



FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

CHARLES RIVER CONSERVANCY, INC.

Contents
September 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
Charles River Conservancy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Charles River Conservancy, Inc. (a Massachusetts corporation, not for profit), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charles River Conservancy, Inc. as of September 30, 2015 and 2014, 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.



Boston, Massachusetts
January 12, 2016

CHARLES RIVER CONSERVANCY, INC.

Statements of Financial Position
September 30, 2015 and 2014

Assets	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current Assets:						
Cash and cash equivalents	\$ 951,140	\$ 639,430	\$ 1,590,570	\$ 316,840	\$ 1,208,281	\$ 1,525,121
Cash - fiscal agent	29,850	-	29,850	-	-	-
Grants, pledges and accounts receivable	-	-	-	24,325	-	24,325
Prepaid expenses and other	2,286	-	2,286	11,169	-	11,169
Current portion of Skatepark construction project escrow cash	-	236,092	236,092	-	-	-
Total current assets	983,276	875,522	1,858,798	352,334	1,208,281	1,560,615
Skatepark Construction Project Escrow Cash, net of current portion	-	-	-	-	1,500,202	1,500,202
Skatepark Construction	3,816,162	-	3,816,162	1,809,435	-	1,809,435
Property and Equipment, net	19,509	-	19,509	31,558	-	31,558
Total assets	<u>\$ 4,818,947</u>	<u>\$ 875,522</u>	<u>\$ 5,694,469</u>	<u>\$ 2,193,327</u>	<u>\$ 2,708,483</u>	<u>\$ 4,901,810</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 605,476	\$ -	\$ 605,476	\$ 76,830	\$ -	\$ 76,830
Account held as fiscal agent	29,850	-	29,850	-	-	-
Total current liabilities	635,326	-	635,326	76,830	-	76,830
Net Assets:						
Unrestricted:						
Operating	347,950	-	347,950	275,504	-	275,504
Skatepark	3,816,162	-	3,816,162	1,809,435	-	1,809,435
Property and equipment	19,509	-	19,509	31,558	-	31,558
Total unrestricted	4,183,621	-	4,183,621	2,116,497	-	2,116,497
Temporarily restricted	-	875,522	875,522	-	2,708,483	2,708,483
Total net assets	<u>4,183,621</u>	<u>875,522</u>	<u>5,059,143</u>	<u>2,116,497</u>	<u>2,708,483</u>	<u>4,824,980</u>
Total liabilities and net assets	<u>\$ 4,818,947</u>	<u>\$ 875,522</u>	<u>\$ 5,694,469</u>	<u>\$ 2,193,327</u>	<u>\$ 2,708,483</u>	<u>\$ 4,901,810</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.
**Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue and Support:						
Grants and contributions	\$ 392,023	\$ -	\$ 392,023	\$ 355,191	\$ -	\$ 355,191
Donated goods and services	80,005	-	80,005	76,877	-	76,877
Program revenue	73,278	-	73,278	111,169	-	111,169
Investment and other income	6,122	-	6,122	9,565	-	9,565
Net assets released from purpose restrictions	98,325	(98,325)	-	67,416	(67,416)	-
Total operating revenue and support	649,753	(98,325)	551,428	620,218	(67,416)	552,802
Operating Expenses:						
Program services	423,315	-	423,315	477,571	-	477,571
General and administrative	115,231	-	115,231	102,586	-	102,586
Fundraising	53,131	-	53,131	73,367	-	73,367
Total operating expenses	591,677	-	591,677	653,524	-	653,524
Changes in net assets from operations	58,076	(98,325)	(40,249)	(33,306)	(67,416)	(100,722)
Non-Operating Revenue and Support:						
Capital grants	-	215,504	215,504	-	1,753,051	1,753,051
Donated legal services for Skatepark construction	58,908	-	58,908	265,500	-	265,500
Net assets released from capital restrictions for Skatepark construction	1,950,140	(1,950,140)	-	159,172	(159,172)	-
Donated services for website re-design and other	-	-	-	5,610	-	5,610
Total non-operating revenue and support	2,009,048	(1,734,636)	274,412	430,282	1,593,879	2,024,161
Changes in net assets	2,067,124	(1,832,961)	234,163	396,976	1,526,463	1,923,439
Net Assets:						
Beginning of year	2,116,497	2,708,483	4,824,980	1,719,521	1,182,020	2,901,541
End of year	<u>\$ 4,183,621</u>	<u>\$ 875,522</u>	<u>\$ 5,059,143</u>	<u>\$ 2,116,497</u>	<u>\$ 2,708,483</u>	<u>\$ 4,824,980</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

