

The Charles River Conservancy, Inc.

Financial Statements

Years Ended September 30, 2019 and 2018

with

Report of Independent Public Accountant

DAVID ASADOORIAN
Certified Public Accountant

DAVID ASADOORIAN, CPA

67 PETER SPRING ROAD
CONCORD, MASSACHUSETTS 01742
TEL 978 371-2599 - FAX 978 759-0040
dave4tax@gmail.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Charles River Conservancy, Inc. (the Conservancy) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities, functional expenses and cash flows for the year 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 audit 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 The Charles River Conservancy, Inc. as of September 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited The Charles River Conservancy, Inc.'s 2018 financial statements, and our report dated January 16, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



December 13, 2019

Charles River Conservancy, Inc.
Statement of Financial Position
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash	\$ 426,700	\$ 999,700
Contributions receivable	58,500	72,000
Investments	503,200	- 0 -
Other current assets	15,500	6,300
Total Current Assets	1,003,900	1,078,000
Property & Equipment	9,600	- 0 -
Deposits	4,500	4,500
Total Assets	\$1,018,000	\$1,082,500
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 31,000	\$ 7,500
Accrued expenses	24,000	15,300
Total Current Liabilities	55,000	22,800
Net Assets:		
Without donor restrictions	831,000	957,000
With donor restrictions	132,000	102,700
Total Net Assets	963,000	1,059,700
Total Liabilities and Net Assets	\$1,018,000	\$1,082,500

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Activities
Year Ended September 30, 2019
(with Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Support & Revenue:				
Contributions	\$ 474,300	\$ 60,600	\$ 534,900	\$1,176,200
In-Kind goods & services			- 0 -	117,600
Interest & other	9,900		9,900	4,000
Net assets released from restriction	31,300	(31,300)	- 0 -	- 0 -
Total Support & Revenue	<u>515,500</u>	<u>29,300</u>	<u>544,800</u>	<u>1,297,800</u>
Operating Expenses:				
Program services	332,000		332,000	329,200
General and administrative	216,200		216,200	218,500
Fundraising	93,300		93,300	312,300
Total Operating Expenses	<u>641,500</u>	<u>- 0 -</u>	<u>641,500</u>	<u>860,000</u>
Change in Net Assets	<u>(126,000)</u>	<u>29,300</u>	<u>(96,700)</u>	<u>437,800</u>
Beginning Net Assets	957,000	102,700	1,059,700	621,900
Ending Net Assets	<u>\$ 831,000</u>	<u>\$132,000</u>	<u>\$ 963,000</u>	<u>\$1,059,700</u>

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Functional Expenses
Year Ended September 30, 2019
(with comparative totals for 2018)

	Conservancy Volunteers	Swimming	Advocacy Communication & Outreach	Projects	Total Program	General & Admin.	Fund- Raising	Total 2019	Total 2018
Personnel	\$ 69,900	\$ 57,000	\$121,700	\$ 10,400	\$259,000	\$ 66,500	\$ 71,400	\$396,900	\$429,400
Consultants	400	5,800	2,600	2,200	11,000	61,900	10,300	83,200	182,000
Depreciation					- 0 -			- 0 -	4,200
Equipment technology			2,300		2,300	17,800		20,100	14,100
Events		7,200	100		7,300			7,300	99,200
Facility operations					- 0 -	35,100		35,100	34,200
Insurance	1,500				1,500	14,700		16,200	13,200
Office	100	100	500		700	8,900	10,400	20,000	45,300
Other	1,100	400	13,800		15,300	3,500	1,200	20,000	11,400
Professional fees					- 0 -	7,800		7,800	15,600
Program supplies	31,000	300	3,600		34,900			34,900	11,400
Total Expenses	<u>\$104,000</u>	<u>\$ 70,800</u>	<u>\$144,600</u>	<u>\$ 12,600</u>	<u>\$332,000</u>	<u>\$216,200</u>	<u>\$ 93,300</u>	<u>\$641,500</u>	<u>\$860,000</u>

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Cash Flows
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash from operations:		
Change in net assets	(\$ 96,700)	\$437,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain)/loss on investments	(2,000)	
Depreciation	- 0 -	4,200
Decrease in current contributions receivable	13,500	72,500
(Increase) in other current assets	(9,200)	(300)
Decrease/(Increase) in long-term contributions receivable	- 0 -	43,200
Increase/(Decrease) in accounts payable	23,500	(26,600)
Increase in accrued expenses	8,700	1,100
Net cash used in operations	<u>(62,200)</u>	<u>531,900</u>
Cash flows from investing activities:		
Purchase of investments	(502,300)	- 0 -
Sale of investments	1,100	- 0 -
Purchase of property & equipment	(9,600)	- 0 -
Net cash from investing activities	<u>(510,800)</u>	<u>- 0 -</u>
Cash flows from financing activities:		
Net cash from financing activities	<u>- 0 -</u>	<u>- 0 -</u>
Net change in cash	<u>(573,000)</u>	<u>531,900</u>
Cash, beginning of year	999,700	467,800
Cash, end of year	<u><u>\$426,700</u></u>	<u><u>\$999,700</u></u>
Interest paid	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Income taxes paid	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 1 -- Organization and Purpose:

Charles River Conservancy, Inc. (the Conservancy) was incorporated as a not-for-profit corporation in 2000 under the laws of the Commonwealth of Massachusetts. The Conservancy 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 landscapes, advocate for land uses that advance healthy living, public access, and physical parkland improvements, and build awareness about the Charles River. The Charles River Conservancy strives to make the Charles River and its parks a well-maintained network of natural urban places that invite and engage all in their use and stewardship.

