Groundwork USA, Inc.

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

December 31, 2022 and 2021

Groundwork USA, Inc.

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

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TABLE OF CONTENTS **Page**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2022 and 2021, 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, 2022 and 2021, 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 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 Groundwork USA, Inc.'s ability to continue as a going concern within one year after the date that 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 30, 2023, 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 30, 2023

Groundwork USA, Inc.

Statements of Financial Position

	December 31, 2022	December 31, 2021
ASSETS		
Cash	$ 2,587,227	$ 790,295
Investments	8,961,047	5,927,630
Grants receivable	402,156	716,536
Other receivable	734	-
Prepaid expenses	16,663	13,070
Fixed assets, net	931	2,641
	$ 11,968,758	$ 7,450,172
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 259,069	$ 79,774
Deferred revenue	246,143	186,212
Total Liabilities	505,212	265,986
Net Assets		
Without donor restrictions	7,393,965	286,229
With donor restrictions	4,069,581	6,897,957
Total Net Assets	11,463,546	7,184,186
	$ 11,968,758	$ 7,450,172

See notes to financial statements

Groundwork USA, Inc.

Statements of Activities
Year Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government support	$ 1,269,393	$ -	$ 1,269,393	$ 1,412,667	$ -	$ 1,412,667
Foundation and corporate grants	216,322	924,951	1,141,273	697,695	6,326,586	7,024,281
Contributions	7,035,204	-	7,035,204	30,189	-	30,189
In-kind contributions	10,000	-	10,000	3,000	-	3,000
Program fees	24,764	-	24,764	3,877	-	3,877
Investment income	111,912	-	111,912	1,847	-	1,847
Other	2,212	-	2,212	-	-	-
Net assets released from restrictions	3,753,327	(3,753,327)	-	528,578	(528,578)	-
Total Revenue and Support	12,423,134	(2,828,376)	9,594,758	2,677,853	5,798,008	8,475,861
EXPENSES						
Program services	4,891,349	-	4,891,349	2,276,911	-	2,276,911
Administration	324,801	-	324,801	260,365	-	260,365
Fundraising	99,248	-	99,248	55,481	-	55,481
Total Expenses	5,315,398	-	5,315,398	2,592,757	-	2,592,757
Change in Net Assets	7,107,736	(2,828,376)	4,279,360	85,096	5,798,008	5,883,104
NET ASSETS						
Beginning of year	286,229	6,897,957	7,184,186	201,133	1,099,949	1,301,082
End of year	$ 7,393,965	$ 4,069,581	$ 11,463,546	$ 286,229	$ 6,897,957	$ 7,184,186

See notes to financial statements

Groundwork USA, Inc.

Statements of Functional Expenses
Year Ended December 31,

	2022				2021			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Payroll	$ 1,103,265	$ 249,983	$ 67,624	$ 1,420,872	$ 795,564	$ 203,779	$ 44,548	$ 1,043,891
Payroll taxes, benefits and other staff costs	224,669	50,906	13,771	289,346	148,755	38,103	8,330	195,188
Subawards and grants	3,207,154	-	-	3,207,154	976,193	-	-	976,193
Consultants and professional fees	112,473	7,591	13,688	133,752	240,430	5,276	1,253	246,959
Travel	98,600	4,825	949	104,374	53,684	3,083	-	56,767
Conferences and meetings	85,859	-	-	85,859	1,259	-	-	1,259
Program materials	27,022	-	-	27,022	35,488	-	-	35,488
Occupancy	5,488	4,700	250	10,438	5,750	5,100	250	11,100
Technology and communication	21,917	4,966	1,343	28,226	12,263	3,582	65	15,910
Dues and subscriptions	-	425	-	425	1,910	175	-	2,085
Office supplies and printing	128	858	118	1,104	770	710	223	1,703
Insurance	3,064	145	16	3,225	1,862	88	10	1,960
Other	-	402	1,489	1,891	-	469	802	1,271
Depreciation	1,710	-	-	1,710	2,983	-	-	2,983
Total	$ 4,891,349	$ 324,801	$ 99,248	$ 5,315,398	$ 2,276,911	$ 260,365	$ 55,481	$ 2,592,757

See notes to financial statements

Groundwork USA, Inc.

