

**GROUNDWORK SOMERVILLE, INC.**

**FINANCIAL STATEMENTS  
YEAR ENDED  
DECEMBER 31, 2015  
AND  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**WALSH & CO.**  

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**ACCOUNTANTS & CONSULTANTS**

GROUNDWORK SOMERVILLE, INC.

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# WALSH & CO.

## ACCOUNTANTS & CONSULTANTS

### Independent Accountant's Review Report

Board of Directors  
Groundwork Somerville, Inc.  
Somerville, Massachusetts

We have reviewed the accompanying statement of financial position of Groundwork Somerville, Inc. (a Massachusetts, a nonprofit corporation) as of December 31, 2015 and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Groundwork Somerville, Inc. management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

June 16, 2016

Michael J. Walsh



Certified Public Accountant

GROUNDWORK SOMERVILLE, INC.

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015

ASSETS

|                             |                  |
|-----------------------------|------------------|
| CURRENT ASSETS              |                  |
| Cash and cash equivalents   | \$ -             |
| Accounts receivable         | 53,254           |
| Other assets                | <u>4,875</u>     |
| Total Current Assets        | 58,129           |
| <br>                        |                  |
| Property and equipment, net | <u>-</u>         |
| <br>                        |                  |
| TOTAL ASSETS                | <u>\$ 58,129</u> |

LIABILITIES AND NET ASSETS (DEFICIT)

|  |                  |
|--|------------------|
| CURRENT LIABILITIES                        |                  |
| Bank line of credit                        | \$ 19,920        |
| Current portion of long-term debt          | 5,079            |
| Accounts payable                           | 13,394           |
| Overdraft                                  | <u>9,804</u>     |
| Total Current Liabilities                  | <u>48,197</u>    |
| <br>                                       |                  |
| Long-term debt, net of current portion     | <u>9,135</u>     |
| <br>                                       |                  |
| TOTAL LIABILITIES                          | <u>57,332</u>    |
| <br>                                       |                  |
| Commitments and contingent liabilities     |                  |
| <br>                                       |                  |
| NET ASSETS (DEFICIT)                       |                  |
| Unrestricted                               | (2,470)          |
| Temporarily restricted                     | <u>3,267</u>     |
| <br>                                       |                  |
| TOTAL NET ASSETS (DEFICIT)                 | <u>797</u>       |
| <br>                                       |                  |
| TOTAL LIABILITIES AND NET ASSETS (DEFICIT) | <u>\$ 58,129</u> |

See independent accountant's review report.

GROUNDWORK SOMERVILLE, INC.

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

|                                       | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| SUPPORT AND REVENUES                  |                     |                                   |                   |
| Government grants and contracts       | \$ 229,741          | \$                                | \$ 229,741        |
| Contributions                         | 31,889              |                                   | 31,889            |
| Foundation grants                     | 83,830              |                                   | 83,830            |
| Events income                         | 14,098              |                                   | 14,098            |
| Other income                          | 14,334              |                                   | 14,334            |
| Net assets released from restrictions | <u>19,192</u>       | <u>(19,192)</u>                   | <u>          </u> |
| Total Support and Revenues            | <u>393,084</u>      | <u>(19,192)</u>                   | <u>373,892</u>    |
| EXPENSES                              |                     |                                   |                   |
| Program services                      | 268,057             |                                   | 268,057           |
| Management and general                | 101,799             |                                   | 101,799           |
| Fundraising                           | <u>1,510</u>        | <u>          </u>                 | <u>1,510</u>      |
| Total Expenses                        | <u>371,366</u>      | <u>          </u>                 | <u>371,366</u>    |
| DECREASE IN NET ASSETS                | 21,718              | (19,192)                          | 2,526             |
| NET ASSETS                            |                     |                                   |                   |
| Beginning of Year                     | <u>(24,188)</u>     | <u>22,459</u>                     | <u>(1,729)</u>    |
| End of Year                           | <u>\$ (2,470)</u>   | <u>\$ 3,267</u>                   | <u>\$ 797</u>     |

See independent accountant's review report.