Statements of Cash Flows

For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 234,163	\$ 1,923,439
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Capital grants	(215,504)	(1,753,051)
Depreciation	12,049	9,419
Donated services for website re-design and other	-	(5,610)
Donated legal services for Skatepark construction	(58,908)	(265,500)
Changes in operating assets and liabilities:		
Grants, pledges and accounts receivable	24,325	(24,075)
Prepaid expenses and other	8,883	(2,759)
Accounts payable, accrued expenses and other	8,406	11,897
Net cash provided by (used in) operating activities	<u>13,414</u>	<u>(106,240)</u>
Cash Flows from Investing Activities:		
Reinvested interest on Skatepark construction project escrow cash	(2,534)	(202)
Withdrawals from Skatepark construction project escrow cash	1,266,644	-
Amounts paid for Skatepark construction	(1,427,579)	(123,207)
Acquisition of property and equipment	-	(836)
Net cash used in investing activities	<u>(163,469)</u>	<u>(124,245)</u>
Cash Flows from Financing Activities:		
Capital grants	<u>215,504</u>	<u>353,051</u>
Net Change in Cash and Cash Equivalents	65,449	122,566
Cash and Cash Equivalents:		
Beginning of year	<u>1,525,121</u>	<u>1,402,555</u>
End of year	<u><u>\$ 1,590,570</u></u>	<u><u>\$ 1,525,121</u></u>
Supplemental Disclosures of Cash Flow Information:		
Skatepark construction in accounts payable and accrued expenses at year-end	<u><u>\$ 558,153</u></u>	<u><u>\$ 37,913</u></u>
Deposit into Skatepark construction project escrow cash	<u><u>\$ -</u></u>	<u><u>\$ 1,500,000</u></u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2015
(With Summarized Comparative Totals for the Year Ended September 30, 2014)

	2015								2014	
	Program Services						General and Administrative	Fundraising	Total	Total
	Conservancy Volunteers	Active Parklands	Outreach and Advocacy	Skatepark	Harvard Bridge Lighting	Total Program Services				
Payroll and Related:										
Salaries	\$ 45,673	\$ 47,712	\$ 72,879	\$ 52,879	\$ 7,547	\$ 226,690	\$ 30,121	\$ 32,386	\$ 289,197	\$ 301,917
Payroll taxes and fringe benefits	10,336	2,639	5,846	3,947	433	23,201	4,992	2,502	30,695	31,580
Total payroll and related	56,009	50,351	78,725	56,826	7,980	249,891	35,113	34,888	319,892	333,497
Other:										
Consulting	-	1,232	2,468	350	48,140	52,190	25,668	-	77,858	163,150
Printing and publications	57	137	34,311	546	-	35,051	386	7,930	43,367	23,605
Occupancy	7,623	3,812	11,858	8,470	1,271	33,034	4,235	5,082	42,351	38,496
Insurance	3,643	1,822	5,667	13,243	607	24,982	2,024	2,429	29,435	12,327
Supplies and postage	2,232	6,333	4,538	1,103	-	14,206	8,239	2,342	24,787	34,608
Professional fees	-	-	-	-	-	-	14,892	-	14,892	15,475
Equipment and repairs	577	-	-	160	-	737	11,833	-	12,570	5,037
Depreciation	1,530	1,020	1,020	1,020	-	4,590	7,459	-	12,049	9,419
Miscellaneous	-	2,030	-	210	-	2,240	3,162	-	5,402	3,744
Dues and subscriptions	16	-	3,840	-	-	3,856	821	100	4,777	5,496
Telephone	425	213	661	472	71	1,842	237	283	2,362	2,225
Training and workshops	148	-	260	-	-	408	875	77	1,360	1,699
Travel and meetings	-	75	61	65	-	201	287	-	488	415
Events	-	-	87	-	-	87	-	-	87	4,331
Total expenses	<u>\$ 72,260</u>	<u>\$ 67,025</u>	<u>\$ 143,496</u>	<u>\$ 82,465</u>	<u>\$ 58,069</u>	<u>\$ 423,315</u>	<u>\$ 115,231</u>	<u>\$ 53,131</u>	<u>\$ 591,677</u>	<u>\$ 653,524</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.Statement of Functional Expenses
For the Year Ended September 30, 2014

