

EMERALD NECKLACE CONSERVANCY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 AND 2017



Mission Statement

To improve and maintain the Emerald Necklace parks for all.

EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017 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
February 12, 2019

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2018

<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	\$ 178,091	\$ -	\$ 607,540	\$ 125,004	\$ 910,635
Pledges Receivable	85,855	-	37,675	-	123,530
Prepaid Expenses	77,978	-	-	-	77,978
Short-Term Investments	4,566	-	-	-	4,566
Total Current Assets	<u>346,490</u>	<u>-</u>	<u>645,215</u>	<u>125,004</u>	<u>1,116,709</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>731,156</u>	<u>-</u>	<u>-</u>	<u>731,156</u>
<u>NON-CURRENT ASSETS:</u>					
Pledges Receivable, Non-Current	6,500	-	-	-	6,500
Long-Term Investments	-	-	2,753,190	959,072	3,712,262
Shattuck Endowment Investments	-	738,749	-	-	738,749
Total Non-Current Assets	<u>6,500</u>	<u>738,749</u>	<u>2,753,190</u>	<u>959,072</u>	<u>4,457,511</u>
<u>TOTAL ASSETS</u>	<u>\$ 352,990</u>	<u>\$ 1,469,905</u>	<u>\$ 3,398,405</u>	<u>\$ 1,084,076</u>	<u>\$ 6,305,376</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 252,612	\$ -	\$ 37,642	\$ 5,066	\$ 295,320
Accrued Payroll and Related Costs	57,835	-	-	-	57,835
Total Current Liabilities	<u>310,447</u>	<u>-</u>	<u>37,642</u>	<u>5,066</u>	<u>353,155</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>310,447</u>	<u>-</u>	<u>37,642</u>	<u>53,816</u>	<u>401,905</u>
<u>NET ASSETS:</u>					
Unrestricted Net Assets:					
Undesignated	(50,124)	161,248	-	-	111,124
Board Designated Liff Fund	-	-	3,360,763	-	3,360,763
Total Unrestricted Net Assets	<u>(50,124)</u>	<u>161,248</u>	<u>3,360,763</u>	<u>-</u>	<u>3,471,887</u>
Temporarily Restricted Net Assets	92,667	782,927	-	1,030,260	1,905,854
Permanently Restricted Net Assets	-	525,730	-	-	525,730
Total Net Assets	<u>42,543</u>	<u>1,469,905</u>	<u>3,360,763</u>	<u>1,030,260</u>	<u>5,903,471</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 352,990</u>	<u>\$ 1,469,905</u>	<u>\$ 3,398,405</u>	<u>\$ 1,084,076</u>	<u>\$ 6,305,376</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2017