Statements of Cash Flows

	Year Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,279,360	$ 5,883,104
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,710	2,983
Changes in operating assets and liabilities		
Grants receivable	314,380	461,566
Due from related parties	(734)	-
Prepaid expenses	(3,593)	(1,120)
Investments	(3,033,417)	(5,927,630)
Accounts payable and accrued expenses	179,295	(21,648)
Deferred revenue	59,931	(191,491)
Net Cash from Operating Activities	1,796,932	205,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(2,793)
Net Change in Cash	1,796,932	202,971
CASH		
Beginning of year	790,295	587,324
End of year	$ 2,587,227	$ 790,295
SUPPLEMENTAL INFORMATION		
Disposal of fully depreciated fixed assets	$ (4,510)	$ -

See notes to financial statements

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.

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, Leases (“Topic 842”), which supersedes existing guidance in Topic 840, Leases. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (“ROU”) assets and lease liabilities on the statement of financial position for operating leases.

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

Change in Accounting Principle (continued)

The Organization adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. At January 1, 2022, adoption of Topic 842 did not result in any material adjustments to statement of financial position accounts related to lessor accounting since the Organization had no lease agreements during the year.

Classes of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

> Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
>
> Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor- imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may be need to be maintained in perpetuity.

Earnings related to restricted net assets are included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

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. Expenditures for maintenance and repairs are expensed are incurred. Expenditures that improve or extend the estimated useful lives are capitalized. 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

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, 2022 and 2021.

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.

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.

Fair Value Measurements

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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

Investment Valuation and Income Recognition

Investments are carried at fair value. Certificates of deposits are stated at cost plus accrued interest, which approximates fair value. Investments are comprised of money market accounts invested in a Federal Deposit Insurance Corporation ("FDIC") Insured Bank Deposit Program managed by Merrill Lynch. Such deposits may be held at several banks to ensure that FDIC maximum insurance coverage limits are not exceeded. In-kind contributions of stocks or other financial assets are sold immediately so that the settlement of the contribution equals the trade date of the sale transaction.

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, 2019.

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 30, 2023.

3. Investments and Investment Return

The following are major categories of investments measured at fair value at December 31, 2022 and 2021. All investments are valued using Level 1 inputs under the fair value hierarchy.

Investments in certificates of deposits have maturity dates over 12 months from year end. Investments in treasury bills have maturity dates of one year or less. Investments consist of the following:

	2022	2021
Certificates of deposit	$ 4,244,353	$ 5,927,630
Treasury bills	4,716,694	-
	$ 8,961,047	$ 5,927,630

3. Investments and Investment Return *(continued)*

Total investment income consisted of interest of $111,912 and $1,847 for the years ended December 31, 2022 and 2021.

4. Fixed Assets

Fixed assets consisted of the following at December 31:

	2022	2021
Computers	$ 9,794	$ 14,304
Accumulated depreciation	(8,863)	(11,663)
	$ 931	$ 2,641

5. 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 GWHV for occupancy, and other administrative costs incurred on behalf of the Organization. The reimbursements amounted to $6,300 for the years ended December 31, 2022 and 2021. In addition, the Organization made grants to GWHV totaling approximately $290,000 and $55,000 in 2022 and 2021.

6. 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 2022 and 2021 from the line of credit and there was no interest expense for the years ended December 31, 2022 and 2021.

7. 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. In February of 2022, an additional $250,000 was approved for this grant. As a result, the payment for year three was increased to $750,000. As of December 31, 2022 and 2021, $1,666,566 and $901,502 of the $1,750,000 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, 2022 and 2021, $393,236 and $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. For the years ended December 31, 2022 and 2021, $24,951 and $630 were attributed to this grant. The money earned was restricted for the purpose of this grant. As of December 31, 2022, $2,622,154 of the $5,926,586 has been expended. None of the funds had been expended at December 31, 2021.

In October of 2022, the Organization received a two-year grant to support climate safe neighborhoods for $650,000, to be paid in two annual installments of $440,000 and $210,000. The full amount of the of grant revenue was recognized in 2022. As of December 31, 2022, none of the funds have been expended.

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

Purpose / Restriction	2020	Additions	Releases	2021
Climate resilience	$ -	$ 400,000	$ (27,127)	$ 372,873
Climate resilience/environmental justice program	-	5,926,586	-	5,926,586
Capacity building and youth programs	1,099,949	-	(501,451)	598,498
	$ 1,099,949	$ 6,326,586	$ (528,578)	$ 6,897,957

Purpose / Restriction	2021	Additions	Releases	2022
Climate resilience	$ 372,873	$ 650,000	$ (366,109)	$ 656,764
Climate resilience/environmental justice program	5,926,586	24,951	(2,622,154)	3,329,383
Capacity building and youth programs	598,498	250,000	(765,064)	83,434
	$ 6,897,957	$ 924,951	$ (3,753,327)	$ 4,069,581

8. Donated Services

Donated services are reviewed periodically to ensure that estimates recorded reasonably reflect the estimated fair value of the contributed services. For the years ended December 31, the Organization received the following donated services:

	2022	2021	Usage in Program/Activities	Donor Restriction	Fair Value Techniques
Legal	$ 10,000	$ 3,000	Program Services	None	Estimated based on usual and customary rates of the vendor

9. Significant Concentrations

Financial instrument which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, investments and receivables. At times, the Organization has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. At December 31, 2022 and 2021, funds totaling $1,581,985 and $133,506 were in excess of the FDIC limits were held. The investment portfolio is diversified by type of investments and industry concentration so that no individual or group of investments represents a significant concentration of risk.

