

**GROUNDWORK OHIO ORGANIZATION
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 12



BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Groundwork Ohio Organization
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of **Groundwork Ohio Organization** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Ohio Organization** as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ohio Organization** 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 opinion.

Adjustments to Prior Period Financial Statements

The financial statements of **Groundwork Ohio Organization** as of June 30, 2023, were audited by other auditors whose report dated May 2024, expressed an unmodified opinion on those statements. As more fully described in Note 7, **Groundwork Ohio Organization** has restated its 2023 financial statements during the current year to appropriately account for revenue and donor restricted net assets, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2023 financial statements before the restatement.

As part of our audit of the June 30, 2024 financial statements, we also audited adjustments described in Note 7 that were applied to restate the June 30, 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

3601 Rigby Road • Suite 400 • Dayton, Ohio • 45342-4981
2206 Chester Blvd. • Richmond, Indiana • 47374-1219
3 Easton Oval • Suite 300 • Columbus, Ohio • 43219-6287
11175 Cicero Drive • Suite 300 • Alpharetta, Georgia • 30022-1166

www.bradyware.com

INDEPENDENT AUDITORS' REPORT - CONTINUED

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT - CONTINUED

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.

Brady, Ware, & Schoenfeld, Inc.

Columbus, Ohio
November 11, 2024

GROUNDWORK OHIO ORGANIZATION

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			As Restated 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 147,009	\$ -	\$ 147,009	\$ 1,080,071	\$ 969,957	\$ 2,050,028
Grants receivable	75,576	-	75,576	242,768	-	242,768
Prepaid expenses	-	-	-	52,368	-	52,368
Total Current Assets	222,585	-	222,585	1,375,207	969,957	2,345,164
INVESTMENTS	1,475,384	3,590,585	5,065,969	-	4,041,897	4,041,897
	<u>\$ 1,697,969</u>	<u>\$ 3,590,585</u>	<u>\$ 5,288,554</u>	<u>\$ 1,375,207</u>	<u>\$ 5,011,854</u>	<u>\$ 6,387,061</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 24,404	\$ -	\$ 24,404	\$ 17,371	\$ -	\$ 17,371
Accrued expenses	14,354	-	14,354	5,200	-	5,200
Total Current Liabilities	38,758	-	38,758	22,571	-	22,571
NET ASSETS	1,659,211	3,590,585	5,249,796	1,352,636	5,011,854	6,364,490
	<u>\$ 1,697,969</u>	<u>\$ 3,590,585</u>	<u>\$ 5,288,554</u>	<u>\$ 1,375,207</u>	<u>\$ 5,011,854</u>	<u>\$ 6,387,061</u>

See notes to financial statements.

GROUNDWORK OHIO ORGANIZATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			As Restated 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants	\$ 554,991	\$ 141,476	\$ 696,467	\$ 1,702,542	\$ 4,878,737	\$ 6,581,279
Contributions	35,942	-	35,942	45,743	-	45,743
Fees	2,085	-	2,085	3,078	-	3,078
Other income	1,264	-	1,264	2,120	-	2,120
Net assets released from restrictions	<u>1,562,745</u>	<u>(1,562,745)</u>	<u>-</u>	<u>811,746</u>	<u>(811,746)</u>	<u>-</u>
Total Support and Revenue	<u>2,157,027</u>	<u>(1,421,269)</u>	<u>735,758</u>	<u>2,565,229</u>	<u>4,066,991</u>	<u>6,632,220</u>
FUNCTIONAL EXPENSES						
Stakeholder engagement & education	1,100,871	-	1,100,871	1,264,292	-	1,264,292
Policy research & data analysis	645,529	-	645,529	862,652	-	862,652
Management and general	<u>299,234</u>	<u>-</u>	<u>299,234</u>	<u>171,865</u>	<u>-</u>	<u>171,865</u>
Total Functional Expenses	<u>2,045,634</u>	<u>-</u>	<u>2,045,634</u>	<u>2,298,809</u>	<u>-</u>	<u>2,298,809</u>
CHANGE IN NET ASSETS FROM SUPPORT AND REVENUE	111,393	(1,421,269)	(1,309,876)	266,420	4,066,991	4,333,411
NON-OPERATING ACTIVITIES						
Net investment return	<u>195,182</u>	<u>-</u>	<u>195,182</u>	<u>65,027</u>	<u>-</u>	<u>65,027</u>
CHANGE IN NET ASSETS	306,575	(1,421,269)	(1,114,694)	331,447	4,066,991	4,398,438
NET ASSETS						
Beginning of year - as restated	<u>1,352,636</u>	<u>5,011,854</u>	<u>6,364,490</u>	<u>1,021,189</u>	<u>944,863</u>	<u>1,966,052</u>
End of year - as restated	<u>\$ 1,659,211</u>	<u>\$ 3,590,585</u>	<u>\$ 5,249,796</u>	<u>\$ 1,352,636</u>	<u>\$ 5,011,854</u>	<u>\$ 6,364,490</u>