<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	\$ 57,945	\$ -	\$ 120,664	\$ 263,190	\$ 441,799
Pledges Receivable	33,333	-	-	-	33,333
Prepaid Expenses	6,991	-	-	-	6,991
Short-Term Investments	5,090	-	-	-	5,090
Total Current Assets	<u>103,359</u>	<u>-</u>	<u>120,664</u>	<u>263,190</u>	<u>487,213</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>753,829</u>	<u>-</u>	<u>-</u>	<u>753,829</u>
<u>NON-CURRENT ASSETS:</u>					
Pledges Receivable, Non-Current	33,334	-	-	-	33,334
Long-Term Investments	-	-	2,571,233	893,246	3,464,479
Shattuck Endowment Investments	-	707,266	-	-	707,266
Total Non-Current Assets	<u>33,334</u>	<u>707,266</u>	<u>2,571,233</u>	<u>893,246</u>	<u>4,205,079</u>
<u>TOTAL ASSETS</u>	<u>\$ 136,693</u>	<u>\$ 1,461,095</u>	<u>\$ 2,691,897</u>	<u>\$ 1,156,436</u>	<u>\$ 5,446,121</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 56,076	\$ -	\$ 4,958	\$ 29,945	\$ 90,979
Accrued Payroll and Related Costs	28,464	-	-	-	28,464
Total Current Liabilities	<u>84,540</u>	<u>-</u>	<u>4,958</u>	<u>29,945</u>	<u>119,443</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>84,540</u>	<u>-</u>	<u>4,958</u>	<u>78,695</u>	<u>168,193</u>
<u>NET ASSETS:</u>					
Unrestricted Net Assets:					
Undesignated	(74,732)	166,248	-	-	91,516
Board Designated Liff Fund	-	-	2,686,939	-	2,686,939
Total Unrestricted Net Assets	<u>(74,732)</u>	<u>166,248</u>	<u>2,686,939</u>	<u>-</u>	<u>2,778,455</u>
Temporarily Restricted Net Assets	126,885	769,117	-	1,077,741	1,973,743
Permanently Restricted Net Assets	-	525,730	-	-	525,730
Total Net Assets	<u>52,153</u>	<u>1,461,095</u>	<u>2,686,939</u>	<u>1,077,741</u>	<u>5,277,928</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 136,693</u>	<u>\$ 1,461,095</u>	<u>\$ 2,691,897</u>	<u>\$ 1,156,436</u>	<u>\$ 5,446,121</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 720,554	\$ -	\$ 720,554	\$ 1,131,923	\$ -	\$ 1,852,477
Special Event Proceeds (Note 9)	162,200	1,239,106	1,401,306	-	-	1,401,306
Less: Cost of Direct Benefits to Donors	-	(573,197)	(573,197)	-	-	(573,197)
<i>Other Revenues:</i>						
Fiscally Sponsored Projects	-	-	-	192,592	-	192,592
Investment Return	2,063	182,915	184,978	106,700	-	291,678
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	<u>1,674,104</u>	<u>(175,000)</u>	<u>1,499,104</u>	<u>(1,499,104)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,558,921</u>	<u>673,824</u>	<u>3,232,745</u>	<u>(67,889)</u>	<u>-</u>	<u>3,164,856</u>
<u>EXPENSES:</u>						
Program Services	1,992,359	-	1,992,359	-	-	1,992,359
Administrative	115,022	-	115,022	-	-	115,022
Fund Raising	<u>431,932</u>	<u>-</u>	<u>431,932</u>	<u>-</u>	<u>-</u>	<u>431,932</u>
<u>TOTAL EXPENSES</u>	<u>2,539,313</u>	<u>-</u>	<u>2,539,313</u>	<u>-</u>	<u>-</u>	<u>2,539,313</u>
<u>CHANGE IN NET ASSETS</u>	19,608	673,824	693,432	(67,889)	-	625,543
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>91,516</u>	<u>2,686,939</u>	<u>2,778,455</u>	<u>1,973,743</u>	<u>525,730</u>	<u>5,277,928</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 111,124</u>	<u>\$ 3,360,763</u>	<u>\$ 3,471,887</u>	<u>\$ 1,905,854</u>	<u>\$ 525,730</u>	<u>\$ 5,903,471</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<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	\$ 656,897	\$ 24,986	\$ 681,883	\$ 300,228	\$ -	\$ 982,111
Special Event Proceeds (Note 9)	59,825	175,000	234,825	766,188	-	1,001,013
Less: Cost of Direct Benefits to Donors	(32,750)	-	(32,750)	(421,694)	-	(454,444)
<i>Other Revenues:</i>						
Fiscally Sponsored Projects	-	-	-	44,250	-	44,250
Investment Return	248	210,578	210,826	126,541	-	337,367
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	<u>800,663</u>	<u>(200,000)</u>	<u>600,663</u>	<u>(600,663)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,484,883</u>	<u>210,564</u>	<u>1,695,447</u>	<u>214,850</u>	<u>-</u>	<u>1,910,297</u>
<u>EXPENSES:</u>						
Program Services	1,060,384	-	1,060,384	-	-	1,060,384
Administrative	149,793	-	149,793	-	-	149,793
Fund Raising	<u>477,266</u>	<u>-</u>	<u>477,266</u>	<u>-</u>	<u>-</u>	<u>477,266</u>
<u>TOTAL EXPENSES</u>	<u>1,687,443</u>	<u>-</u>	<u>1,687,443</u>	<u>-</u>	<u>-</u>	<u>1,687,443</u>
<u>CHANGE IN NET ASSETS</u>	(202,560)	210,564	8,004	214,850	-	222,854
<u>NET ASSETS - BEGINNING 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>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 91,516</u>	<u>\$ 2,686,939</u>	<u>\$ 2,778,455</u>	<u>\$ 1,973,743</u>	<u>\$ 525,730</u>	<u>\$ 5,277,928</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND RAISING</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	\$ 488,678	\$ 33,151	\$ 146,010	\$ 100,481	\$ 246,491	\$ 768,320
Payroll Taxes	38,115	2,612	11,506	7,839	19,345	60,072
Employee Benefits	48,910	3,352	14,765	10,060	24,825	77,087
Youth Program Wages	21,557	-	-	-	-	21,557
Insurance	237	11,177	-	-	-	11,414
20th Anniversary Events and Programming	888,801	-	-	-	-	888,801
Products and Sales	970	-	-	-	-	970
Maintenance and Repairs	711	160	425	165	590	1,461
Consultants and Professional Fees	146,296	3,776	51,901	33,125	85,026	235,098
Forestry/Arborist/Horticulture Fees	103,789	-	-	-	-	103,789
Fiscally Sponsored Projects	162,733	-	-	-	-	162,733
Plantings	1,840	-	-	-	-	1,840
Program Materials and Event Expenses	6,867	5,401	489	151	640	12,908
Printing and Postage	22,037	3,162	20,146	5,925	26,071	51,270
Utilities	4,176	939	2,494	969	3,463	8,578
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	2,141	482	1,279	497	1,776	4,399
Dues, Subscriptions and Fees	1,234	1,998	-	-	-	3,232
Minor Equipment Purchases and Rentals	3,786	-	282	182	464	4,250
Staff Travel and Mileage	6,987	3,075	687	308	995	11,057
Meetings and Conferences	2,948	1,746	675	7,902	8,577	13,271
Accounting and Auditing Fees	-	16,644	-	-	-	16,644
Office Supplies	198	1,761	329	42	371	2,330
Computer Expense	2,931	16,990	-	45	45	19,966
Staff Recruitment and Development	17,083	987	2,535	1,084	3,619	21,689
Advertising	5,472	-	-	20	20	5,492
Miscellaneous Expenses	2,824	5,126	-	462	462	8,412
Total Expenses Per Statement of Activities	1,992,359	115,022	260,115	171,817	431,932	2,539,313
Costs of Direct Benefits to Donors	-	-	-	573,197	573,197	573,197
Total Functional Expenses	\$ 1,992,359	\$ 115,022	\$ 260,115	\$ 745,014	\$ 1,005,129	\$ 3,112,510