The primary source of funding for the Conservancy is contributions from supporters.

NOTE 2 -- Summary of Significant Accounting Policies:

Income Tax Exemption

The Conservancy is exempt from Federal and State income taxes under the provisions of Section 501(a) of the Internal Revenue Code (IRC) as an entity described in Section 501(c)(3). Therefore, no provision for income taxes has been made.

The Conservancy has been determined to be other than a private foundation by the Internal Revenue Service.

The Conservancy believes that all income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would be material. Accordingly there is no provision for related reserves as of September 30, 2019 or 2018.

Basis of Presentation

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

Comparative Totals

Prior year information is presented in summary form for comparative purposes only and is not a complete presentation in conformity with accounting principles generally accepted in the United States.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 2 -- Summary of Significant Accounting Policies (continued):

Presentation of Net Assets by Class

Net assets are classified in two classes: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, if any, are legally unrestricted, and are reported as part of the net assets without donor restriction class.

Cash and Equivalents

For purposes of the Statement of Cash Flows, the Conservancy considers all highly liquid investments purchased with an original maturity of three months or less to be cash and equivalents.

Contributions Receivable

Contributions are recognized at net realizable value when a donor makes a promise to give that is, in substance, unconditional. Contributions receivable expected to be collected in more than one year are recorded at their present value. Provisions for uncollectible contributions receivable are provided based on management's judgment as to the collectability of each account.

Management expects that all contributions receivable recorded at year-end will be collected. Accordingly, no provision has been made for uncollected accounts.

During the years ended September 30, 2019 and 2018 there were no contributions receivable written off.

Accounts Receivable

Accounts receivable are recorded for program income that were earned but uncollected at year-end. A provision for uncollectible accounts is provided for when management determines that an account may be uncollectible.

There were no accounts receivable written off as uncollectible during 2019 and 2018.

Property & Equipment

Property and equipment is recorded at cost or, if donated, at fair market value. Expenditures for equipment in excess of \$1,000 are capitalized, lesser amounts are expensed.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 2 -- Summary of Significant Accounting Policies (continued):

Property & Equipment (continued)

Depreciation is calculated on the straight-line basis over estimated useful lives of three to seven years.

Expenditures for repairs and maintenance are charged to expense as incurred.

Support and Revenue

Contributions with no donor-imposed restrictions are recorded as public support without donor restrictions. Contributions with donor-imposed restrictions or given as part of a permanent endowment fund are recorded as net assets with donor restrictions.

Restrictions can arise from purpose-specific program restrictions and/or time restrictions. Upon the lapse of such restrictions, these restricted resources are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

Restricted contributions whose restrictions are met in the same reporting period in which the contribution is received are recorded as net assets without donor restrictions.

Contributions that are restricted in perpetuity by the donor are recorded as net assets with donor restrictions.

Unconditional promises to give are recorded as public support at their net realizable value. Conditional promises to give are not included as public support until such time as the conditions are substantially met.

Program revenue is recognized as the related services are performed.

Functional Allocation of Expenses

The costs of providing programs and the administration of the Conservancy have been summarized on a functional basis in the Statement of Activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited, primarily in accordance with payroll dollars incurred.

In-Kind Support

A number of unpaid volunteers, including members of the Board of Directors and members of the community have made significant contributions of their time and services to the Conservancy.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 2 -- Summary of Significant Accounting Policies (continued):

In-Kind Support (continued)

When the value of the time contributed is subject to objective measurement it is reflected in the financial statements as in-kind support and expense.

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

	<u>2019</u>	<u>2018</u>
Donated salary	<u>\$ - 0 -</u>	<u>\$117,600</u>

Donated salaries represents the value placed on the time of the prior President (Chief Executive) who gave her time to the Conservancy without compensation.

The Conservancy also receives services provided by 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 calendar year 2019 approximately 2,090 volunteers donated an estimated \$149,200 worth of labor. Since the program's inception in 2002, over 33,000 volunteers have provided donated labor estimated to be worth over \$2,000,000. The value of these services do not meet the criteria for recognition of contributions received and accordingly are not recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Fair Value

The Conservancy has adopted the criteria for Fair Value Measurements. These criteria define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. These criteria establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The three levels of the Conservancy's value framework are as follows:

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 2 -- Summary of Significant Accounting Policies (continued):

Fair Value (continued)

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

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

Level III: Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the Conservancy's value measurement.