GROUNDWORK SOMERVILLE, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015

|   |                 |
|---|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                 |
| Change in net assets  | \$ 2,526        |
| Adjustments to reconcile charge in net assets to net cash provided by operating activities: |                 |
| Accounts receivable   | (7,460)         |
| Other assets  | (4,875)         |
| Accrued payroll   | (1,601)         |
| Accounts payable  | 6,229           |
| Overdraft   | <u>9,804</u>    |
| Net cash used in operating activities   | <u>4,623</u>    |
| CASH FLOWS FROM FINANCING ACTIVITIES  |                 |
| Borrowings from bank line of credit   | 169             |
| Borrowings long-term debt   | (5,077)         |
| Payments on long-term debt  | 285             |
| Reduction of short-term debt  | <u>(4,623)</u>  |
| INCREASE IN CASH AND CASH EQUIVALENT  | -               |
| CASH AND CASH EQUIVALENT, BEGINNING OF YEAR   | <u>-</u>        |
| CASH AND CASH EQUIVALENT, END OF YEAR   | <u>\$ -</u>     |
| Supplemental Disclosure:  |                 |
| Cash paid for interest  | <u>\$ 2,019</u> |

See independent accountant's review report.

GROUNDWORK SOMERVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015

|                           | <u>Program<br/>Services</u> | <u>Management<br/>and<br/>General</u> | <u>Fundraising</u> | <u>Total</u>      |
|---------------------------|-----------------------------|---------------------------------------|--------------------|-------------------|
| Salaries                  | \$ 141,465                  | \$ 83,083                             |                    | \$ 224,548        |
| Payroll taxes             | 20,364                      | 8,728                                 |                    | 29,092            |
| Employee benefits         | <u>11,462</u>               | <u>          </u>                     | <u>          </u>  | <u>11,462</u>     |
|                           | 173,291                     | 91,811                                |                    | 265,102           |
| <br>                      |                             |                                       |                    |                   |
| Bank charges              | 4,296                       |                                       |                    | 4,296             |
| Dues subscriptions        | 45                          |                                       | \$ 50              | 95                |
| Filing fees               | 289                         |                                       |                    | 289               |
| Food                      | 2,195                       |                                       | 723                | 2,918             |
| Insurance                 | 1,095                       |                                       |                    | 1,095             |
| Interest                  | 2,019                       |                                       |                    | 2,019             |
| Office                    | 590                         |                                       |                    | 590               |
| Payroll processing fees   | 1,997                       |                                       |                    | 1,997             |
| Postage and delivery      | 135                         |                                       | 3                  | 138               |
| Printing and reproduction | 405                         |                                       | 105                | 510               |
| Professional fees         |                             | 9,988                                 |                    | 9,988             |
| Miscellaneous             | 8,971                       |                                       | 200                | 9,171             |
| Rent                      | 22,522                      |                                       |                    | 22,522            |
| Repairs and maintenance   | 2,505                       |                                       |                    | 2,505             |
| Staff development         | 1,912                       |                                       |                    | 1,912             |
| Supplies                  | 20,647                      |                                       | 417                | 21,064            |
| Telephone                 | 4,310                       |                                       |                    | 4,310             |
| Travel                    | <u>20,833</u>               | <u>          </u>                     | <u>12</u>          | <u>20,845</u>     |
|                           | <u>\$ 268,057</u>           | <u>\$ 101,799</u>                     | <u>\$ 1,510</u>    | <u>\$ 371,366</u> |

See independent accountant's review report.