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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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	\$ 67,534	\$ 121,046	\$ 114,454	\$ 65,340	\$ -	\$ 92,048	
Payroll Taxes	5,164	9,460	8,862	5,148	-	7,254	2,227	38,115
Employee Benefits	6,627	12,139	11,372	6,607	-	9,308	2,857	48,910
Youth Program Wages	-	-	21,557	-	-	-	-	21,557
Insurance	237	-	-	-	-	-	-	237
20th Anniversary Events and Programs	-	888,801	-	-	-	-	-	888,801
Products and Sales	-	-	970	-	-	-	-	970
Maintenance and Repairs	244	32	120	100	38	87	90	711
Consultants and Professional Fees	13,260	14,032	13,315	4,038	-	-	101,651	146,296
Forestry/Arborist/Horticulture Fees	-	5,000	-	-	41,000	-	57,789	103,789
Fiscally Sponsored Projects	-	-	-	-	162,733	-	-	162,733
Plantings	-	-	-	1,090	-	-	750	1,840
Program Materials and Event Expenses	172	112	2,650	1,110	46	2,777	-	6,867
Printing and Postage	18,588	3,069	-	313	-	-	67	22,037
Utilities	1,434	187	706	587	224	508	530	4,176
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	735	96	362	300	115	261	272	2,141
Dues and Subscriptions	75	655	-	-	-	-	504	1,234
Minor Equipment Purchases and Rentals	39	435	1,893	1,419	-	-	-	3,786
Staff Travel and Mileage	23	53	5,977	505	72	304	53	6,987
Meetings and Conferences	185	-	1,359	121	-	1,007	276	2,948
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	21	35	126	-	-	16	-	198
Computer Expense	1,846	310	575	100	-	-	100	2,931
Staff Recruitment and Development	455	-	2,394	14,017	-	87	130	17,083
Advertising	5,149	323	-	-	-	-	-	5,472
Miscellaneous Expenses	10	1,534	-	65	1,138	6	71	2,824
Total Functional Expenses	\$ 125,588	\$ 1,057,813	\$ 188,559	\$ 102,410	\$ 205,959	\$ 115,006	\$ 197,024	\$ 1,992,359

