

CHARLES RIVER CONSERVANCY, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of **Charles River Conservancy, Inc.**, which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Charles River Conservancy, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Charles River Conservancy, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Charles River Conservancy, Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Charles River Conservancy, Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

BacallCorrigan Inc.

November 21, 2023

Charles River Conservancy, Inc.
Statements of Financial Position
September 30, 2023 and 2022

| | <u>Assets</u> | |
|--|--|------------------|
| | 2023 | 2022 |
| <u>Current Assets</u> | | |
| Cash and cash equivalents | 266,559 | 391,249 |
| Accounts receivable | 39,025 | 40,778 |
| Other current assets | 17,908 | 15,462 |
| Total current assets | 323,492 | 447,489 |
| <u>Investments</u> | 690,589 | 540,545 |
| <u>Property & Equipment</u> | 996 | 2,976 |
| <u>Other Assets</u> | | |
| Deposits | 4,545 | 4,545 |
| Right of use asset (see Note 6) | 37,600 | 68,680 |
| Total other assets | 42,145 | 73,225 |
| <u>Total Assets</u> | 1,057,222 | 1,064,235 |
| | | |
| | <u>Liabilities and Net Assets</u> | |
| <u>Current Liabilities</u> | | |
| Accounts payable | 5,736 | 4,400 |
| Payroll taxes payable | 37,759 | 29,354 |
| Total current liabilities | 43,495 | 33,754 |
| <u>Long-Term Liabilities</u> | | |
| Lease payable | 37,600 | 68,680 |
| <u>Total Liabilities</u> | 81,095 | 102,434 |
| <u>Net Assets</u> | | |
| Without donor restrictions | 951,127 | 893,013 |
| With donor restrictions | 25,000 | 68,788 |
| Total net assets | 976,127 | 961,801 |
| <u>Total Liabilities and Net Assets</u> | 1,057,222 | 1,064,235 |

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.
Statements of Activities
For the Year Ended September 30, 2023 with
Comparative Information for the Year Ended September 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total 2023</u> | <u>Total 2022</u> |
|---------------------------------------|--|---|------------------------------|------------------------------|
| <u>Revenues and Support</u> | | | | |
| Contributions | 520,570 | 135,176 | 655,746 | 794,767 |
| Other income | 98 | | 98 | 222 |
| Net investment income/(loss) | 67,214 | | 67,214 | (87,463) |
| Net assets released from restrictions | <u>178,965</u> | <u>(178,965)</u> | <u>-</u> | <u>-</u> |
| Total revenues and support | <u>766,847</u> | <u>(43,789)</u> | <u>723,058</u> | <u>707,526</u> |
| <u>Expenses</u> | | | | |
| Program | 472,836 | | 472,836 | 439,946 |
| Management and general | 167,385 | | 167,385 | 161,293 |
| Fundraising and development | <u>68,511</u> | | <u>68,511</u> | <u>92,015</u> |
| Total expenses | <u>708,732</u> | <u>-</u> | <u>708,732</u> | <u>693,254</u> |
| <u>Change in Net Assets</u> | 58,115 | (43,789) | 14,326 | 14,272 |
| <u>Net Assets, Beginning</u> | <u>893,012</u> | <u>68,789</u> | <u>961,801</u> | <u>947,529</u> |
| <u>Net Assets, Ending</u> | <u><u>951,127</u></u> | <u><u>25,000</u></u> | <u><u>976,127</u></u> | <u><u>961,801</u></u> |

See independent auditors' report and accompanying notes.

The Charles River Conservancy, Inc.
Statements of Functional Expenses
For The Years Ended September 30, 2023 and 2022

| | Conservancy Volunteers | Floating Wetlands | Advocacy Communication & Outreach | Education & Other Projects | Total Program | Management and General | Fundraising and Development | 2023 | 2022 |
|-----------------------|---------------------------|----------------------|---|----------------------------------|------------------|---------------------------|--------------------------------|----------------|----------------|
| Personnel | 85,218 | 69,589 | 119,410 | 113,803 | 388,020 | 52,603 | 50,315 | 490,938 | 447,388 |
| Consultants | | 29,757 | 500 | 14,020 | 44,277 | 19,800 | 12,255 | 76,332 | 112,643 |
| Depreciation | | | | | 0 | 1,981 | | 1,981 | 5,486 |
| Equipment technology | | | 2,536 | 322 | 2,858 | 25,327 | | 28,185 | 16,602 |
| Events | 886 | 7,090 | 568 | 1,112 | 9,656 | 245 | | 9,901 | 9,245 |
| Facility operations | | | 28 | | 28 | 36,652 | | 36,680 | 35,278 |
| Insurance | 2,366 | | | | 2,366 | 11,259 | | 13,625 | 19,089 |
| Office | 91 | 3,642 | 889 | 546 | 5,168 | 6,973 | 5,728 | 17,869 | 15,936 |
| Other | 2,881 | 1,288 | 2,326 | 46 | 6,541 | 1,232 | 179 | 7,952 | 8,748 |
| Professional fees | | | | | 0 | 11,250 | | 11,250 | 11,091 |
| Program supplies | 9,385 | 3,157 | 90 | 1,290 | 13,922 | 63 | 34 | 14,019 | 11,748 |
| Total Expenses | 100,827 | 114,523 | 126,347 | 131,139 | 472,836 | 167,385 | 68,511 | 708,732 | 693,254 |