See notes to financial statements.

GROUNDWORK OHIO ORGANIZATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	2024			
	Stakeholder Engagement & Education (Program Expense)	Policy Research & Data Analysis (Program Expense)	Management and General (Supporting Services)	Total
Salaries	\$ 426,387	\$ 426,387	\$ 213,193	\$ 1,065,967
401(k) employee benefit plan	9,949	9,949	4,974	24,872
Medical, life and disability insurance	23,941	23,941	11,970	59,852
Payroll taxes	33,539	33,539	16,770	83,848
Payroll fees	11,636	11,637	5,818	29,091
Other employee benefits	1,065	-	-	1,065
Professional services	418,539	107,107	37,371	563,017
Advertising and promotion	40,818	-	-	40,818
Office expenses	24,897	26,380	6,449	57,726
Occupancy	37,800	-	-	37,800
Travel	24,585	-	101	24,686
Events	40,100	1,439	2,588	44,127
Grants	3,000	-	-	3,000
Stipends	4,615	5,150	-	9,765
Total functional expenses	<u>\$ 1,100,871</u>	<u>\$ 645,529</u>	<u>\$ 299,234</u>	<u>\$ 2,045,634</u>

GROUNDWORK OHIO ORGANIZATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	2023			
	Stakeholder Engagement & Education (Program Expense)	Policy Research & Data Analysis (Program Expense)	Management and General (Supporting Services)	Total
Salaries	\$ 461,202	\$ 461,201	\$ 135,788	\$ 1,058,191
401(k) employee benefit plan	12,565	12,565	162	25,292
Medical, life and disability insurance	26,720	26,721	4,214	57,655
Payroll taxes	34,990	34,991	10,457	80,438
Payroll fees	12,258	12,258	3,663	28,179
Other employee benefits	1,059	-	-	1,059
Professional services	401,222	134,385	10,771	546,378
Advertising and promotion	36,108	49,434	-	85,542
Office expenses	73,792	8,889	4,807	87,488
Occupancy	34,888	-	-	34,888
Travel	55,900	3,184	1,965	61,049
Events	55,248	115,060	38	170,346
Grants	50,000	-	-	50,000
Stipends	8,340	3,964	-	12,304
Total functional expenses	<u>\$ 1,264,292</u>	<u>\$ 862,652</u>	<u>\$ 171,865</u>	<u>\$ 2,298,809</u>

GROUNDWORK OHIO ORGANIZATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	As Restated <u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (1,114,694)	\$ 4,398,438
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	<u>(174,072)</u>	<u>2,254</u>
	(1,288,766)	4,400,692
Changes in operating assets and liabilities:		
Grants receivable	167,192	73,755
Prepaid expenses	52,368	(49,068)
Accounts payable	7,033	(151,840)
Accrued expenses	<u>9,154</u>	<u>5,200</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	(1,053,019)	4,278,739
INVESTING ACTIVITIES		
Sales of investments	-	4,000,000
Purchase of investments	<u>(850,000)</u>	<u>(8,044,151)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(850,000)</u>	<u>(4,044,151)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,903,019)	234,588
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,050,028</u>	<u>1,815,440</u>
End of year	<u>\$ 147,009</u>	<u>\$ 2,050,028</u>

GROUNDWORK OHIO ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Groundwork Ohio Organization (the "Organization") is organized in Ohio as a not-for-profit corporation effective August 7, 2020. The mission of the Organization is to champion high-quality early learning and healthy development strategies from the prenatal period to age five, that lay a strong foundation for Ohio kids, families and communities. The Organization's sources of revenue are primarily grants and contributions.