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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	<u>TOTAL</u>	<u>ADMINI-</u>	<u>FUND RAISING</u>			<u>TOTAL</u>
	<u>PROGRAM</u>		<u>STRATIVE</u>	<u>GENERAL</u>	<u>EVENTS</u>	<u>TOTAL FUND</u>
	<u>EXPENSES</u>				<u>RAISING</u>	<u>EXPENSES</u>
Salaries and Wages	\$ 387,923	\$ 64,793	\$ 215,051	\$ 68,326	\$ 283,377	\$ 736,093
Payroll Taxes	30,896	5,160	17,127	5,442	22,569	58,625
Employee Benefits	17,773	2,969	9,853	3,130	12,983	33,725
Youth Program Wages	29,929	-	-	-	-	29,929
Insurance	-	18,514	-	-	-	18,514
Products and Sales	862	-	1,511	-	1,511	2,373
Maintenance and Repairs	660	148	394	153	547	1,355
Consultants and Professional Fees	124,865	2,788	41,641	-	41,641	169,294
Forestry/Arborist/Horticulture Fees	172,207	-	-	-	-	172,207
Fiscally Sponsored Projects	14,775	-	-	-	-	14,775
Plantings	209,690	-	-	-	-	209,690
Program Materials and Event Expenses	7,186	520	415	11,278	11,693	19,399
Printing and Postage	6,472	3,290	16,990	1,853	18,843	28,605
Utilities	3,785	851	2,260	878	3,138	7,774
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	1,936	435	1,156	449	1,605	3,976
Dues, Subscriptions and Fees	896	1,616	45	-	45	2,557
Minor Equipment Purchases and Rentals	2,230	3,799	223	-	223	6,252
Staff Travel and Mileage	6,128	3,458	576	726	1,302	10,888
Meetings and Conferences	3,912	1,568	8,124	-	8,124	13,604
Accounting and Auditing Fees	-	15,519	-	-	-	15,519
Office Supplies	430	2,104	408	-	408	2,942
Computer Expense	1,774	10,171	-	-	-	11,945
Staff Recruitment and Development	18,365	244	42,564	120	42,684	61,293
Advertising	6,480	-	1,734	31	1,765	8,245
Miscellaneous Expenses	172	9,363	614	15,042	15,656	25,191
Total Expenses Per Statement of Activities	1,060,384	149,793	367,278	109,988	477,266	1,687,443
Costs of Direct Benefits to Donors	-	-	-	454,444	454,444	454,444
Total Functional Expenses	\$ 1,060,384	\$ 149,793	\$ 367,278	\$ 564,432	\$ 931,710	\$ 2,141,887

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(Page 2 of 2)

