

EMERALD NECKLACE CONSERVANCY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015



Mission Statement

To improve and maintain the Emerald Necklace parks for all.

EMERALD NECKLACE CONSERVANCY, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Emerald Necklace Conservancy, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Emerald Necklace Conservancy, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 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 Organization'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 Organization'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 Emerald Necklace Conservancy, Inc. as of September 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
January 24, 2017

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2016

<u>ASSETS</u>	<u>GENERAL PROGRAMS/ OPERATIONS</u>	<u>SHATTUCK VISITOR CENTER</u>	<u>LIFF FUND</u>	<u>OLMSTED TREE SOCIETY</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>					
Cash	\$ 177,135	\$ -	\$ 92,848	\$ 261,988	\$ 531,971
Pledges Receivable	20,000	-	22,475	-	42,475
Prepaid Expenses	40,782	-	-	-	40,782
Short-Term Investments	4,120	-	-	-	4,120
Total Current Assets	<u>242,037</u>	<u>-</u>	<u>115,323</u>	<u>261,988</u>	<u>619,348</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>776,502</u>	<u>-</u>	<u>-</u>	<u>776,502</u>
<u>NON-CURRENT ASSETS:</u>					
Long-Term Investments	-	-	2,361,052	813,338	3,174,390
Shattuck Endowment Investments	-	654,375	-	-	654,375
Total Non-Current Assets	<u>-</u>	<u>654,375</u>	<u>2,361,052</u>	<u>813,338</u>	<u>3,828,765</u>
<u>TOTAL ASSETS</u>	<u>\$ 242,037</u>	<u>\$ 1,430,877</u>	<u>\$ 2,476,375</u>	<u>\$ 1,075,326</u>	<u>\$ 5,224,615</u>
 <u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 38,199	\$ -	\$ -	\$ 38,630	\$ 76,829
Accrued Payroll and Related Costs	38,262	-	-	-	38,262
Deferred Revenue	5,700	-	-	-	5,700
Total Current Liabilities	<u>82,161</u>	<u>-</u>	<u>-</u>	<u>38,630</u>	<u>120,791</u>
<u>NON-CURRENT LIABILITIES:</u>					
Contractual Commitments	-	-	-	48,750	48,750
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,750</u>	<u>48,750</u>
<u>TOTAL LIABILITIES</u>	<u>82,161</u>	<u>-</u>	<u>-</u>	<u>87,380</u>	<u>169,541</u>
<u>NET ASSETS:</u>					
Unrestricted Net Assets:					
Undesignated	122,826	171,250	-	-	294,076
Board Designated Liff Fund	-	-	2,476,375	-	2,476,375
Total Unrestricted Net Assets	<u>122,826</u>	<u>171,250</u>	<u>2,476,375</u>	<u>-</u>	<u>2,770,451</u>
Temporarily Restricted Net Assets	37,050	733,897	-	987,946	1,758,893
Permanently Restricted Net Assets	-	525,730	-	-	525,730
Total Net Assets	<u>159,876</u>	<u>1,430,877</u>	<u>2,476,375</u>	<u>987,946</u>	<u>5,055,074</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 242,037</u>	<u>\$ 1,430,877</u>	<u>\$ 2,476,375</u>	<u>\$ 1,075,326</u>	<u>\$ 5,224,615</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2015