The Conservancy's assets and liabilities have been historically valued at fair market values using Level I inputs.

Concentrations of Credit Risk

The Conservancy's significant concentration of credit risk consists principally of cash. The Conservancy maintains its cash deposits at major banks. As of September 30, 2019 and 2018 bank deposits exceed FDIC insurance limits by \$40,000 and \$486,100, respectively. The Conservancy has not experienced any losses on such accounts.

Subsequent Events

Subsequent events are transactions or events that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. The accompanying financial statements include the evaluation of subsequent events that have occurred through the date of the review report, which is the date the financial statements were available to be issued.

NOTE 3 - Liquidity and Funds Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are comprised of the following:

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 3 - Liquidity and Funds Availability (continued):

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 426,700	\$ 999,700
Contributions receivable	58,500	72,000
Investments	503,200	- 0 -
Available resources	<u>988,400</u>	<u>1,071,700</u>
Short-term obligations	(55,000)	(22,800)
Donor restricted resources	(132,000)	(102,700)
Total committed resources	<u>(187,000)</u>	<u>(125,500)</u>
Available for operations	<u>\$ 801,400</u>	<u>\$ 946,200</u>

NOTE 4 - Investments:

Investments are comprised of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Cash & equivalents	\$101,800	\$101,200	\$ - 0 -	\$ - 0 -
Government bonds	50,100	50,000	- 0 -	- 0 -
Certificates of Deposit	351,300	350,000	- 0 -	- 0 -
	<u>\$503,200</u>	<u>\$501,200</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Investment returns are comprised of the following components:

	<u>2019</u>	<u>2018</u>
Interest & dividends income	\$ 9,000	\$ 4,000
Realized capital gains	- 0 -	- 0 -
Unrealized capital gains/(loss)	2,000	- 0 -
Management fees	(1,100)	- 0 -
Net investment income	<u>\$ 9,900</u>	<u>\$ 4,000</u>

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 5 -- Line of Credit:

The Conservancy had a \$5,000 line of credit agreement with a bank. The line was collateralized by all assets of the Conservancy and intended for use to meet short-term working capital needs. This line of credit was no longer in force at September 30, 2019. At September 30, 2018 interest on the line was 9.25%.

Subsequent to year-end the Conservancy received a commitment for a new line of credit in the amount of \$100,000. The line bears interest at prime + 1% (5.75%). As of the date of the financial statements the agreement had not yet been finalized.

NOTE 6 -- Property & Equipment:

Property & equipment are comprised of the following:

	<u>2019</u>	<u>2018</u>
Office equipment	\$13,700	\$ 4,100
Vehicle	25,200	25,200
Software	20,900	20,900
Accumulated depreciation	(50,200)	(50,200)
Net property and equipment	<u>\$ 9,600</u>	<u>\$ - 0 -</u>

NOTE 7 -- Net Assets:

Without Donor Restrictions

Net assets without donor restrictions are comprised of net assets without donor restrictions.

With Donor Restrictions

Net assets with donor restrictions consist of contributions designated for a specific purpose by the donor as well as amounts designated by the donor as permanent endowment or were raised as a part of a perpetual endowment.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 7 -- Net Assets (continued):

With Donor Restrictions (continued)

Net assets with donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
Database & I.T. Improvements	\$ - 0 -	\$ 22,600
Floating wetlands	49,500	- 0 -
Graphics	11,300	11,300
Skatepark design & construction	23,200	20,000
Shoreline Reclamation Demo. Project	23,000	15,500
Swimming	25,000	33,300
Total	<u>\$132,000</u>	<u>\$102,700</u>

NOTE 8 -- Retirement Plan:

The Conservancy maintains a defined contribution retirement plan under Section 403(b) of the IRC. All permanent employees are eligible to contribute to the plan. The Conservancy matches 25% of the employee's contributions for employees having completed three-years of service or 50% for employees having completed five-years of service. Employer contributions are capped at \$5,000 for each eligible employee per year.

During 2019 there were three employees participating with \$7,600 contributed by the Conservancy. In 2018 one employee participated with no contributions by the Conservancy.

NOTE 9 -- Commitments:

The Conservancy rents its office space under a three-year non-cancelable lease beginning in December 2016. During 2018 the lease was extended for three years. The terms of the lease call for monthly payments of approximately \$2,600 with annual escalators.

Minimum annual payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$32,100
2021	33,100
2022	5,600
Total	<u>\$70,800</u>

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 9 - Commitments (continued):

Rent expense for the years ended September 30, 2019 and 2018 was \$31,100 and \$30,300, respectively.

NOTE 10 - 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 Foundation retains variance power over the designated fund and, accordingly, these funds have not been recorded in the accompanying financial statements. 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 \$3,400 and \$3,000 during 2019 and 2018, respectively. The designated fund value as of September 30, 2019 and 2018 was \$408,600 and \$101,300, respectively.