

CHARLES RIVER CONSERVANCY, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

Contents

Independent Auditors' Report	1-2
Comparative Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-13

III STATE STREET
BOSTON, MASSACHUSETTS 02109

TELEPHONE (617) 367-3250
FAX (617) 367-2511

www.bacallconniff.com

Independent Auditors' Report

To the Board of Directors of
Charles River Conservancy, Inc.
(a nonprofit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Charles River Conservancy, Inc.** as of September 30, 2022 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

What we have Audited

We have audited the accompanying financial statements of **Charles River Conservancy, Inc.**, which comprise the statements of financial position as of September 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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' Responsibility section of our report.

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

Other Matters

The financial statements for the year ended September 30, 2021 were audited by David Asadoorian, CPA. They issued an unqualified opinion in their letter dated December 22, 2021.

Independent Auditors' Report (continued)

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Auditing standards generally accepted in the United States of America require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statement presentation.

Bacall Conniff Inc.

February 7, 2023

Charles River Conservancy, Inc.
Statements of Financial Position
September 30, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash and cash equivalents	391,249	387,830
Accounts receivable	40,778	36,392
Other current assets	15,462	16,301
Total current assets	447,489	440,523
 <u>Investments</u>	 540,545	 528,663
 <u>Property & Equipment</u>	 2,976	 5,952
 <u>Other Assets</u>		
Deposits	4,545	4,545
Right of use asset (see Note 6)	68,680	-
Total other assets	73,225	4,545
 <u>Total Assets</u>	 1,064,235	 979,683
	<u>Liabilities and Net Assets</u>	
<u>Current Liabilities</u>		
Accounts payable	4,400	14,987
Payroll taxes payable	29,354	17,167
Total current liabilities	33,754	32,154
 <u>Long-Term Liabilities</u>		
Lease payable	68,680	-
 <u>Total Liabilities</u>	 102,434	 32,154
 <u>Net Assets</u>		
Without donor restrictions	893,012	903,065
With donor restrictions	68,789	44,464
Total net assets	961,801	947,529
 <u>Total Liabilities and Net Assets</u>	 1,064,235	 979,683

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.
Statements of Activities
For the Year Ended September 30, 2022 with
Comparative Information for the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
<u>Revenues and Support</u>				
Contributions	602,648	192,119	794,767	564,024
In-Kind goods and services	-		-	1,500
Other income	222		222	-
Net investment income/(loss)	(87,463)		(87,463)	17,905
Net assets released from restrictions	167,794	(167,794)	-	-
Total revenues and support	<u>683,201</u>	<u>24,325</u>	<u>707,526</u>	<u>583,429</u>
<u>Expenses</u>				
Program	439,946		439,946	377,700
Management and general	161,293		161,293	157,100
Fundraising and development	92,015		92,015	61,300
Total expenses	<u>693,254</u>	<u>-</u>	<u>693,254</u>	<u>596,100</u>
<u>Change in Net Assets</u>	(10,053)	24,325	14,272	(12,671)
<u>Net Assets, Beginning</u>	<u>903,065</u>	<u>44,464</u>	<u>947,529</u>	<u>960,200</u>
<u>Net Assets, Ending</u>	<u>893,012</u>	<u>68,789</u>	<u>961,801</u>	<u>947,529</u>

See independent auditors' report and accompanying notes.

The Charles River Conservancy, Inc.
Statements of Functional Expenses
For The Years Ended September 30, 2022 and 2021

	Conservancy Volunteers	Floating Wetlands	Advocacy Communication & Outreach	Education & Other Projects	Total Program	Management and General	Fundraising and Development	2022	2021
Personnel	73,909	54,536	117,082	97,755	343,282	50,599	53,507	447,388	375,600
Consultants	9,598	37,877		11,018	58,493	22,650	31,500	112,643	98,800
Depreciation					0	5,486		5,486	4,200
Equipment technology			2,327		2,327	14,275		16,602	13,400
Events	524	316		8,402	9,242	3		9,245	0
Facility operations					0	35,278		35,278	36,400
Insurance	2,548			2,467	5,015	14,074		19,089	14,500
Office		310	1,473	1,441	3,224	6,120	6,592	15,936	11,900
Other	1,989	1,975	2,217	1,122	7,303	1,106	339	8,748	10,600
Professional fees					0	11,091		11,091	13,600
Program supplies	5,714	620	58	4,668	11,060	611	77	11,748	17,100
Total Expenses	94,282	95,634	123,157	126,873	439,946	161,293	92,015	693,254	596,100

See independent auditors' report and accompanying notes.

The Charles River Conservancy, Inc.
Statements of Functional Expenses
For The Year Ended September 30, 2021

	Conservancy Volunteers	Floating Wetlands	Advocacy Communication & Outreach	Education & Other Projects	Total Program	Management and General	Fundraising and Development	2021
Personnel	96,900	65,300	102,800	23,800	288,800	46,300	40,500	375,600
Consultants		39,100	600	17,000	56,700	29,000	13,100	98,800
Depreciation					0	4,200		4,200
Equipment technology		100	2,900		3,000	10,400		13,400
Events					0			0
Facility operations					0	36,400		36,400
Insurance	2,300				2,300	12,200		14,500
Office	700	400	800		1,900	2,700	7,300	11,900
Other	2,600	500	1,200	3,600	7,900	2,300	400	10,600
Professional fees					0	13,600		13,600
Program supplies	4,700	4,100	300	8,000	17,100			17,100
Total Expenses	107,200	109,500	108,600	52,400	377,700	157,100	61,300	596,100