<u>ASSETS</u>	<u>GENERAL PROGRAMS/ OPERATIONS</u>	<u>SHATTUCK VISITOR CENTER</u>	<u>LIFF FUND</u>	<u>OLMSTED TREE SOCIETY</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>					
Cash	\$ 127,734	\$ -	\$ 147,217	\$ 73,887	\$ 348,838
Pledges Receivable	62,389	-	14,500	-	76,889
Prepaid Expenses	24,224	-	-	-	24,224
Short-Term Investments	5,085	-	-	-	5,085
Total Current Assets	<u>219,432</u>	<u>-</u>	<u>161,717</u>	<u>73,887</u>	<u>455,036</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>799,175</u>	<u>-</u>	<u>-</u>	<u>799,175</u>
<u>NON-CURRENT ASSETS:</u>					
Long-Term Investments	-	-	2,116,978	921,814	3,038,792
Shattuck Endowment Investments	-	587,002	-	-	587,002
Pledges Receivable	10,000	-	-	-	10,000
Total Non-Current Assets	<u>10,000</u>	<u>587,002</u>	<u>2,116,978</u>	<u>921,814</u>	<u>3,635,794</u>
<u>TOTAL ASSETS</u>	<u>\$ 229,432</u>	<u>\$ 1,386,177</u>	<u>\$ 2,278,695</u>	<u>\$ 995,701</u>	<u>\$ 4,890,005</u>
 <u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 21,754	\$ -	\$ 2,250	\$ 10,078	\$ 34,082
Accrued Payroll and Related Costs	24,206	-	-	-	24,206
Deferred Revenue	12,450	-	-	-	12,450
Total Current Liabilities	<u>58,410</u>	<u>-</u>	<u>2,250</u>	<u>10,078</u>	<u>70,738</u>
<u>NET ASSETS:</u>					
Unrestricted Net Assets:					
Undesignated	125,012	176,250	-	-	301,262
Board Designated Liff Fund	-	-	2,276,445	-	2,276,445
Total Unrestricted Net Assets	<u>125,012</u>	<u>176,250</u>	<u>2,276,445</u>	<u>-</u>	<u>2,577,707</u>
Temporarily Restricted Net Assets	46,010	684,197	-	985,623	1,715,830
Permanently Restricted Net Assets	-	525,730	-	-	525,730
Total Net Assets	<u>171,022</u>	<u>1,386,177</u>	<u>2,276,445</u>	<u>985,623</u>	<u>4,819,267</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 229,432</u>	<u>\$ 1,386,177</u>	<u>\$ 2,278,695</u>	<u>\$ 995,701</u>	<u>\$ 4,890,005</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED LIFF FUND</u>	<u>TOTAL UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<i>Public Support and Other Revenues:</i>						
Gifts, Grants and Contributions	\$ 659,747	\$ 2,198	\$ 661,945	\$ 429,943	\$ -	\$ 1,091,888
Special Events, Net of Direct Costs <i>(Note 9)</i>	-	200,000	200,000	216,531	-	416,531
<i>Other Revenues:</i>						
Investment Return	204	172,732	172,936	110,597	-	283,533
Donated Goods and Services	21,223	-	21,223	-	-	21,223
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	889,008	(175,000)	714,008	(714,008)	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,570,182</u>	<u>199,930</u>	<u>1,770,112</u>	<u>43,063</u>	<u>-</u>	<u>1,813,175</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	1,001,643	-	1,001,643	-	-	1,001,643
Administrative	254,933	-	254,933	-	-	254,933
Fund Raising	320,792	-	320,792	-	-	320,792
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,577,368</u>	<u>-</u>	<u>1,577,368</u>	<u>-</u>	<u>-</u>	<u>1,577,368</u>
<u>CHANGE IN NET ASSETS</u>	<u>(7,186)</u>	<u>199,930</u>	<u>192,744</u>	<u>43,063</u>	<u>-</u>	<u>235,807</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>301,262</u>	<u>2,276,445</u>	<u>2,577,707</u>	<u>1,715,830</u>	<u>525,730</u>	<u>4,819,267</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 294,076</u>	<u>\$ 2,476,375</u>	<u>\$ 2,770,451</u>	<u>\$ 1,758,893</u>	<u>\$ 525,730</u>	<u>\$ 5,055,074</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED LIFF FUND</u>	<u>TOTAL UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Public Support and Other Revenues:</i>						
Gifts, Grants and Contributions	\$ 518,675	\$ 50,000	\$ 568,675	\$ 167,142	\$ -	\$ 735,817
Special Events, Net of Direct Costs (Note 10)	-	150,000	150,000	582,500	-	732,500
<i>Other Revenues:</i>						
Investment Return	214	98,070	98,284	(67,949)	-	30,335
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	<u>730,528</u>	<u>(125,000)</u>	<u>605,528</u>	<u>(605,528)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,249,417</u>	<u>173,070</u>	<u>1,422,487</u>	<u>76,165</u>	<u>-</u>	<u>1,498,652</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	654,505	-	654,505	-	-	654,505
Administrative	137,951	-	137,951	-	-	137,951
Fund Raising	<u>337,215</u>	<u>-</u>	<u>337,215</u>	<u>-</u>	<u>-</u>	<u>337,215</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,129,671</u>	<u>-</u>	<u>1,129,671</u>	<u>-</u>	<u>-</u>	<u>1,129,671</u>
<u>CHANGE IN NET ASSETS</u>	119,746	173,070	292,816	76,165	-	368,981
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>181,516</u>	<u>2,103,375</u>	<u>2,284,891</u>	<u>1,639,665</u>	<u>525,730</u>	<u>4,450,286</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 301,262</u>	<u>\$ 2,276,445</u>	<u>\$ 2,577,707</u>	<u>\$ 1,715,830</u>	<u>\$ 525,730</u>	<u>\$ 4,819,267</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUNDRAISING</u>			<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
			<u>GENERAL</u>	<u>EVENTS</u>	<u>TOTAL FUND</u> <u>RAISING</u>	
Salaries and Wages	\$ 332,316	\$ 67,278	\$ 155,935	\$ 68,931	\$ 224,866	\$ 624,460
Payroll Taxes	28,606	8,372	13,268	5,872	19,140	56,118
Employee Benefits	21,355	4,570	4,874	3,250	8,124	34,049
Youth Program Wages	34,926	-	-	-	-	34,926
Insurance	2,679	8,861	-	-	-	11,540
Products and Sales	1,245	-	-	-	-	1,245
Maintenance and Repairs	902	203	538	209	747	1,852
Consultants and Professional Fees	176,968	30,402	7,156	2,050	9,206	216,576
Forestry/Arborist/Horticulture Fees	105,945	-	-	-	-	105,945
Plantings	195,000	-	-	-	-	195,000
Program Materials and Event Expenses	16,565	3,182	1,341	8,675	10,016	29,763
Printing and Postage	20,370	1,716	12,997	2,299	15,296	37,382
Utilities	4,406	991	2,631	1,022	3,653	9,050
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	2,044	460	1,221	474	1,695	4,199
Dues, Subscriptions and Fees	542	1,410	330	-	330	2,282
Minor Equipment Purchases and Rentals	4,213	6,202	1,328	-	1,328	11,743
Staff Travel and Mileage	4,006	1,134	52	15	67	5,207
Meetings and Conferences	6,893	6,486	762	-	762	14,141
Accounting and Auditing Fees	-	15,519	-	-	-	15,519
Office Supplies	370	2,157	59	-	59	2,586
Computer Expense	3,723	12,379	2,300	-	2,300	18,402
Staff Recruitment and Development	18,504	79,190	307	-	307	98,001
Advertising	8,738	454	2,594	-	2,594	11,786
Miscellaneous Expenses	289	1,484	370	10,780	11,150	12,923
Total Functional Expenses	<u>\$ 1,001,643</u>	<u>\$ 254,933</u>	<u>\$ 214,655</u>	<u>\$ 106,137</u>	<u>\$ 320,792</u>	<u>\$ 1,577,368</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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	PROGRAMS							TOTAL PROGRAM EXPENSES
	<u>EDUCATION AND VISITOR SERVICES</u>	<u>COMMUNITY PROGRAMS</u>	<u>YOUTH PROGRAMS</u>	<u>MAINT. COLLA- BORATIVE</u>	<u>MAINT./ RESTORATION/ PRESERVATION</u>	<u>PARK OVERSEERS</u>	<u>OLMSTED TREE SOCIETY</u>	
Salaries and Wages	\$ 95,862	\$ 5,707	\$ 74,718	\$ 8,966	\$ 77,750	\$ 34,100	\$ 35,213	\$ 332,316
Payroll Taxes	8,143	484	6,706	817	6,561	2,886	3,009	28,606
Employee Benefits	6,160	368	4,801	576	4,996	2,191	2,263	21,355
Youth Program Wages	-	-	34,926	-	-	-	-	34,926
Insurance	-	-	2,679	-	-	-	-	2,679
Products and Sales	263	-	559	-	-	423	-	1,245
Maintenance and Repairs	310	40	153	127	48	110	114	902
Consultants and Professional Fees	11,354	11,554	1,233	421	13,700	-	138,706	176,968
Forestry/Arborist/Horticulture Fees	-	-	-	-	-	-	105,945	105,945
Plantings	-	-	-	-	-	-	195,000	195,000
Program Materials and Event Expenses	1,042	9,087	3,079	1,271	-	1,913	173	16,565
Printing and Postage	11,691	7,419	103	-	465	-	692	20,370
Utilities	1,513	197	745	619	237	536	559	4,406
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	702	91	346	287	110	249	259	2,044
Dues and Subscriptions	332	160	-	-	-	-	50	542
Minor Equipment Purchases and Rentals	-	900	2,762	551	-	-	-	4,213
Staff Travel and Mileage	319	998	2,259	182	14	-	234	4,006
Meetings and Conferences	332	2,257	1,159	1,855	205	611	474	6,893
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	146	40	47	7	105	4	21	370
Computer Expense	1,177	-	2,046	106	394	-	-	3,723
Staff Recruitment and Development	-	-	565	17,781	100	58	-	18,504
Advertising	6,833	1,476	-	364	-	-	65	8,738
Miscellaneous Expenses	-	231	23	13	-	-	22	289
Total Functional Expenses	\$ 149,969	\$ 41,503	\$ 140,776	\$ 35,493	\$ 105,278	\$ 44,424	\$ 484,200	\$ 1,001,643