The Organization previously operated under Community Initiatives Corporation. Effective May 11, 2021, the Organization began operating as a stand alone not-for-profit corporation. Community Initiatives Corporation assigned previously earned grant funds to the Organization and provided cash to the Organization.

The following is a summary of the significant accounting policies used in the presentation of the financial statements:

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - The financial statements have been prepared in accordance with accounting standards that require, among other things, reporting of the changes in and total of each of the net asset classes, based upon donor restrictions, if applicable. Net assets are to be classified as without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets that are required to be maintained in perpetuity. At June 30, 2024 and 2023, the Organization had \$3,590,585 and \$5,011,854 in net assets with donor restrictions.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Costs that can be identified to a specific program or administrative service are allocated directly to those services. Salaries, medical, life, and disability insurance, and payroll taxes are allocated on the basis of time and effort.

GROUNDWORK OHIO ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents - All unrestricted cash and other highly liquid investments with initial maturities of three months or less are considered cash equivalents.

Grants Receivable - The Organization carries its receivable for grants at net realizable value.

Contributions - Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Concentrations of Credit Risk - The Organization maintains its cash at financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insurance for interest and non-interest bearing accounts is \$250,000 per financial institution. The Organization's account balances were in excess of this amount at various times during the years 2024 and 2023.

Income Taxes - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is included in the accompanying financial statements.

Advertising - Advertising costs are expensed as incurred and are reported in the statements of functional expenses. Advertising expense was \$40,818 and \$85,542 for the years 2024 and 2023.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax return, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of June 30, 2024 and 2023.

Reclassifications - Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2024, the date the financial statements were available to be issued.

GROUNDWORK OHIO ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 147,009	\$ 2,050,028
Grants receivable	75,576	242,768
Investments	<u>5,065,969</u>	<u>4,041,897</u>
	<u>5,288,554</u>	<u>6,334,693</u>
Less those unavailable for general expenditure within one year due to:		
Donor restricted net assets	<u>(3,590,585)</u>	<u>(5,011,854)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,697,969</u>	<u>\$ 1,322,839</u>

In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting public support and utilizing donor-restricted resources for qualifying purposes in the course of its normal operations.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization is required to use inputs for measuring fair value according to the three level hierarchy established in the accounting standards, using the highest level possible (e.g., Level 1) if such inputs are available, and if not, going to the next lower level. The three levels for measuring fair value are:

Level 1 - Fair values are determined by reference to quoted market prices in an active market and other relevant information generated by market transactions.

Level 2 - Fair value is based on model inputs that are observable either directly or indirectly.

Level 3 - Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair measurement. These inputs reflect assumptions of management using valuation techniques consistent from year to year.

The asset or liability's fair value 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.

GROUNDWORK OHIO ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - RESTATEMENT

During the current year audit, it was discovered that the Organization had not been recording grant revenue with donor restrictions appropriately. As a result, the Organization had unspent funds at June 30, 2023, and 2022 that had been reported as deferred revenue instead of being recognized in revenue and reported as net assets with donor restrictions. Below are the detailed net adjustments to the amounts previously reported in the statement of financial position and statement of activities as of June 30, 2023, and 2022:

	2023		
	As Previously Stated	Amount as Restated	Adjustments
Statement of Financial Position			
Deferred revenue	\$ 5,011,854	-	\$ (5,011,854)
Net assets with donor restrictions	-	5,011,854	5,011,854

Statement of Activities and Changes in Net Assets

Grants	\$ 2,514,288	\$ 6,581,279	\$ 4,066,991
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	2022		
	As Previously Stated	Amount as Restated	Adjustments
Statement of Financial Position			
Deferred revenue	\$ 944,863	\$ -	\$ (944,863)
Net assets with donor restrictions	-	944,863	944,863

Statement of Activities and Changes in Net Assets

Grants	\$ 1,719,021	\$ 2,663,884	\$ 944,863
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