

The Charles River Conservancy, Inc.

Financial Statements

Years Ended September 30, 2020 and 2019

with

Report of Independent Public Accountant

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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, 2020 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, 2020 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 2019 financial statements, and our report dated December 13, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink, appearing to be "A. A.", is written over the date line.

December 15, 2020

Charles River Conservancy, Inc.
Statement of Financial Position
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 460,600	\$ 426,700
Contributions receivable	- 0 -	58,500
Investments	510,100	503,200
Other current assets	6,800	15,500
Total Current Assets	977,500	1,003,900
Property & Equipment	8,200	9,600
Deposits	4,500	4,500
Total Assets	\$ 990,200	\$1,018,000
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 3,500	\$ 31,000
Accrued expenses	26,500	24,000
Total Current Liabilities	30,000	55,000
Net Assets:		
Without donor restrictions	881,600	831,000
With donor restrictions	78,600	132,000
Total Net Assets	960,200	963,000
Total Liabilities and Net Assets	\$ 990,200	\$1,018,000

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Activities
Year Ended September 30, 2020
(with Comparative Totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
Support & Revenue:				
Contributions	\$ 610,400		\$ 610,400	\$ 534,900
In-Kind goods & services	7,000		7,000	- 0 -
Interest & other	9,700		9,700	9,900
Net assets released from restriction	53,400	(\$ 53,400)	- 0 -	- 0 -
Total Support & Revenue	<u>680,500</u>	<u>(53,400)</u>	<u>627,100</u>	<u>544,800</u>
Operating Expenses:				
Program services	412,700		412,700	332,000
General and administrative	141,600		141,600	216,200
Fundraising	75,600		75,600	93,300
Total Operating Expenses	<u>629,900</u>	<u>- 0 -</u>	<u>629,900</u>	<u>641,500</u>
Change in Net Assets	<u>50,600</u>	<u>(53,400)</u>	<u>(2,800)</u>	<u>(96,700)</u>
Beginning Net Assets	831,000	132,000	963,000	1,059,700
Ending Net Assets	<u>\$ 881,600</u>	<u>\$ 78,600</u>	<u>\$ 960,200</u>	<u>\$ 963,000</u>

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Functional Expenses
Year Ended September 30, 2020
(with comparative totals for 2019)

	Conservancy Volunteers	Swimming	Advocacy Communication & Outreach	Projects	Total Program	General & Admin.	Fund- Raising	Total 2020	Total 2019
Personnel	\$ 91,600	\$ 28,200	\$169,000	\$ 4,800	\$293,600	\$ 39,500	\$ 48,200	\$381,300	\$396,900
Consultants	8,200		22,700		30,900	20,800	16,700	68,400	83,200
Depreciation					- 0 -	3,500		3,500	- 0 -
Donations			10,300		10,300			10,300	9,000
Equipment technology			2,400		2,400	14,500		16,900	20,100
Events	6,000		9,000		15,000		5,000	20,000	7,300
Facility operations					- 0 -	35,600		35,600	35,100
Insurance	0				- 0 -	13,200		13,200	16,200
Office	300		1,700		2,000	5,100	5,500	12,600	20,000
Other	1,200	400	2,500		4,100	1,800	200	6,000	11,000
Professional fees					- 0 -	7,600		7,600	7,800
Program supplies	6,900		47,500		54,400			54,500	34,900
Total Expenses	<u>\$114,200</u>	<u>\$ 28,600</u>	<u>\$265,100</u>	<u>\$ 4,800</u>	<u>\$412,700</u>	<u>\$141,600</u>	<u>\$ 75,600</u>	<u>\$629,900</u>	<u>\$641,500</u>

The accompanying notes are an integral part of the financial statements

Charles River Conservancy, Inc.
Statement of Cash Flows
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash from operations:		
Change in net assets	(\$ 2,800)	(\$ 96,700)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain)/loss on investments	700	(2,000)
Depreciation	3,500	- 0 -
Decrease in current contributions receivable	58,500	13,500
Decrease/(Increase) in other current assets	8,700	(9,200)
(Decrease)/Increase in accounts payable	(27,500)	23,500
Increase in accrued expenses	2,500	8,700
Net cash used in operations	<u>43,600</u>	<u>(62,200)</u>
Cash flows from investing activities:		
Purchase of investments	(10,100)	(502,300)
Sale of investments	2,500	1,100
Purchase of property & equipment	(2,100)	(9,600)
Net cash from investing activities	<u>(9,700)</u>	<u>(510,800)</u>
Cash flows from financing activities:		
Net cash from financing activities	<u>- 0 -</u>	<u>- 0 -</u>
Net change in cash	<u>33,900</u>	<u>(573,000)</u>
Cash, beginning of year	426,700	999,700
Cash, end of year	<u><u>\$460,600</u></u>	<u><u>\$426,700</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, 2020 or 2019.

Basis of Presentation

The financial statements of the Conservancy have been prepared on the accrual basis of accounting. Certain prior period balances have been reclassified to conform to the current year's presentation.

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) :

Change in Accounting Principle

Beginning in fiscal-year 2019 FASB pronouncements changed the accounting for Net Assets by combining Temporarily Restricted Net Assets and Permanently Restricted Net Assets into one category called Net Assets With Donor Restrictions. The title of Unrestricted Net Assets was changed to Net Assets Without Donor Restrictions.

These changes did not have a material effect on the financial statements of the Conservancy.

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.

There were no contributions receivable written off as uncollectible during 2020 or 2019.

Accounts Receivable

Accounts receivable are recorded for program income that were

Charles River Conservancy, Inc.
Notes to Financial Statements

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

Accounts Receivable (continued)

earned but uncollected at year-end. A provision for uncollectible accounts is provided when management determines that an account may be uncollectible.