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUNDRAISING</u>			<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
			<u>GENERAL</u>	<u>EVENTS</u>	<u>TOTAL FUND</u> <u>RAISING</u>	
Salaries and Wages	\$ 281,248	\$ 62,694	\$ 166,462	\$ 64,641	\$ 231,103	\$ 575,045
Payroll Taxes	24,911	6,134	14,988	5,720	20,708	51,753
Employee Benefits	23,247	2,424	6,739	-	6,739	32,410
Youth Program Wages	41,672	-	-	-	-	41,672
Insurance	1,294	6,302	-	-	-	7,596
Products and Sales	1,947	-	-	-	-	1,947
Maintenance and Repairs	424	683	-	-	-	1,107
Consultants and Professional Fees	23,786	10,916	6,825	12,500	19,325	54,027
Forestry/Arborist/Horticulture Fees	164,107	-	-	-	-	164,107
Program Materials and Event Expenses	32,167	2,276	2,237	3,680	5,917	40,360
Printing and Postage	9,275	1,062	22,385	-	22,385	32,722
Utilities	5,831	1,229	2,105	900	3,005	10,065
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	64	3,184	-	-	-	3,248
Dues, Subscriptions and Fees	339	1,877	-	-	-	2,216
Minor Equipment Purchases and Rentals	3,761	4,699	-	-	-	8,460
Staff Travel and Mileage	4,065	900	251	-	251	5,216
Meetings and Conferences	4,822	2,295	264	-	264	7,381
Accounting and Auditing Fees	-	17,534	-	-	-	17,534
Office Supplies	632	2,688	872	-	872	4,192
Computer Expense	2,088	858	2,032	-	2,032	4,978
Staff Recruitment and Development	14,243	3,802	626	-	626	18,671
Advertising	1,501	74	3,231	-	3,231	4,806
Miscellaneous Expenses	2,043	3,837	604	11,001	11,605	17,485
Total Functional Expenses	\$ 654,505	\$ 137,951	\$ 236,213	\$ 101,002	\$ 337,215	\$ 1,129,671

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	PROGRAMS							TOTAL
	<u>EDUCATION</u>	<u>COMMUNITY</u>	<u>YOUTH</u>	<u>MAINT.</u>	<u>MAINT./</u>	<u>PARK</u>	<u>OLMSTED</u>	<u>PROGRAM</u>
	<u>AND VISITOR</u>	<u>PROGRAMS</u>	<u>PROGRAMS</u>	<u>COLLA-</u>	<u>RESTORATION/</u>	<u>OVERSEERS</u>	<u>TREE</u>	<u>EXPENSES</u>
	<u>SERVICES</u>			<u>BORATIVE</u>	<u>PRESERVATION</u>		<u>SOCIETY</u>	
Salaries and Wages	\$ 96,204	\$ 12,485	\$ 47,135	\$ 39,148	\$ 16,981	\$ 33,924	\$ 35,371	\$ 281,248
Payroll Taxes	8,535	1,085	4,242	3,518	1,332	3,031	3,168	24,911
Employee Benefits	7,754	-	9,547	590	5,356	-	-	23,247
Youth Program Wages	-	-	41,672	-	-	-	-	41,672
Insurance	-	-	1,294	-	-	-	-	1,294
Products and Sales	503	-	1,252	192	-	-	-	1,947
Maintenance and Repairs	-	-	-	-	-	424	-	424
Consultants and Professional Fees	9,988	3,790	580	6,954	750	1,724	-	23,786
Forestry/Arborist/Horticulture Fees	-	-	-	-	-	-	164,107	164,107
Program Materials and								
Event Expenses	13,057	10,015	3,787	4,330	129	-	849	32,167
Printing and Postage	1,524	1,215	116	-	94	-	6,326	9,275
Utilities	1,322	273	1,074	623	271	364	1,904	5,831
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	-	-	-	-	64	-	-	64
Dues and Subscriptions	339	-	-	-	-	-	-	339
Minor Equipment Purchases and Rentals	485	-	1,452	397	1,399	-	28	3,761
Staff Travel and Mileage	681	29	1,652	21	1,635	13	34	4,065
Meetings and Conferences	1,006	324	2,015	463	780	-	234	4,822
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	472	89	8	5	50	8	-	632
Computer Expense	545	70	1,040	-	433	-	-	2,088
Staff Recruitment								
and Development	290	57	1,810	12,086	-	-	-	14,243
Advertising	334	717	37	37	74	-	302	1,501
Miscellaneous Expenses	1,579	5	-	-	459	-	-	2,043
Total Functional Expenses	\$ 148,408	\$ 30,648	\$ 120,580	\$ 69,914	\$ 30,400	\$ 40,831	\$ 213,724	\$ 654,505