GROUNDWORK SOMERVILLE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - ACCOUNTING POLICIES AND ORGANIZATION

Nature of Activities

Groundwork Somerville, Inc., (“Groundwork“) under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 50 (c)(3) of the Internal Revenue Code. Groundwork Somerville strives to bring about the sustained regeneration, improvement and management of the physical environment through the development of community-based partnerships which empower people, businesses and organizations to promote environmental, economic and social well-being. The Organization is an affiliate of Groundwork USA, a network of organizations created by the National Parks Services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) for financial statements of not-for-profit organizations. Under the ASC, the School is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Revenues from tuition and fees are reported in the fiscal year in which the programs are predominantly conducted. Investment income is recorded as earned.

Income Taxes

Groundwork, is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal or state income tax. The Organization’s tax return, form 990, for the years ending 2012, 2013, 2014 and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.



Expense Allocation

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost, when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized.

Donated Services and Materials

The Organization receives donated services from a variety of unpaid volunteers which make significant contributions of their time in conjunction with programs and services. No amounts have been recognized in the accompanying statement of activities.

Advertising

Advertising costs are expensed as incurred.

Allowance for Doubtful Accounts

No allowance for doubtful accounts was deemed necessary as of December 31, 2015 because the Organization examined its receivables on an individual basis and determined that they are all fully collectible.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Groundwork Somerville acts as a fiscal sponsor for one small environmental association. Donations made to this other organization through Groundwork Somerville are recognized as restricted revenue for the Organization. The balance collected and held for future distribution to the other organization is reported as “temporarily restricted net assets” on the Statement of Financial Position.

Temporarily restricted net assets as of December 31, 2015 was composed of the following:

| <u>Fiscal Sponsorship for the Following Program:</u> | <u>Amount</u>   |
|--|-----------------|
| Somerville Climate Action                            | <u>\$ 3,267</u> |

NOTE 3 - RENT EXPENSE

The Organization leases office space under a month-by-month lease of \$2,055 per month. Rent expense was \$22,522 for the year ended December 31, 2015.

NOTE 4 - COMPENSATED ABSENCES

The Organization has not accrued vacation and sick pay because unused vacation and sick days do not vest or accumulate. The Organization’s policy is to recognize these costs when actually paid.

NOTE 5 - LINE OF CREDIT

Groundwork has a line of credit with a bank for \$20,000. As of December 31, 2015, the outstanding bank line of credit was \$19,920. Advances under the line of credit are subject to approval of the Bank. At December 31, 2015, the interest rate was 5.50%.

NOTE 6 - LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

|   |                 |
|---|-----------------|
|   | <u>2015</u>     |
| Note payable, 5.75% dated August 2013 payable in monthly Installments of principal and interest totaling \$481 through August 2018. | \$ 14,214       |
| Less: current maturities  | <u>(5,079)</u>  |
| Long-term debt, net   | <u>\$ 9,135</u> |

Total future principal maturities for long-term debt are as follows:

| <u>Years Ending December 31:</u> | <u>Amount</u>    |
|----------------------------------|------------------|
| 2016                             | \$ 5,079         |
| 2017                             | 5,386            |
| 2018                             | <u>3,749</u>     |
|                                  | <u>\$ 14,214</u> |

NOTE 7 - CONCENTRATION OF RISK

For the year ended December 31, 2015, revenue from the Groundwork USA and affiliate amounted to approximately \$195,462, which represented 52% of total support and revenues for the Organization.

Management considers credit risk with respect to receivables as low because a substantial portion of the receivables are from governmental sources.

NOTE 8 - FAIR VALUE MEASUREMENTS

The Organization reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Groundwork Somerville, Inc.  
Notes to Financial Statements

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodology used at December 31, 2015.

Cash or cash equivalent including money market funds: Valued at acquisition cost.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Groundwork Somerville, Inc.  
Notes to Financial Statements

The following tables set forth by level, with the fair value hierarchy, the organization assets at fair value.

Assets at fair value as of December 31, 2015

|                           | <u>Level 1</u> |
|---------------------------|----------------|
| Cash and cash equivalents | <u>\$ -</u>    |

Valuation and Income Recognition

The Organization's cash and cash equivalents as of December 31, 2015 are stated at fair value.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated all subsequent events through June 16, 2016, the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.