. Significant Concentrations

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, no funds in excess of the federally insured limits were held. At December 31, 2021, funds totaling \$133,506 in excess of the federally insured limits were held.

Between five to ten large funders provided approximately 97% and 93% of the Organization's revenue and support in 2021 and 2020. The same funders represented 99% of the grants receivable balance at December 31, 2021 and 2020. 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.

8. Contingencies

Government support is 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.

9. Paycheck Protection Program

On April 23, 2020, the Organization received loan proceeds in the amount of \$169,149 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 July 19, 2021, the United States Small Business Administration notified the Organization that the PPP loan has been forgiven. For the year ended December 31, 2020, the Organization recognized \$169,149 of the PPP loan proceeds as government support in the statements of activities.

On March 15, 2021, the Organization obtained a second PPP loan in the amount of \$195,720. On November 9, 2021, the United States SBA notified the Organization that the second PPP loan had been forgiven. For the year ended December 31, 2021, the Organization recognized \$195,720 of the PPP loan proceeds as government support in the statements of activities.

Groundwork USA, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

10. Retirement Plan

The Organization has adopted a SIMPLE Individual Retirement Account plan whereby employees can contribute pre-tax dollars up to statutory limits. All employees are eligible to participate in the plan and all contributions made to the plan are fully vested. The Organization provides an employer match up to 3% of eligible employee contributions, which totaled \$23,462 and \$21,372 in 2021 and 2020.

11. Operating Risk

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.

12. Liquidity

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 6,717,925	\$ 587,324
Grants receivable	<u>716,536</u>	<u>1,178,102</u>
	7,434,461	1,765,426
Less:		
Net assets with donor restrictions	<u>(6,897,957)</u>	<u>(1,099,949)</u>
	<u>\$ 536,504</u>	<u>\$ 665,477</u>

As disclosed in Note 5, the Organization maintains a line of credit with Valley Bank, in the amount of \$100,000 to support cyclical operating cash needs.

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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Groundwork USA, Inc.

Uniform Guidance Reports and Schedules

December 31, 2021

Groundwork USA, Inc.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Direct Federal Awards:				
<u>Department of the Interior - National Park Service:</u>				
<u>Rivers, Trails and Conservation Assistance</u>				
GW Southcoast Capacity Building	15.921	P21AC10667	\$ 12,444	\$ 15,919
GWUSA - UWLN #10	15.921	P21AC10734	55,726	78,210
GW Mobile County Capacity Building	15.921	P21AC10763	31,904	36,469
Total Rivers, Trails and Conservation Assistance			<u>100,074</u>	<u>130,598</u>
<u>Conservation Activities by Youth Service Organizations</u>				
Traditional Trades Apprenticeship Program	15.931	P19AC00652	-	70,695
GW Elizabeth - Patterson Great Falls	15.931	P20AC00407	3,771	28,213
Yellowstone and Glacier 2021	15.931	P21AC10253	-	62,850
GW Elizabeth - Morristown	15.931	P21AC11320	11,633	13,432
MALU Preservation Crew	15.931	P21AC12107	-	8,830
Total Conservation Activities by Youth Service Organizations			<u>15,404</u>	<u>184,020</u>
<u>National Park Service Conservation, Protection, Outreach, and Education</u>				
Groundwork Atlanta Capacity Building	15.954	P19AC00191	5,454	6,539
KCK Feasibility Study 2019	15.954	P19AC00193	73,099	109,739
Groundwork Somerville Urban Waters Ambassador	15.954	P19AC00310	34,804	49,892
Groundwork Mobile County Launch	15.954	P19AC00362	33,294	36,348
Urban Waters Learning Network #8	15.954	P19AC00509	84,932	299,024
Groundwork Elizabeth 2019 RTCA Fellow	15.954	P19AC00929	11,723	14,502
Groundwork Buffalo Capacity Building	15.954	P19AC00947	-	1
Groundwork USA Capacity Building	15.954	P20AC00601	-	108,375
Groundwork Jacksonville Capacity Building	15.954	P20AC00657	19,849	23,963
Assembly 2021	15.954	P21AC11532	-	25,000
Land Use Innovation Grants	15.954	P21AC11591	-	6,101
Groundwork USA Capacity Building	15.954	P21AC11640	-	33,402
Groundwork NRG Capacity Building	15.954	P21AC11698	15,226	17,160
Total National Park Service Conservation, Protection, Outreach, and Education			<u>278,381</u>	<u>730,046</u>
<u>Environmental Protection Agency</u>				
<u>Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements</u>				
EPA Brownfields EJEDG	66.814	TR83576701	5,701	98,233
EPA Brownfields EJEDG	66.814	TR84022301	1,915	74,050
Total Environmental Protection Agency			<u>7,616</u>	<u>172,283</u>
Total Expenditures of Federal Awards			\$ 401,475	\$ 1,216,947

Groundwork USA, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed by the Uniform Guidance and has instead negotiated an indirect cost rate with the United States Department of the Interior.

3. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Groundwork USA, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

Independent Auditors' Report

**Board of Directors
Groundwork USA, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Groundwork USA, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Groundwork USA, Inc. the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
June 28, 2022



**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

**Board of Directors
Groundwork USA, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Groundwork USA, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Groundwork USA, Inc.'s major federal programs for the year ended December 31, 2021. Groundwork USA, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Groundwork USA, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Groundwork USA, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Groundwork USA, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Groundwork USA, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Groundwork USA, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Groundwork USA, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Groundwork USA, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Groundwork USA, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Groundwork USA, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
June 28, 2022

Groundwork USA, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major Federal programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditors' report issued on compliance for major Federal programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.954	National Park Service Conservation, Protection, Outreach, and Education

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended December 31, 2021.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federally financially assisted programs are questioned or recommend to be disallowed.

Section IV –Prior Year's Findings

There were no prior year findings.