EMERALD NECKLACE CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 235,807	\$ 368,981
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation and Amortization	22,673	22,673
Investment Return	(283,533)	(30,335)
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	34,414	73,000
Prepaid Expenses	(16,558)	(11,641)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	42,747	(2,930)
Accrued Payroll and Related Costs	14,056	(17,302)
Deferred Revenue	(6,750)	(11,200)
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	10,000	53,333
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Contractual Commitments	48,750	-
Net Adjustment	(134,201)	75,598
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>101,606</u>	<u>444,579</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net Investment Purchases	(1,115,114)	(4,605,621)
Net Proceeds from Sales of Investments	1,196,641	4,084,535
Net Cash Flows from Investing Activities	81,527	(521,086)
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>183,133</u>	<u>(76,507)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>348,838</u>	<u>425,345</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 531,971</u>	<u>\$ 348,838</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTE 1 ORGANIZATION

Emerald Necklace Conservancy, Inc. (“Emerald Necklace”, “the Conservancy” or the “Organization”) was founded in 1997 and later incorporated under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Emerald Necklace Conservancy, Inc. has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

The Emerald Necklace Conservancy connects people and parks and conserves the Emerald Necklace through projects and programs to enrich the visitor experience and restore and renew the landscape, waterways and parkways.

The Emerald Necklace Conservancy represents the Emerald Necklace, Boston’s largest park system, and is responsible for maintenance and capital restoration projects in the parks, environmental education, visitor services and free cultural events. The Emerald Necklace is a 7-mile, 1,100 acre linear park stretching from Beacon Hill to Dorchester featuring parkways and 6 parks designed by Frederick Law Olmsted. The Conservancy concentrates its work in the Back Bay Fens, Riverway, Olmsted Park, Jamaica Pond Park and Franklin Park as well as the 3 parkways: Riverway, Jamaicaway and Arborway.

Incorporated in 1998, the mission of the Emerald Necklace Conservancy is to restore and improve the Emerald Necklace for all. The Conservancy collaborates with the City of Boston, Town of Brookline, and Commonwealth of Massachusetts and is the only organization that brings together the Necklace’s residential neighbors, community and business leaders, park advocates and government officials to work for the renewal of this historic park system. The Conservancy undertakes maintenance and capital restoration projects, free cultural events, visitor services and environmental education in the parks.

The Conservancy’s business model is to operate with a small staff (9 full-time and 2 part-time) and to coordinate a vibrant volunteer corps, now at over 1,000 people, working on parks projects, events, fundraising, public education and outreach efforts. Conservancy volunteers and program participants "give back" over 13,000 hours annually on projects dedicated to park restoration and maintenance; events for youth, visitors, residents and volunteers; public education; constituency-building and park advocacy.

The all volunteer Board of Directors, with 25 current members, includes Advancement, Audit, Executive, Finance, Governance, Investment, Personnel, Liff Fund, Planning and Project Review Committees. The board meets quarterly and the Executive Committee meets eight times a year. The all-volunteer Park Overseers is comprised of representatives of 21 parks friends groups, community organizations and institutions around the parks. It meets bi-monthly to focus on system-wide parks concerns and undertake collaborative projects. The Park Overseers are the Conservancy’s “eyes and ears” in the park.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 2 *(Continued)*

Organizational objectives include:

1. Improve parks management and complete restoration and maintenance projects in the Emerald Necklace park system with a focus on restoring the urban forest;
2. Engage adults through volunteer activities in the parks and connect young people to parks through summer and after-school jobs, and encouraging the use of the Emerald Necklace as an outdoor classroom;
3. Increase private investment in these parks to complement limited local and state budgets;
4. Facilitate a working coalition of state and municipal representatives; private entities; park advocates and neighborhood groups to advocate for and set and meet goals for the Emerald Necklace's renewal.

New Initiatives:

- Five-year Strategic Plan, approved by the Board of Directors in March 2015, a nine-month planning process including input from all constituent areas, provides vision, goals and strategies that will guide the Conservancy's work through 2020.
- The Emerald Necklace Tree Survey, Conditions Assessment and Management Plan, funded by the Olmsted Tree Society. The multi-year project includes GIS mapping and conditions assessment of over 7,000 trees and 200 acres of woodlands, development of a Management Plan and implementation of planned arborist, woodlands management and planting program to care for the urban forest in the Emerald Necklace.

Recent Accomplishments:

- Restoration of the Kelleher Rose Garden Fountain and Statuary, a \$550K restoration project supported by the Conservancy's Justine Mee Liff Fund.
- Circle The City: Open Streets, Open Parks drew over 20,000 people onto car-free streets to walk, bike, roll, dance and play together in its first three seasons.
- Restoration of the historic Stony Brook Gatehouse to become the Shattuck Emerald Necklace Visitor Center in the Back Bay Fens and the Conservancy's office. Visitor Services began in January 2011.
- In 2016, the Conservancy distributed more than 3,000 maps and welcomed over 5,000 visitors to the park. Volunteer Park Docent Program gives regular park tours and presentations.
- Pruning of over 800 trees and planting of over 200 trees.

Emerald Necklace Conservancy Programming for the Emerald Necklace Parks:

Volunteers:

- Volunteer in the Parks Program staffs park maintenance and restoration projects with over 1,000 youth and adult volunteers, annually
- Tuesdays with Roses weekly volunteer maintenance program of the Arthur Shurcliff-designed Kelleher Rose Garden keeps this historic garden blooming and beautiful from June through October.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 2 *(Continued)*

Youth:

- Emerald Necklace Youth Leadership and Green Team is a youth workforce development program that provides environmental education, leadership training and “real work” in the parks on maintenance and restoration projects for up to 50 urban teens and young adults annually.
- Canopy Classroom program provides hands-on life science learning in the park for 2nd and 3rd grade students from local elementary schools.
- Internships are staffed throughout the year by local college students seeking work experience in a nonprofit, park stewardship organization.