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 |
|-----------------------|---------------------------|----------------------|---|----------------------------------|------------------|---------------------------|--------------------------------|----------------|
| Personnel | 73,909 | 54,536 | 117,082 | 97,755 | 343,282 | 50,599 | 53,507 | 447,388 |
| Consultants | 9,598 | 37,877 | | 11,018 | 58,493 | 22,650 | 31,500 | 112,643 |
| Depreciation | | | | | 0 | 5,486 | | 5,486 |
| Equipment technology | | | 2,327 | | 2,327 | 14,275 | | 16,602 |
| Events | 524 | 316 | | 8,402 | 9,242 | 3 | | 9,245 |
| Facility operations | | | | | 0 | 35,278 | | 35,278 |
| Insurance | 2,548 | | | 2,467 | 5,015 | 14,074 | | 19,089 |
| Office | | 310 | 1,473 | 1,441 | 3,224 | 6,120 | 6,592 | 15,936 |
| Other | 1,989 | 1,975 | 2,217 | 1,122 | 7,303 | 1,106 | 339 | 8,748 |
| Professional fees | | | | | 0 | 11,091 | | 11,091 |
| Program supplies | 5,714 | 620 | 58 | 4,668 | 11,060 | 611 | 77 | 11,748 |
| Total Expenses | 94,282 | 95,634 | 123,157 | 126,873 | 439,946 | 161,293 | 92,015 | 693,254 |

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| <u>Cash Provided by/(Applied to) Operating Activities</u> | | |
| Change in net assets | 14,324 | 14,272 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net investment income | (61,044) | 88,117 |
| Depreciation | 1,981 | 5,486 |
| Adjusted income to net cash | (44,739) | 107,875 |
| Accounts receivable | 1,754 | (4,386) |
| Other current assets | (2,447) | 840 |
| Payroll taxes payable | 8,405 | 12,187 |
| Accounts payable | 1,337 | (10,587) |
| Net cash provided by/(applied to) operating activities | <u>(35,690)</u> | <u>105,929</u> |
| <u>Cash Provided by/(Applied to) Investing Activities</u> | | |
| Proceeds/(purchases) of investments | (89,000) | (100,000) |
| Acquisition of property and equipment | - | (2,510) |
| Net cash provided by/(applied to) investing activities | <u>(89,000)</u> | <u>(102,510)</u> |
| <u>Increase/(Decrease) in Cash</u> | (124,690) | 3,419 |
| <u>Cash at Beginning of Year</u> | <u>391,249</u> | <u>387,830</u> |
| <u>Cash at End of Year</u> | <u><u>266,559</u></u> | <u><u>391,249</u></u> |

See independent auditors' report and accompanying notes.

Charles River Conservancy, Inc.

Notes to Financial Statements

September 30, 2023 and 2022

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, 2023 and 2022

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.

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 2023, over 2,000 volunteers donated an estimated \$120,000 worth of labor. Since the programs inception in 2002, more than 39,000 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, 2023 and 2022

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, 2023 and 2022, all of the organization's investments are Level 1 assets.

As of September 30, 2023 and 2022, investments are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|--------------|--------------------------|--------------------------|
| Cash | 120,173 | 34,125 |
| Equities | 354,650 | 305,813 |
| Bonds | 215,766 | 200,607 |
| Total | <u>\$ 690,589</u> | <u>\$ 540,545</u> |

Investment returns are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|-------------------------|---------------------------|
| Interest and dividends | 18,760 | 11,911 |
| Realized gains on investments sold | (6,145) | (9,944) |
| Unrealized gains on investments held | 57,787 | (86,553) |
| Management fees | (3,188) | (2,877) |
| Net investment income | <u>\$ 67,214</u> | <u>\$ (87,463)</u> |

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

Note 3 - Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of September 30, 2023 and 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | 266,559 | 391,249 |
| Investments | 690,589 | 540,545 |
| Contribution receivable | 39,025 | 40,778 |
| Available resources | <u>996,173</u> | <u>972,572</u> |
| Accounts payable | (5,736) | (4,400) |
| Accrued expenses | (37,759) | (29,354) |
| Donor restricted net assets | (25,000) | (68,789) |
| Total committed resources | <u>(68,495)</u> | <u>(102,543)</u> |
| Available for operations | <u><u>927,678</u></u> | <u><u>870,029</u></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 \$15,115 and \$11,507 during 2023 and 2022, respectively. The designated fund value as of September 30, 2023 and 2022 was \$492,361 and \$465,824, 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, 2023 and 2022 and was unused during either year.

Charles River Conservancy, Inc.

Notes to Financial Statements

September 30, 2023 and 2022

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:

| | |
|------|--------|
| 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, 2023 and 2022, the balance of donor restricted net assets is comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------------------|-------------------------|
| IT Efficiency Upgrades | 25,000 | - |
| Skatepark design and construction | - | 23,200 |
| Floating Wetlands | - | 28,563 |
| Shoreline Reclamation Demo Project | - | 17,026 |
| Total | <u>\$ 25,000</u> | <u>\$ 68,789</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>2023</u> | <u>2022</u> |
|-------------------------------------|--------------------------|--------------------------|
| Purpose of restriction accomplished | | |
| Floating wetlands | 87,341 | 80,246 |
| CV Program | 31,040 | 43,791 |
| Shoreline Reclamation Demo Project | 22,691 | 8,238 |
| Other | 37,893 | 35,519 |
| Total restrictions released | <u>\$ 178,965</u> | <u>\$ 167,794</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 2023 there were two employees participating with \$5,993 contributed by the Conservancy. In 2022, three employees participated with \$7,329 contributed by the Conservancy.

Charles River Conservancy, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

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, 2023, there were no cash balances in excess of the FDIC limit.

Note 10 - **Subsequent Events**

The organization has evaluated subsequent events through November 21, 2023, the date that the financial statements were available to be issued.