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
Change in net assets	14,272	(12,671)
Adjustments to reconcile net income to net cash provided by operating activities:		
Net investment income	88,117	(17,905)
Depreciation	5,486	4,245
Adjusted income to net cash	107,875	(26,331)
Accounts receivable	(4,386)	(36,400)
Other current assets	840	(9,500)
Payroll taxes payable	12,187	(10,000)
Accounts payable	(10,587)	11,500
Net cash provided by/(applied to) operating activities	<u>105,929</u>	<u>(70,731)</u>
<u>Cash Provided by/(Applied to) Investing Activities</u>		
Proceeds/(purchases) of investments	(100,000)	(39)
Acquisition of property and equipment	(2,510)	(2,000)
Net cash provided by/(applied to) investing activities	<u>(102,510)</u>	<u>(2,039)</u>
<u>Increase/(Decrease) in Cash</u>	3,419	(72,770)
<u>Cash at Beginning of Year</u>	<u>387,830</u>	<u>460,600</u>
<u>Cash at End of Year</u>	<u>391,249</u>	<u>387,830</u>

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

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 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.

Income Taxes

The Conservancy is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Conservancy prepares its financial statements on the accrual basis of accounting.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets

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, are legally unrestricted, and are reported as part of the net assets without donor restriction class.

Contributions

The Conservancy records contributions when cash, securities or other assets, including unconditional promises to give, or notification of a beneficial interest are received. The Conservancy distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value, as of the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

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

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The costs of providing the various programs and other activities of the Conservancy have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated between the program and supporting services benefited primarily in accordance with payroll dollars incurred.

Vehicles and 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.

Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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. For the year ended September 30, 2021 in kind support of \$1,500 was received for strategy consulting.

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. In calendar year 2022, 2,300 volunteers donated an estimated \$100,000 worth of labor. Since the programs inception in 2002, more than 37,000 volunteers have provided donated labor estimated to be worth \$2.4 million. The value of these services does not meet the criteria for recognition of contributions received and accordingly are not reported in the financial statements.

Charles River Conservancy, Inc.

Notes to Financial Statements

September 30, 2022 and 2021

Note 2 - Fair Value Measurement

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's 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.

The preceding methods described may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of September 30, 2022 and 2021, all of the organization's investments are Level 1 assets.

As of September 30, 2022 and 2021, investments are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash	34,125	26,763
Equities	305,813	218,000
Bonds	200,607	283,900
Total	<u>\$ 540,545</u>	<u>\$ 528,663</u>

Investment returns are comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	11,911	6,505
Realized gains on investments sold	(9,944)	500
Unrealized gains on investments held	(86,553)	13,500
Management fees	(2,877)	(2,600)
Net investment income	<u>\$ (87,463)</u>	<u>\$ 17,905</u>

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2022 and 2021

Note 3 - Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of September 30, 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	391,249	387,830
Investments	540,545	528,663
Contribution receivable	40,778	36,392
Available resources	<u>972,572</u>	<u>952,885</u>
Accounts payable	(4,400)	(14,987)
Accrued expenses	(29,354)	(17,167)
Donor restricted net assets	(68,789)	(44,464)
Total committed resources	<u>(102,543)</u>	<u>(76,618)</u>
Available for operations	<u>870,029</u>	<u>876,267</u>

Note 4 - 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 \$11,507 and \$9,563 during 2022 and 2021, respectively. The designated fund value as of September 30, 2022 and 2021 was \$465,824 and \$534,655, respectively.

Note 5 - Line of Credit

The Conservancy has a line of credit with a bank in the amount of \$100,000. The line is collateral by substantially all assets of the Conservancy and is 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 prime rate plus 1.00% with a minimum of 5%.

The line of credit had a zero balance at both September 30, 2022 and 2021 and was unused during either year.

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2022 and 2021

Note 6 - Operating Lease

The Conservancy rents its office space under a three-year non-cancelable lease. During 2021 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:

2023	31,100
2024	32,200
2025	5,400

In accordance with FASB ASC 842, Leases, these future payment obligations are reflected on the Statements of Financial Position as a Right-of-Use Asset in Other Assets and Lease payable under Long-Term Liabilities.

Note 7 - Restrictions on Net Assets

As of September 30, 2022 and 2021, the balance of donor restricted net assets is comprised of the following:

	<u>2022</u>	<u>2021</u>
Skatepark design and construction	23,200	23,200
Floating Wetlands	28,563	-
Shoreline Reclamation Demo Project	17,026	21,264
Total	<u>\$ 68,789</u>	<u>\$ 44,464</u>

Note 8 - Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors are as follows:

	<u>2022</u>	<u>2021</u>
Purpose of restriction accomplished		
Floating wetlands	80,246	24,100
CV Program	43,791	-
Shoreline Reclamation Demo Project	8,238	10,000
Other	35,519	-
Total restrictions released	<u>\$ 167,794</u>	<u>\$ 34,100</u>

Note 7 - Retirement Plan

The Conservancy maintains a defined contribution retirement plan under section 403(b) of the Internal Revenue Code. 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. Employees who are eligible for the Conservancy's cafeteria plan may also select to have all or part of the Conservancy's contribution to the cafeteria plan put towards their 403(b) account.

During 2022 there were three employees participating with \$7,329 contributed by the Conservancy. In 2021, three employees participated with \$8,907 contributed by the Conservancy.

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2022 and 2021

Note 9 - **Concentrations of Credit Risk**

At times during the year, the organization maintains deposits in excess of federally insured limits. FASB ASC 825, Financial Instruments, identifies deposits in excess of insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000. As of September 30, 2022, there were no cash balances in excess of the FDIC limit.

Note 10 - **Subsequent Events**

The organization has evaluated subsequent events through February 7, 2023, the date that the financial statements were available to be issued.