Maintenance and Restoration:

- Emerald Necklace Maintenance Collaborative workforce development initiative provides vocational training in landscaping to men in the corrections system who then staff dedicated maintenance crews in the parks.
- Planted 150 Red Oak trees along the Emerald Necklace Parkways and 12 Linden trees in the Back Bay Fens.
- Fenway Restoration Project – from the Shattuck Visitor Center to Museum Road, aerated and fertilized soil and planted 12 trees and over 300 shrubs to rehabilitate the area and redirect pedestrians to pathway use.
- Back Bay Fens - Mother’s Rest Slope restoration project is a model slope management project to restore and protect slope areas from erosion and harmful foot traffic.
- Spring Pond Wildflower Meadow maintenance in Olmsted Park keeps this former skating rink maintained as a meadow habitat for butterflies, bees and other pollinators.

Public Education, Special Events and Stewardship:

- Visitor Services at the Shattuck Emerald Necklace Visitor Center in the Back Bay Fens, including docent-led park tours, presentations, information and programs.
- Emerald Necklace Conservancy Annual Meeting features a gathering of friends and supporters for a report on the past year, a look ahead and inspiration from a guest speaker.
- Summer on the Emerald Necklace, six free family concerts and two movies at Jamaica Pond and Olmsted Park with average attendance of 400 people per event.

Advocacy:

- Muddy River Flood Damage Reduction and Ecosystem Restoration Project –active voting membership on the five-member Management Cabinet for this \$92 million dollar restoration project currently underway. Federal support for the environmental restoration component of the project is not yet assured and the Conservancy is working tirelessly to achieve it. Phase I “Daylighting” of the Muddy River completed in 2016.
- Pedestrian and Bicycle Pathways and Park Access – successfully advocated for new, improved and safer crosswalks to and from the Emerald Necklace parks, including Rte. 9 in Brookline and the removal of the Casey Overpass and at-street plan facilitating the connection between the Arnold Arboretum and Franklin Park.
- Project Review Committee analyzes proposed development projects abutting the park and advocates for minimal impact on the park and park user experience.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 2 *(Continued)*

Capital Projects

Justine Mee Liff Fund:

The Justine Mee Liff Fund is a board restricted fund dedicated to capital improvement and special projects in the Emerald Necklace (for net asset description see Note 8). Established in 2003, and funded primarily with revenue raised at the annual Party in the Park event, this fund has contributed to a range of significant park projects, including the restoration of the historic Stony Brook Gatehouse to become the Shattuck Emerald Necklace Visitor Center and the restoration of the Kelleher Rose Garden Fountain and Statuary. In 2013, with funds from the Justine Mee Liff Fund, the Olmsted Tree Society (“OTS”) was founded, with the intent to restore and maintain the tree canopy of the Emerald Necklace for today and future generations.

Olmsted Tree Society:

The initiative intends to preserve and protect healthy trees with selective pruning and soil enhancement coupled with planting new trees in the Back Bay Fens, Riverway, Olmsted Park, Jamaica Pond, Franklin Park and along the parkways of the Emerald Necklace. All work is undertaken in collaboration with the Conservancy’s public partners, Boston Parks & Recreation, Brookline Parks and Open Space and the Massachusetts Department of Conservation and Recreation.

The Olmsted Tree Society’s first initiative was the comprehensive survey and assessment of 7,000 trees, 200 acres of woodlands and parkway and riparian trees. Outcomes of the assessment included a GIS-enabled tree survey map and Emerald Necklace Tree Management plan, which now serves as a guide for all tree and woodlands work undertaken by the Conservancy and public partners.

Guided by the Management Plan, the Conservancy has invested \$1.1M in direct tree care plus more than 8,200 hours of volunteer time in Olmsted Park, Jamaica Pond, Franklin Park and the Back Bay Fens since 2014, leveraging equal amounts spent by the public partners. In the spring of 2016, the Conservancy worked in collaboration with Massachusetts Department of Conservation and Recreation to plant 150 Red Oak trees along the Riverway, Jamaicaaway and Arborway and continued canopy restoration with extensive woodlands work in Franklin Park.

NOTE 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies which affect significant elements of the Organization’s financial statements are described below to enhance the usefulness of the financial statements to the reader. 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; however, adherence to generally accepted accounting principles has, in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 3 (Continued)

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Fair Value of Financial Instruments:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's financial statements are the initial measurement of unconditional promises to give and the recurring measurement of the Organization's investments. There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization included funds which represent unrestricted resources designated by the Board of Directors for the Justine Mee Liff Fund (See Note 8).

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 3 (Continued)

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

The Organization has chosen under the provisions for *Accounting for Contributions Received and Contributions Made* to imply a time restriction on grants restricted by donors and used for the acquisition of property and equipment. The restriction is met over the useful life of the restricted net assets and transfers are made to unrestricted net assets each year equal to that year's depreciation or amortization. As of September 30, 2016 and 2015, temporarily restricted net assets restricted in this manner related to the unamortized portion of the leasehold improvements for the Shattuck Emerald Necklace Visitor Center which was funded with restricted grants and donations.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, permanently restricted net assets represents the corpus of the Wendy Shattuck Endowment Fund.

Receivables:

Pledges Receivable reflects unconditional promises to give. Receivables are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established. If balances due are determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the years presented, there were no losses on uncollectible pledges receivable.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair value on the date of receipt. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against support and revenues over the estimated useful lives of the assets, as expressed in terms of years.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 3 (Continued)

Investments:

The Organization maintains professionally managed investment portfolios consisting of publicly traded securities and cash equivalents. Investments are recorded at fair value. As required by *FASB Accounting Standards Codification*TM, the Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the Organization's Statement of Activities. Purchases and sales of securities are recorded on the trade date. In determining the gains (losses) realized on the sales of securities, the cost of the securities sold has been determined on a specific identification basis. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term depending on the underlying intentions. Endowment investments are classified as long-term without regard to the investment composition. All investments in the accompanying financial statements are classified within Level 1 of the fair value hierarchy.