Receivables are expected to be collected in the normal course of business.

Between five to ten large funders provided approximately 96% of the Organization's revenue and support in 2022 and 2021. The same funders represented 100% and 99% of the grants receivable balance at December 31, 2022 and 2021. 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.

10. 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.

11. 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").

11. Paycheck Protection Program *(continued)*

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.

12. 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 $46,213 and $23,462 in 2022 and 2021.

13. Liquidity and Availability of Financial Assets

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

	2022	2021
Cash	$ 2,587,227	$ 790,295
Grants receivable	402,156	716,536
Other receivable	734	-
Investments	8,961,047	5,927,630
	11,951,164	7,434,461
Less:		
Net assets with donor restrictions	(4,069,581)	(6,897,957)
	$ 7,881,583	$ 536,504

As disclosed in Note 6, 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.

* * * * *

Groundwork USA, Inc.

Uniform Guidance Reports and Schedules

December 31, 2022

Groundwork USA, Inc.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Provided to Subrecipients	Total Federal Expenditures
Direct Federal Awards:				
Department of the Interior - National Park Service:				
Rivers, Trails and Conservation Assistance				
GWUSA - UWLN #9	15.921	P21AC10734	$ 89,504	$ 293,994
GW Mobile County Capacity Building	15.921	P21AC10763	18,096	20,374
GW Southcoast Capacity Building	15.921	P21AC10667	12,556	16,318
GW Atlanta Capacity Building	15.921	P22AC00106	25,000	31,865
GWUSA - UWLN #10	15.921	P22AC00522	57,182	78,933
GWUSA National Assembly 2022	15.921	P22AC01270	-	25,000
Total Rivers, Trails and Conservation Assistance			202,338	466,484
Conservation Activities by Youth Service Organizations				
Trades Apprenticeship Program 2019-2022	15.931	P19AC00652	-	67,688
Tuskegee Institute Museum	15.931	P19AC00885	-	3,550
GW Elizabeth - Patterson Great Falls	15.931	P20AC00407	22,218	30,944
GW Elizabeth - Morristown	15.931	P21AC11320	15,451	17,969
MALU Preservation Crew	15.931	P21AC12107	46,463	55,301
GW Indy - Indiana Dunes	15.931	P22AC00248	26,237	37,953
GW Bridgeport - Weir Farm	15.931	P22AC00870	13,388	17,147
Yellowstone 2022	15.931	P22AC00871	-	32,457
Traditional Trades Apprenticeship Program 2022-2023	15.931	P22AC01272	-	131,494
Total Conservation Activities by Youth Service Organizations			123,757	394,503
National Park Service Conservation, Protection, Outreach, and Education				
Groundwork Somerville Urban Waters Ambassador	15.954	P19AC00310	236	30,021
Land Use Innovation Grants	15.954	P21AC11591	72,886	87,617
Groundwork USA Capacity Building 2021-2022	15.954	P21AC11640	-	96,556
Groundwork NRG Capacity Building	15.954	P21AC11698	22,430	25,705
Groundwork USA Capacity Building 2022-2023	15.954	P22AC01157	-	11,883
Total National Park Service Conservation, Protection, Outreach, and Education			95,552	251,782
Total Department of the Interior			421,647	1,112,769
Environmental Protection Agency				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements				
EPA Brownfields EJEDG	66.814	TR84022301	32,049	159,332
Total Environmental Protection Agency			32,049	159,332
Total Expenditures of Federal Awards			$ 453,696	$ 1,272,101

See independent auditors' report and notes to schedule of expenditures of federal awards

Groundwork USA, Inc.

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

1. 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, 2022. 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.

2. 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.

3. 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.

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, 2022, 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 30, 2023.

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 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 entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
June 30, 2023

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2022. 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, 2022.

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.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

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 30, 2023

Groundwork USA, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

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 __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ 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 __X__ no

Identification of major Federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
15.931	Conservation Activities by Youth Service Organizations

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended December 31, 2022.

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.