	Program Services					General and Adminis- trative	Fundraising	Total
	Conservancy Volunteers	Active Parklands	Outreach and Advocacy	Skatepark	Harvard Bridge Lighting	Total Program Services		
Payroll and Related:								
Salaries	\$ 51,919	\$ 46,084	\$ 76,363	\$ 54,851	\$ 7,142	\$ 236,359	\$ 28,018	\$ 301,917
Payroll taxes and fringe benefits	8,406	2,882	6,144	5,296	362	23,090	4,451	31,580
Total payroll and related	60,325	48,966	82,507	60,147	7,504	259,449	32,469	333,497
Other:								
Consulting	10,000	8,053	28,076	-	91,000	137,129	26,021	163,150
Printing and publications	5	23	8,730	-	-	8,758	1,009	23,605
Occupancy	6,544	7,315	8,469	6,159	1,155	29,642	3,465	38,496
Insurance	2,096	2,342	2,712	1,972	370	9,492	1,109	12,327
Supplies and postage	5,812	9,018	4,406	1,527	5	20,768	7,716	34,608
Professional fees	-	-	-	-	-	-	15,475	15,475
Equipment and repairs	1,064	-	26	15	-	1,105	3,932	5,037
Depreciation	1,530	1,020	1,020	1,020	-	4,590	4,829	9,419
Miscellaneous	69	2,178	35	12	-	2,294	1,442	3,744
Dues and subscriptions	-	-	2,461	-	-	2,461	2,965	5,496
Telephone	378	423	490	356	67	1,714	199	2,225
Training and workshops	-	-	75	-	-	75	1,624	1,699
Travel and meetings	20	48	-	26	-	94	321	415
Events	-	-	-	-	-	-	10	4,331
Total expenses	<u>\$ 87,843</u>	<u>\$ 79,386</u>	<u>\$ 139,007</u>	<u>\$ 71,234</u>	<u>\$ 100,101</u>	<u>\$ 477,571</u>	<u>\$ 102,586</u>	<u>\$ 653,524</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Founded in 2000, the Charles River Conservancy, Inc. (the Conservancy) is a nonprofit corporation that promotes the active and innovative use of the 400 acres of urban public parklands along the Charles River from Boston Harbor to the Watertown Dam. The Conservancy and its partners - the Commonwealth of Massachusetts and many other community groups - organize volunteers to beautify the parklands and preserve the landscape, advocate for land uses that advance healthy living, public access, and physical parkland improvements, and build awareness about the Charles River. The Conservancy's mission is to be dedicated to the stewardship, renewal, and enhancement of the urban parklands along the Charles River for the enjoyment of all. The Conservancy promotes the active use and vitality of the parklands, increases recreational and cultural opportunities, and works to ensure the beauty and integrity of this extraordinary public resource.

The Conservancy is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Conservancy is also exempt from state income taxes. Donors may deduct contributions made to the Conservancy within the requirements of the IRC.

SIGNIFICANT ACCOUNTING POLICIES

The Conservancy prepares its financial statements in accordance with generally accepted accounting standards (U.S. GAAP) and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Revenue Recognition

Unrestricted grants and contributions are recorded as revenue and support when received or unconditionally committed. Restricted grants and contributions are recorded as temporarily restricted revenues and support and net assets when received or unconditionally committed. Transfers are made to unrestricted net assets from temporarily restricted net assets as costs are incurred or time restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets. Program revenue is recognized as consulting and other services are provided. Investment and other income are recognized when earned.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 reported period. Actual results could differ from those estimates.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Cash and Cash Equivalents**

The Conservancy considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents for the purpose of the statements of cash flows, excluding cash - fiscal agent.

Property and Equipment and Depreciation

Property and equipment with a value of over \$1,000 and a useful life of over one year are recorded at cost, if purchased, or at fair value, if donated. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives and consist of the following:

	<u>Estimated Useful Lives</u>	<u>2015</u>	<u>2014</u>
Computers, software and website	3 - 5 years	\$ 73,262	\$ 73,262
Vehicle	5 years	25,170	25,170
Furniture and equipment	5 - 7 years	<u>16,687</u>	<u>16,687</u>
		115,119	115,119
Less - accumulated depreciation		<u>95,610</u>	<u>83,561</u>
Net property and equipment		<u>\$ 19,509</u>	<u>\$ 31,558</u>

Skatepark Construction

Skatepark construction relates to the construction, design and other costs to build a world-class skatepark under the ramps leading to the Zakim/Bunker Hill Bridge in Boston, Massachusetts. The groundbreaking for the construction project took place on October 23, 2014. Final construction was completed in partnership with the State Department of Conservation and Recreation (DCR) in November 2015. These assets are not depreciated until they are placed in service. The Conservancy has incurred \$3,816,162 and \$1,809,435 in costs, including donated services of \$781,552 and \$722,644 as of September 30, 2015 and 2014, respectively.