	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	\$ 99,630	\$ 8,076	\$ 97,200	\$ 74,116	\$ 28,973	\$ 48,121	\$ 31,807	\$ 387,923
Payroll Taxes	7,935	643	7,741	5,903	2,308	3,833	2,533	30,896
Employee Benefits	4,565	370	4,453	3,396	1,327	2,205	1,457	17,773
Youth Program Wages	-	-	29,929	-	-	-	-	29,929
Insurance	-	-	-	-	-	-	-	-
Products and Sales	-	-	862	-	-	-	-	862
Maintenance and Repairs	226	30	112	93	35	80	84	660
Consultants and Professional Fees	1,579	11,205	909	2,144	9,336	237	99,455	124,865
Forestry/Arborist/Horticulture Fees	-	-	-	-	137,482	-	34,725	172,207
Fiscally Sponsored Projects	-	-	-	-	14,775	-	-	14,775
Plantings	-	-	-	69	2,532	-	207,089	209,690
Program Materials and Event Expenses	424	858	1,395	1,917	52	2,160	380	7,186
Printing and Postage	3,339	2,335	41	73	684	-	-	6,472
Utilities	1,300	169	640	532	203	461	480	3,785
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	665	87	327	272	104	235	246	1,936
Dues and Subscriptions	557	-	-	-	339	-	-	896
Minor Equipment Purchases and Rentals	55	180	487	571	937	-	-	2,230
Staff Travel and Mileage	564	83	4,151	743	257	296	34	6,128
Meetings and Conferences	615	29	1,759	279	486	449	295	3,912
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	131	-	162	5	121	11	-	430
Computer Expense	650	-	-	-	1,124	-	-	1,774
Staff Recruitment and Development	476	453	1,153	16,283	-	-	-	18,365
Advertising	1,531	1,011	-	-	-	-	3,938	6,480
Miscellaneous Expenses	26	135	-	-	-	-	11	172
Total Functional Expenses	\$ 128,058	\$ 26,158	\$ 153,188	\$ 107,946	\$ 201,668	\$ 59,431	\$ 383,935	\$ 1,060,384

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ <u>625,543</u>	\$ <u>222,854</u>
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation and Amortization	22,673	22,673
Investment Return	(291,678)	(337,367)
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	(90,197)	9,142
Prepaid Expenses	(70,987)	33,791
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	204,341	14,150
Accrued Payroll and Related Costs	29,371	(9,798)
Deferred Revenue	-	(5,700)
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	<u>26,834</u>	<u>(33,334)</u>
Net Adjustment	<u>(169,643)</u>	<u>(306,443)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>455,900</u>	<u>(83,589)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment Purchases	(642,583)	(977,927)
Net Proceeds from Sales of Investments	<u>655,519</u>	<u>971,344</u>
Net Cash Flows from Investing Activities	<u>12,936</u>	<u>(6,583)</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>468,836</u>	<u>(90,172)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>441,799</u>	<u>531,971</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 910,635</u>	<u>\$ 441,799</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

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 that 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 seven mile, 1,100 acre linear park stretching from Beacon Hill to Dorchester and featuring parkways and six 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 four parkways: Riverway, Jamaica way, Arborway, Fenway.

The Emerald Necklace Conservancy was incorporated in 1998 with the mission 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, environmental education, free cultural events and visitor services in the parks.

The Conservancy’s business model is to operate with a small staff (eight full-time and two part-time) and to coordinate a robust and diverse volunteer corps, now numbering over 1,000 people, working on parks projects, events, fundraising, public education and outreach efforts. Conservancy volunteers and program participants contribute 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 23 current members, includes Advancement, Audit, Development, Executive, Finance, Governance, Investment, Personnel, Liff Fund, and 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 22 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. These are ongoing efforts involving a great deal of time, energy and commitment.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(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 encourage the use of the Emerald Necklace as an outdoor classroom;
3. Increase private investment in the Emerald Necklace 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:

- 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 8,000 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.
- In 2018, the Emerald Necklace Conservancy celebrated its 20th Anniversary with a tri-part program that included a special exhibition of public outdoor art in five locations throughout the Necklace; a wayfinding pilot program of more than 100 new physical signs in the parks and a new mobile application for touring the Necklace, www.fogxflo.info; and new interpretive and educational displays in the Shattuck Visitor Center.
- The digital wayfinding application, launched on the occasion of *Fog x FLO: Fujiko Nakaya on the Emerald Necklace ("FogxFLO")* and the Conservancy's 20th Anniversary, is continuing to be improved and adapted for multiple educational use in the parks, including thematic seasonal tours, map and orientation features, providing users with parks history, and more.
- In 2018, the Conservancy added two new local organizations to its Park Overseers group: the Arboretum Park Coalition Conservancy and Charlesgate Alliance. Garden Club Federation of Massachusetts discontinued its membership in the Parks Overseers.
- The Conservancy is continuing its focus on rebuilding Emerald Necklace connections for pedestrians, cyclists, and all users, with a particular current emphasis on the Casey Arborway at the juncture of the Arnold Arboretum and Franklin Park, and the Charlesgate Area of the Back Bay. The Casey Arborway project entailed the removal of the Casey Overpass and creation of a dedicated bike lane (even better: there are two off-road, 2-way bicycle paths or cycletracks, one on each side of the parkway), as well as the planting of more than 400 new trees. This at-grade multi-use corridor now provides a safer, more enjoyable connection between the Arboretum and Franklin Park, and will also improve the connection between the Emerald Necklace and the Southwest Corridor park, thereby improving the network of greenspace and alternative transportation corridors within Boston. At Charlesgate, the Conservancy's work with the Charlesgate Alliance, DCR, MassDOT and local design team Landing Studio has resulted in several community meetings and the launch of developing concept designs for enhancements to the Charlesgate area, including recreational spaces, an improved connection between the Muddy and Charles Rivers, environmental improvements, and user amenities such as seating, lighting, etc. (other significant path improvements: the Route 9 crossing and River Road for which Brookline deserves acknowledgement). Another ongoing challenge: The rest of the Arborway (between Jamaica Pond and the Casey Arborway Project). The Casey Arborway Project is nearly complete, but the rest of the Arborway is a major gap.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 2 *(Continued)*

Recent Accomplishments:

- Pruning of over 800 trees and planting of over 150 trees since 2014 to the present.
- To mark its 20th Anniversary in 2018, the Conservancy undertook three major initiatives to elevate its visibility and visitor experience: engage new visitors by bringing to Boston’s Emerald Necklace parks an exhibition of “climate responsive” art by renowned Japanese artist Fujiko Nakaya called *Fog x FLO*; develop and pilot new way-finding approaches to help park users orient their way to and through the Necklace from surrounding neighborhoods during the exhibit; and research, design, and install new interpretive displays in the Emerald Necklace Shattuck Visitor Center at 125 The Fenway. The 20th Anniversary welcomed thousands of new and returning users to the Emerald Necklace parks to engage with the *Fog x FLO* exhibition and more than 200 accompanying performances by local artists, and the Visitor Center saw an over 200% increase in visitation after the installation of the new visitor displays. The Celebration enjoyed robust coverage in local, regional and national media, and led to an increased engagement with the Conservancy at its park sites, on the web, and via social media, among other great benefits.
- The 15th Anniversary Party in the Park was held in May 2018, to once again raise support for the Justine Mee Liff Fund, which underwrites capital improvements and tree work in the Emerald Necklace. In addition to raising support for ongoing maintenance and restoration projects, the event raised funding for the installation of six new drinking water fountains/bottle fillers. Five of these have been installed in Franklin Park and a sixth will be installed near the Shattuck Visitor Center in the Back Bay Fens in spring 2019.
- The Conservancy hosted 1,100 volunteers in the Emerald Necklace on programs such as rose pruning in the Kelleher Rose Garden, invasives special removal and woodlands restoration in Franklin Park, trash pickup and leaf raking in the Back Bay, and the annual Muddy River Cleanup, held each April.
- The Conservancy continues to advocate for investment and support of the Emerald Necklace through the city and state budget; the support of park supporting - transportation improvements; and environmental policy that benefits trees, such as legislation to manage gas leaks which are harmful to them.

Emerald Necklace Conservancy Programming for the Emerald Necklace Parks:

Volunteers:

- Volunteer in the Parks Program annually staffs park maintenance and restoration projects with over 1,000 youth and adult volunteers, which results not only in more effective stewardship and maintenance of the Emerald Necklace, but also creates new relationships with dedicated individuals and organizations in the care of the Necklace parks.
- “Tuesdays with Roses” – a weekly volunteer maintenance program of the Arthur Shurcliff-designed Kelleher Rose Garden – keep this historic garden blooming and beautiful from June through October.