There were no accounts receivable written off as uncollectible during 2020 and 2019.

Vehicles & Equipment

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

Charles River Conservancy, Inc.
Notes to Financial Statements

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

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. 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>2020</u>	<u>2019</u>
Donated services	<u>\$ 7,000</u>	<u>\$ - 0 -</u>

Donated services consist of services provided by the vendor constructing the platform for the floating wetlands project.

The Conservancy also receives services provided by volunteers in various aspects of its programs. The Conservancy Volunteers program typically engages thousands of volunteers each year to perform valuable landscaping, maintenance and clean-up tasks along the banks of the Charles River. Safety considerations for the Covid-19 pandemic caused a temporary halt to volunteer events and required smaller groups than normal. In calendar year 2020 approximately 115 volunteers donated an estimated \$5,600 worth of labor. Since the program's inception in 2002, close to 34,000 volunteers have provided donated labor estimated to be worth over \$2,200,000. 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.

Charles River Conservancy, Inc.
Notes to Financial Statements

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

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:

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, 2020 bank deposits were below FDIC insurance limits. At September 30, 2019 bank deposits exceed FDIC insurance limits by \$40,000. 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.

Charles River Conservancy, Inc.
Notes to Financial Statements

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 460,600	\$ 426,700
Contributions receivable	- 0 -	58,500
Investments	510,100	503,200
Available resources	<u>970,700</u>	<u>988,400</u>
Accounts payable	(3,500)	(31,000)
Accrued expenses	(26,500)	(24,000)
Donor restricted resources	(141,100)	(132,000)
Total committed resources	<u>(171,100)</u>	<u>(187,000)</u>
Available for operations	<u>\$ 799,600</u>	<u>\$ 801,400</u>

NOTE 4 - Investments:

Investments are comprised of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Cash & equivalents	\$132,400	\$132,400	\$101,800	\$101,200
Government bonds	51,100	51,300	50,100	50,000
Certificates of Deposit	326,600	325,000	351,300	350,000
	<u>\$510,100</u>	<u>\$508,700</u>	<u>\$503,200</u>	<u>\$501,200</u>

Investment returns are comprised of the following components:

	<u>2020</u>	<u>2019</u>
Interest & dividends income	\$12,900	\$ 9,000
Realized capital gains	- 0 -	- 0 -
Unrealized capital gains/(loss)	(700)	2,000
Management fees	(2,500)	(1,100)
Net investment income	<u>\$ 9,700</u>	<u>\$ 9,900</u>

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 5 - 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 \$7,300 and \$3,400 during 2020 and 2019, respectively. The designated fund value as of September 30, 2020 and 2019 was \$421,100 and \$408,600, respectively.

NOTE 6 -- Property & Equipment:

Property & equipment are comprised of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$12,500	\$13,700
Vehicle	25,200	25,200
Software	- 0 -	20,900
Accumulated depreciation	(29,500)	(50,200)
Net property and equipment	<u>\$ 8,200</u>	<u>\$ 9,600</u>

NOTE 7 -- Line of Credit:

During 2020 entered into an agreement for a new line of credit with a bank in the amount of \$100,000. The line is collateralized by substantially all assets of the Conservancy and intended for use to meet short-term working capital needs. The agreement requires that the line be paid down to a zero outstanding balance for at least thirty consecutive days during any calendar year. The line bears interest at the rate of prime plus 1.00% with a minimum of 5.00%. At September 30, 2020 interest on the line was 5.00%.

The line of credit had a zero balance at September 30, 2020 and was unused during the year.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 8 - Note Payable

During fiscal year 2020 management succeeded in applying for and receiving a loan from the Federal Government's Paycheck Protection Program in the amount of \$70,600. Subsequent to year end and prior to the issuance of the financial statements the Conservancy was granted loan forgiveness under this program and accordingly the loan has been recorded as contribution revenue.

NOTE 9 -- 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.

Net assets with donor restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Floating wetlands	\$ 24,100	\$ 49,500
Graphics	- 0 -	11,300
Skatepark design & construction	23,200	23,200
Shoreline Reclamation Demo. Project	31,300	23,000
Swimming	- 0 -	25,000
Total	<u>\$ 78,600</u>	<u>\$132,000</u>

NOTE 10 -- 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 2020 there were three employees participating with \$9,900 contributed by the Conservancy. In 2019 three employees participated with \$7,600 contributed by the Conservancy.

Charles River Conservancy, Inc.
Notes to Financial Statements

NOTE 11 -- Commitments:

The Conservancy rents its office space under a three-year non-cancelable lease beginning in December 2015. During 2018 the lease was extended for three years. The terms of the lease call for monthly payments of approximately \$2,700 with annual escalators.

Minimum annual payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2021	33,100
2022	5,600
Total	<u>\$38,700</u>

Rent expense for the years ended September 30, 2020 and 2019 was \$32,700 and \$31,100, respectively.

NOTE 12 - Contingencies:

In March 2020, by order of the Governor of the Commonwealth of Massachusetts as a result of Covid-19 a State of Emergency was declared. Accordingly, programs of the Conservancy were adapted to allow for functioning safely by reducing or postponing in person activities and moving to a virtual platform where feasible.

There is great uncertainty about the length and continued impact of COVID-19. This uncertainty is expected to impact future activities and revenue. The resulting impact on investment values is also uncertain.

The ultimate impact of these conditions on the financial condition of the Conservancy cannot be reasonably estimated at this time.

Management believes that the Conservancy has adequate resources on hand to meet all financial requirements during this period of uncertainty.