In November 2015, the Skatepark was donated to the DCR and was also opened for public use. The Conservancy recorded a grant expense of \$4,634,462 to the DCR. Under the terms of its agreement with DCR, the Conservancy can use the Skatepark for two weekends each year for five years. This agreement is renewable every five years for at least twenty years.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Net Assets*****Unrestricted Net Assets***

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Conservancy. The Conservancy has grouped its unrestricted net assets into the following categories:

Operating represents funds available to carry on the operations of the Conservancy.

Skatepark represents funds set aside by the Conservancy for the Skatepark project (see page 8).

Property and equipment reflect and account for the activities relating to the Conservancy's property and equipment.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions which are designated by donors for specific purposes or time periods. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or until the time restrictions lapse.

Temporarily restricted net assets are restricted for the following as of September 30:

	<u>2015</u>	<u>2014</u>
Purpose restricted:		
Skatepark design and construction	\$ 845,522	\$ 2,678,483
Shoreline Reclamation Demonstration Project	<u>30,000</u>	<u>30,000</u>
Total	<u>\$ 875,522</u>	<u>\$ 2,708,483</u>

Temporarily restricted net assets were released from the following restrictions for the years ended September 30:

	<u>2015</u>	<u>2014</u>
Purpose:		
Skatepark non-capital expenditures	\$ 98,325	\$ 67,416
Net assets released from capital restrictions:		
Skatepark design and construction	<u>1,950,140</u>	<u>159,172</u>
Total	<u>\$ 2,048,465</u>	<u>\$ 226,588</u>

Grants and Pledges Receivable

Unconditional grants and pledges are recorded at their net present value when pledged. Grants and pledges receivable at September 30, 2014, were collected in fiscal year 2015.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Allowance for Uncollectible Grants, Pledges and Accounts Receivable**

An allowance for uncollectible grants, pledges and accounts receivable is recorded based on management's review of grants, pledges and accounts receivable and their estimate of amounts that may become uncollectible. Amounts are written off as they are determined to be uncollectible. There was no allowance deemed necessary as of September 30, 2014.

Donated Goods and Services

The Conservancy receives donated goods and professional services in support of various aspects of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by management and the donors.

Donated goods and services consist of the following for the years ended September 30:

	<u>2015</u>	<u>2014</u>
Donated salaries	\$ 75,000	\$ 75,000
Capitalized Skatepark legal services	58,908	265,500
Printing and publication	5,005	-
Consulting	-	1,200
Capitalized website re-design costs and other	-	5,610
Program supplies	<u>-</u>	<u>677</u>
	<u>\$ 138,913</u>	<u>\$ 347,987</u>

The Conservancy also receives services of volunteers in various aspects of its programs. The Conservancy Volunteers program engages thousands of volunteers each year to perform valuable landscaping, maintenance and clean-up tasks along the banks of the Charles River. In fiscal year 2015 alone, 1,897 volunteers donated \$109,826 worth of labor. Since the program's inception in 2002, over 26,094 volunteers have invested \$1,722,442 worth of donated labor to benefit the public parklands. The value of these services is not reflected in the accompanying financial statements, since it does not meet the criteria for recognition of contributions received.

Fair Value Measurements

The Conservancy follows the accounting and disclosure standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. Fair value is defined as the price that the Conservancy would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Conservancy uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Conservancy. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Subsequent Events

Subsequent events have been evaluated through January 12, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements, except as disclosed on page 8 and Notes 8 and 9.

Income Taxes

The Conservancy accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Conservancy has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2015 and 2014. The Conservancy's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

2. SKATEPARK CONSTRUCTION PROJECT ESCROW CASH

Under the terms of a donor agreement related to the Skatepark project (see Note 1), the donor made a capital grant of \$1,500,000 in September 2014 for the Skatepark construction project. This grant was being held in an escrow account at a bank. Amounts from this escrow account were released by the escrow agent to the Conservancy after the Conservancy had incurred and paid for construction costs from its operating funds. Interest on the escrow account was added to the amount to be used for the Skatepark project. The balance of this account was used in fiscal year 2016, thus it is shown as a current asset in the accompanying statement of financial position as of September 30, 2015.