Endowment Funds:

During 2011, a donor made a contribution of \$250,000 to establish a donor restricted endowment fund, known as the Wendy Shattuck Endowment Fund. As required by the Commonwealth of Massachusetts, the Organization follows the guidance of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

The Board of Directors' interpretation of state law is that the Organization, absent explicit donor stipulations to the contrary, may appropriate as much of the net appreciation as is prudent considering the Organization's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions.

The agreement with the original donor provides that expenditures from the fund will be made only from the investment income earned on the fund including both realized and unrealized capital gains (spendable income). Expenditures are limited to 5% of the three-year average of net fair value of the fund and may not exceed 75% of the accumulated and unspent spendable income from not more than the two prior years.

All expenditures from the fund must be in support of projects approved by the Board of Directors and in support of projects funded by the Board Designated Liff Fund. Additionally, the Shattuck Fund Committee must approve all expenditures from the fund. The donor has retained the right to approve a majority of the members of this Committee and the Committee will be comprised of at least one family member of the donor.

Income and appreciation earned on the Wendy Shattuck Endowment investments are classified as temporarily restricted until appropriated for expenditure by the Shattuck Fund Committee based on the above factors.

The Organization takes a conservative approach to investing its endowment funds, which are maintained in money market funds and publicly traded securities and are reported as *Shattuck Endowment Investments* in the accompanying Statements of Financial Position.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 3 (Continued)

Gifts, Grants and Contributions:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, bequests, collection items, stocks or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition and Deferred Revenue:

Ticket sales for events held by the Organization are considered exchange transactions and are recognized as revenue at the time of the event. Revenue from ticket sales received in advance of an event is deferred until the event date and is included in *Deferred Revenue* in the accompanying Statements of Financial Position.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, Emerald Necklace Conservancy, Inc. maintains a policy whereby the value of the donated goods and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recognized as revenue on the Statement of Activities and are reported as expenses on the Statement of Functional Expenses. During FY 2016, Emerald Necklace received \$21,223 in pro-bono legal services related to a trademark petition against the City of Cleveland. In addition, members of the Board of Directors and other volunteers donated numerous hours of service which, while significant, do not meet the recognition criteria and therefore have not been recorded in the accompanying financial statements.

Functional Expenses:

Emerald Necklace Conservancy, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases and payroll derived ratios. Supporting services are those related to operating and managing Emerald Necklace Conservancy, Inc. and its programs on a day-to-day basis.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 3 (Continued)

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Emerald Necklace Conservancy, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of donated funds. Direct costs of special fund raising events are netted from the gross event proceeds, while indirect costs are reported as fund raising expenses on the Statement of Functional Expenses. Total fundraising expenses for the years ended September 30, 2016 and 2015 amounted to \$737,624 and \$746,446, respectively, which includes the following costs:

	<u>2016</u>	<u>2015</u>
General Fund Raising	\$214,655	\$236,213
Direct Costs of Fund Raising Events	416,832	409,231
Indirect Costs of Fund Raising Events	<u>106,137</u>	<u>101,002</u>
Total	<u>\$737,624</u>	<u>\$746,446</u>

Advertising:

Emerald Necklace Conservancy, Inc. uses print advertising and other media to promote its programs and events and to solicit for contributions. Advertising costs are expensed as incurred.

Tax Position:

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 4 INVESTMENTS

As of September 30, 2016 and 2015, investment costs and unrealized gains and losses consisted of the following components:

<u>Investment Type</u>	<u>September 30, 2016</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Money Market Funds	\$ 241,887	\$ -	\$ -	\$ 241,887
Common Stock	1,488,403	162,161	(38,686)	1,611,878
Exchange-Traded Products	532,369	16,183	(3,679)	544,873
Mutual Funds	198,150	9,420	-	207,570
REITS	36,613	4,116	(23)	40,706
Corporate Bonds	840,269	23,142	(1,363)	862,048
Government Bonds	<u>319,821</u>	<u>4,102</u>	<u>-</u>	<u>323,923</u>
Total	<u>\$3,657,512</u>	<u>\$219,124</u>	<u>\$(43,751)</u>	<u>\$3,832,885</u>

<u>Investment Type</u>	<u>September 30, 2015</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Money Market Funds	\$1,198,405	\$ -	\$ -	\$1,198,405
Common Stock	1,208,003	5,697	(91,489)	1,122,211
Exchange-Traded Products	431,554	82	(7,990)	423,646
Mutual Funds	130,075	-	(5,123)	124,952
REITS	52,665	171	(1,300)	51,536
Corporate Bonds	464,166	1,226	(2,072)	463,320
Government Bonds	<u>245,847</u>	<u>967</u>	<u>(5)</u>	<u>246,809</u>
Total	<u>\$3,730,715</u>	<u>\$8,143</u>	<u>\$(107,979)</u>	<u>\$3,630,879</u>

The Organization uses the following way to determine the fair value of investments:

Money Market Funds: Determined by the published net asset value (“NAV”) per unit at the end of the last trading day of the year, which is the basis for transactions at that date

Fixed Income, Equity Securities and Inflation Hedges: traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

Corporate Bonds and Government Securities: valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

REITS and Exchange-Traded Funds: determined by the published closing prices on the last business day of the calendar year.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 4 (Continued)

Investments are classified as follows for the years presented:

<u>Non-Endowment Investments</u>	<u>September 30, 2016</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Unrestricted Investments - Operations	\$4,120	\$ -	\$ 4,120
Unrestricted Board Designated - Liff Fund Investments	-	2,361,052	2,361,052
Temporarily Restricted Investments Olmsted Tree Society	-	<u>813,338</u>	<u>813,338</u>
Total Non-Endowment Investments	<u>\$4,120</u>	<u>\$3,174,390</u>	<u>\$3,178,510</u>
<u>Non-Endowment Investments</u>	<u>September 30, 2015</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Unrestricted Investments - Operations	\$5,085	\$ -	\$ 5,085
Unrestricted Board Designated - Liff Fund Investments	-	2,116,978	2,116,978
Temporarily Restricted Investments Olmsted Tree Society	-	<u>921,814</u>	<u>921,814</u>
Total Non-Endowment Investments	<u>\$5,085</u>	<u>\$3,038,792</u>	<u>\$3,043,877</u>
<u>Shattuck Endowment Investments</u>	<u>2016</u>	<u>2015</u>	
Shattuck Temporarily Restricted Investments	\$128,645	\$ 61,272	
Shattuck Permanently Restricted Investments	<u>525,730</u>	<u>525,730</u>	
Total Long-Term Investments - Shattuck Endowment	<u>\$654,375</u>	<u>\$587,002</u>	

Components of *Investment Return* for the years ended September 30, 2016 and 2015 are as follows:

<u>Components of Investment Return</u>	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 83,370	\$ 61,804
Investment Fees	(37,383)	(19,857)
Net Realized Gain (Loss) on Investments	(22,065)	420,529
Net Unrealized Gain (Loss) on Investments	<u>259,611</u>	<u>(432,141)</u>
Net Investment Return	<u>\$283,533</u>	<u>\$ 30,335</u>

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2016 and 2015:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2016</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>130,402</u>	<u>776,502</u>
Total		<u>\$939,282</u>	<u>\$162,780</u>	<u>\$776,502</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 5 (Continued)

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2015</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>107,729</u>	<u>799,175</u>
Total		<u>\$939,282</u>	<u>\$140,107</u>	<u>\$799,175</u>

The Organization occupies the historic building known as the Fens Gate House under an agreement with the City of Boston. The parties agreed that the Organization could occupy the grounds for \$1 per year if the Organization restored the existing building. Upon the completion of the Fens Gate House renovations in January 2011, the Organization began using the property as a visitor and information center for the Emerald Necklace park system, now known as the Shattuck Emerald Necklace Visitor Center. The leasehold improvements consist of \$906,904 expended for the restoration and this was comprised of \$706,904 temporarily restricted funds raised for this project, plus \$200,000 of additional unrestricted funds. The lease is for an initial period of ten years and the Conservancy has the option to renew the lease for three subsequent periods of ten years each. Management expects that it will exercise its option to renew the lease for each of the three periods. Accordingly, the leasehold improvements are being amortized over a period of 40 years. For the years ended September 30, 2016 and 2015, the provision for amortization of leasehold improvements was \$22,673 each year, of which amount, \$17,673 (representing amortization applicable to the restricted portion) was released from restriction.

NOTE 6 LINE-OF-CREDIT

The Organization has a revolving line-of-credit with Citizens Financial Group, Inc. with a borrowing limit of \$100,000. The line is secured by substantially all assets of the Conservancy with the exception of the Wendy Shattuck Endowment Fund and the funds designated by the Board of Directors as the Justine Mee Liff Fund. The line bears interest at the bank's prime rate (3.5% and 3.25% as of September 30, 2016 and 2015, respectively). As of September 30, 2016 and 2015, there was no balance outstanding under the line.

NOTE 7 COMMITMENTS

On February 25, 2016, the Organization entered into an agreement for tree planting and soil remediation services with a total contract cost of \$195,000. During FY 2016, \$146,250 was paid on the agreement with \$48,750 due in 2018 per terms of the contract.

NOTE 8 NET ASSETS

Board Designated:

In 2004, Emerald Necklace entered into a Memorandum of Agreement with the City of Boston, the Town of Brookline and the Commonwealth of Massachusetts Department of Conservation and Recreation whereby the Board of Directors initiated an effort to create and set aside a pool of funds with the intention that the funds would be, but are not required to be, invested, and utilized in support of capital and other special projects. It was further agreed that these funds would be known as the Justine Mee Liff Fund in honor of the legacy of the City of Boston's former Parks Commissioner. While unrestricted, these funds are to be used for specific projects in cooperation with the parties to the agreement.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 8 (Continued)

For the years ended September 30, 2016 and 2015, the Board appropriated funds for operating support in the amount of \$175,000 and \$125,000, respectively.

Temporarily Restricted:

Temporarily restricted net assets include unexpended contributions and grants temporarily restricted by donors and accumulated investment income earned on restricted funds for the following purposes as of September 30, 2016 and 2015:

<u>Nature of Restriction</u>	<u>2016</u>	<u>2015</u>
Shattuck Emerald Necklace Visitor Center	\$ 605,252	\$ 622,925
Olmsted Tree Society*	987,946	985,623
Shattuck Endowment Appreciation	128,645	61,272
Youth/Green Team Programs	-	26,010
Maintenance, Restoration and Preservation	27,050	-
Time Restrictions	<u>10,000</u>	<u>20,000</u>
Total	<u>\$1,758,893</u>	<u>\$1,715,830</u>

*The following is a summary of the activity for the Olmsted Tree Society Fund:

	<u>2016</u>	<u>2015</u>
Contributions	\$ 222,314	\$ 49,100
Party in the Park Proceeds	216,530	443,763
Investment Income (Loss)	43,224	(66,248)
Program Expenses	<u>(479,745)</u>	<u>(210,890)</u>
Net Increase	2,323	215,725
Net Assets - Beginning of Year	<u>985,623</u>	<u>769,898</u>
Net Assets - End of Year	<u>\$ 987,946</u>	<u>\$ 985,623</u>

Net assets released from temporary donor restrictions by incurring expenses which satisfied the restricted purposes, by the passage of time or by the occurrence of events specified by the donors were as follows for the year presented:

<u>Nature of Restriction</u>	<u>2016</u>	<u>2015</u>
Shattuck Emerald Necklace		
Visitor Center Depreciation	\$ 17,673	\$ 17,673
Olmsted Tree Society	479,745	210,890
General Programming	-	183,087
Youth/Green Team Programs	104,705	122,619
Volunteer Program	59,185	-
Summer Sundays	-	20,542
2015 Party in the Park	-	1,000
Maintenance, Restoration and Preservation	42,700	39,717
Time Restrictions Elapsed	<u>10,000</u>	<u>10,000</u>
Total	<u>\$714,008</u>	<u>\$605,528</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 8 (Continued)

Endowment:

All endowment net assets represent donor designated funds. The following schedule summarizes the change in endowment net assets for the years ended September 30, 2016 and 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, September 30, 2014	\$ 62,973	\$525,730	\$588,703
Investment Income	10,183	-	10,183
Investment Fees	(416)	-	(416)
Investment Gains (Losses)	<u>(11,468)</u>	<u>-</u>	<u>(11,468)</u>
Endowment Net Assets, September 30, 2015	61,272	525,730	587,002
Investment Income	13,960	-	13,960
Investment Fees	(6,767)	-	(6,767)
Investment Gains (Losses)	<u>60,180</u>	<u>-</u>	<u>60,180</u>
Endowment Net Assets, September 30, 2016	<u>\$128,645</u>	<u>\$525,730</u>	<u>\$654,375</u>

NOTE 9 FUND RAISING ACTIVITIES

The Organization sponsors special fund raising events to generate contributions as well as to gain public awareness for its programs and charitable purpose. The results of fund raising events are summarized below:

	September 30, 2016		
	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Party in the Park	<u>\$833,363</u>	<u>\$(416,832)</u>	<u>\$416,531</u>
	September 30, 2015		
<u>Event</u>	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Party in the Park	\$ 965,717	\$(371,954)	\$593,763
Sponsorship for FY 2015 Emerald Evening	<u>176,014</u>	<u>(37,277)</u>	<u>138,737</u>
Total	<u>\$1,141,731</u>	<u>\$(409,231)</u>	<u>\$732,500</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 9 (Continued)

The revenue from the “Party in the Park” event is reflected in the Statement of Activities, net of direct costs. The following table summarizes the FY 2016 and 2015 events:

	<u>2016</u>	<u>2015</u>
Gross Event Ticket Sales	\$ 435,127	\$ 429,791
Auction and Raffle Proceeds	157,725	209,250
Contributions and Sponsorships Received	<u>240,511</u>	<u>326,676</u>
Total Proceeds	833,363	965,717
Less: Direct Event Costs	<u>(416,832)</u>	<u>(371,954)</u>
Net Event Proceeds	<u>\$ 416,531</u>	<u>\$ 593,763</u>

The Net Event Proceeds were allocated as follows:

	<u>2016</u>	<u>2015</u>
Justine Mee Liff Fund (Board Designated)	\$175,000	\$150,000
Olmsted Tree Society (Restricted)	<u>241,531</u>	<u>443,763</u>
Total	<u>\$416,531</u>	<u>\$593,763</u>

NOTE 10 RETIREMENT PLAN

The Organization maintains a defined contribution plan for all eligible employees. The plan is qualified under Internal Revenue Code Section 403(b) and the Employee Retirement Income Security Act. Emerald Necklace does not contribute to the plan.

NOTE 11 OLMSTED TREE SOCIETY MEMORANDUMS OF AGREEMENT

In April and May 2015, the Emerald Necklace Conservancy executed Memorandums of Agreement (“MOAs”) with the City of Boston, the Town of Brookline and the Massachusetts Department of Conservation and Recreation. The MOAs detail the parties’ shared responsibility for the restoration and care for the tree canopy in the Emerald Necklace park system. The parties agreed that “the shrinking tree canopy in Boston and Brookline was a serious concern and that the aging tree canopy of the Emerald Necklace was an invaluable resource, that if properly curated, would benefit generations to come.” Based on recommendations from the Emerald Necklace Tree Management Plan funded by the Conservancy’s Olmsted Tree Society, the parties agreed to: a 5-year term of collaborative work, the establishment of an Operations Committee to meet quarterly to establish the annual work plan, and that the Conservancy will match the park owners’ expenditures so that the costs would be shared equally between the Conservancy and the public partners. With an estimated cost of deferred park tree maintenance at \$9 million, the Conservancy and public partners have a signed MOA describing shared responsibility for both the tree work and cost over the next five years. Once the major tree canopy deferred maintenance and restoration is complete, the estimated cost of annual tree care is \$900K.

The MOA further details obligations of each party, license and permit stipulations, maintenance standards and insurance requirements. The parties recognize and agree to the Olmsted Tree Society’s recognition program for significant donors, which allows for the placement of agreed upon plaques on specified trees for a period of 5 - 15 years in acknowledgment of their contribution. The public partners can also recognize donors with plaques on specified trees.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Continued)

NOTE 12 CONCENTRATIONS

Cash and Investments:

The Organization is subject to concentrations in credit risk relating primarily to cash and investments. For the years presented, the majority of the Organization's cash deposits and investments are held in two financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") under the applicable limits; however, at times cash balances may exceed federally insured limits. As of September 30, 2016 and 2015 cash balances in excess of the FDIC coverage were \$269,013 and \$140,671, respectively. The Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

The Organization invests in professionally managed money market and mutual funds that contain various types of marketable securities. The Organization's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The Organization's investment performance is reviewed by the Board of Directors on a periodic basis. To minimize risk, the Organization's cash accounts are placed with high credit quality financial institutions and the investment portfolio is diversified.

Pledges Receivable:

As of September 30, 2016, approximately 48% of *Pledges Receivable* are due from one individual and one foundation. As of September 30, 2015, approximately 38% of *Pledges Receivable* are due from one foundation.

Revenue Concentrations:

For the years ended September 30, 2016 and 2015, the Party in the Park fundraising event represents approximately 23% and 40%, respectively, of total support and revenues.

NOTE 13 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through January 24, 2017, the date which the financial statements were available for issue, and noted no events which met the recognition criteria.