CHARLES RIVER CONSERVANCY, INC.

Notes to Financial Statements
September 30, 2015 and 2014

3. LEASE AGREEMENT

Starting in December 2015, the Conservancy leases its office space under an agreement which expires in November 2018. The Conservancy can elect to renew this agreement for an additional three years. The lease requires monthly payments of \$2,273, which escalate in future years. The lease requires the Conservancy to maintain certain insurance coverage and to pay for its proportionate share of operating expenses and taxes.

Prior to December 2015, the Conservancy leased its previous office space under a different agreement. The lease required the Conservancy to maintain certain insurance coverage and to pay for its proportionate share of operating expenses. Rent expense under the lease was approximately \$41,000 and \$37,000 for the years ended September 30, 2015 and 2014, respectively, and is included in occupancy in the accompanying statements of functional expenses.

Future minimum lease payments under the lease agreements are as follows for the fiscal years ended September 30:

<u>Fiscal Year</u>	
2016	\$ 31,268
2017	\$ 28,112
2018	\$ 29,112
2019	\$ 4,882

4. LINE OF CREDIT

The Conservancy has a \$5,000 line of credit agreement with a bank. The line of credit is used to meet short-term working capital needs, and amounts outstanding are payable on demand and collateralized by all assets of the Conservancy. Interest on any outstanding balance is payable monthly at the bank's base lending rate (3.25% at September, 2015 and 2014), plus 5%. There was no outstanding balance at September 30, 2015 or 2014.

5. CONCENTRATIONS

The Conservancy maintains its cash balances, including the escrow cash (see Note 2), in banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Conservancy has not experienced any losses in such accounts. The Conservancy believes it is not exposed to any significant credit risk on cash.

As of September 30, 2014, 100% of grants, pledges and accounts receivable are due from one customer.

6. DESIGNATED FUND

Several donors have made contributions to the Boston Foundation (the Foundation) to establish a designated fund for the sole benefit of the Conservancy. The Conservancy is entitled to receive distributions from this designated fund, subject to the Foundation's approval and calculated by the Foundation using a spending rate of approximately 5.4%. These distributions are used by the Conservancy to support operations. The Conservancy received distributions of approximately \$2,300 and \$1,100 for the years ended September 30, 2015 and 2014, respectively. The designated fund value at the Foundation is approximately \$75,000 and \$74,000 at September 30, 2015 and 2014, respectively. The Foundation retains variance power over the designated fund and, accordingly, these funds have not been recorded in the accompanying financial statements.

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7. RETIREMENT PLAN

The Conservancy maintains a defined contribution retirement plan under Section 403(b) of the IRC. All employees are eligible to contribute to the plan. The Conservancy matches 25% of the employees' contributions for those employees that have completed three years of service or 50% for those employees that have completed five years of service. The matching contribution for any year cannot exceed \$5,000 per employee. There were no matching contributions made by the Conservancy in fiscal years 2015 and 2014, as there were no employees who had completed the required years of service.

8. FISCAL AGENT

Starting in June 2015, the Conservancy was acting as the fiscal agent for the Charles River Alliance Working Group (the Alliance), an independent group. The Conservancy was also providing certain administrative services for the Alliance. In December 2015, the Alliance incorporated as an independent 501c3 non-profit corporation. As of that date, the Conservancy is no longer acting as the fiscal agent for the Alliance but continues to provide certain services to the Alliance. For the year ended September 30, 2015, the Conservancy received \$30,000 and disbursed \$150 on behalf of the Alliance.

At September 30, 2015, the Conservancy was holding \$29,850 for the Alliance, which is included in cash – fiscal agent and account held as fiscal agent in the accompanying 2015 statement of financial position.

9. CONDITIONAL GRANT

During fiscal year 2015, the Conservancy was awarded a conditional grant totaling \$60,000, payable over a two year period. An installment payment of \$30,000 was made to the Conservancy during fiscal year 2015, which is included in grants and contributions in the accompanying statement of activities and changes in net assets for the year ended September 30, 2015. The remaining installment is conditional upon the Conservancy reaching specific milestones and submitting certain reports, as defined in the grant agreement. This amount had not been recorded in the accompanying financial statements as of September 30, 2015, as the conditions had not yet been met. The conditions were met and the second installment of \$30,000 was received in December 2015.

10. RECLASSIFICATION

Certain amounts in the fiscal year 2014 financial statements have been reclassified to conform with the fiscal year 2015 presentation.