Youth:

- The Youth Leadership Program and Green Team are youth workforce development programs which provide environmental education, leadership training and real work experience in the parks. Up to 50 city teens and young adults participate in parks maintenance and restoration projects each year as part of these two paid and educational programs.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 2 (Continued)

- The Canopy Classroom program provides hands-on life science learning in the park for 2nd and 3rd grade students from Boston Public Schools 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 from 2016 to the present.
- 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 were delivered at the Shattuck Visitor Center in the Back Bay Fens, including docent-led park tours, special tours of the *Fog x FLO* presentations, information and programs. A new informative display invites visitors to learn about the creation of the Emerald Necklace park system and the history of the Emerald Necklace Conservancy. An open house was held to welcome stakeholders and community members to the newly installed displays in the Visitor Center.
- The Annual Meeting, typically attended by approximately 150 guests, features a gathering of friends and supporters for a report on the past year, a look ahead and inspiration from a guest speaker or series of speakers.
- The Summer on the Emerald Necklace series comprises six free family concerts, yoga classes at the Arboretum, and a movie night in the Fens, and draws a diverse local audience. On average, more than 1,000 attend during the course of the series.
- More than 200 performances and artistic experiences were hosted alongside *Fog x FLO* during its 12 weeks on view from August 11 to October 31. Musicians, photographers, choreographers, playwrights, historians, painters, singers, dancers and more created new work in response to artist Fujiko Nakaya’s temporary and ephemeral fog sculptures, sited in five artist-selected locations in the Emerald Necklace parks.

Advocacy:

- Muddy River Flood Damage Reduction and Ecosystem Restoration Project - active voting membership on the five-member Management Cabinet for this \$92 million 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, was completed in 2016. Advocacy has continued for Phase II of the Restoration, currently slated for commencement in late 2019.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 2 *(Continued)*

- Pedestrian and Bicycle Pathways and Park Access – this year the Conservancy’s Overseer Access committee has worked to develop a prioritized plan for areas of focus. An area of focus is the needs for better safer pedestrian and bike access along the Arborway from Jamaica Pond to the Casey Arborway. Significant advocacy focus has been centered on this area. Other areas of access advocacy include the Charlesgate area and the need to replace a missing bridge in the Fens.
- Project Review Committee analyzes proposed development projects abutting the park and advocates for minimal impact on the park and park user experience

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. In FY 2018, the Conservancy expanded the GIS map to include the trees at Charlesgate and sections of Franklin Park (within the woodlands) which had not been previously included.

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 1:1 matches by the public partners. In the spring 2016, the Conservancy collaborated with Massachusetts Department of Conservation and Recreation to plant 150 Red Oak trees along the Riverway, Jamaica Way and Arborway, and continued canopy restoration with extensive woodlands work in Franklin Park.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

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.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 3 *(Continued)*

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*).

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, 2018 and 2017, 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. As of September 30, 2018 and 2017, all non-current receivables were due within two years. 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, 2018 AND 2017

(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, 2018 AND 2017

(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.

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. 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.

Fiscal Sponsorship:

During FY 2018 and 2017, the Organization acted as a fiscal sponsor for several projects. Grants and contributions made for these projects through Emerald Necklace are recognized as temporarily restricted support in the year received. Funds collected and held for distribution related to these projects are released from *Temporarily Restricted Net Assets* as eligible costs are incurred. For the years ended September 30, 2018 and 2017, the Organization expended \$162,733 and \$14,775, respectively, which is included in *Fiscally Sponsored Projects* in the accompanying Statements of Functional Expenses.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 3 (Continued)

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.

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.

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.

Reclassifications:

Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

Recent Accounting Guidance:

In August 2016, the FASB issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about the function and nature of expenses, liquidity, financial performance, and cash flows. This guidance will be effective for this Organization beginning on October 1, 2018 and is not expected to have a material effect on the Organization's financial position or change in net assets.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 3 *(Continued)*

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*, which deferred the effective date of ASC Update No. 2014-09 by one year. This guidance will be effective for this Organization beginning on October 1, 2019 and is not expected to have a material effect on the Organization's financial position or change in net assets.

NOTE 4 INVESTMENTS

As of September 30, 2018 and 2017, investment costs and unrealized gains and losses consisted of the following components:

<u>Investment Type</u>	<u>September 30, 2018</u>			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value (Level 1)</u>
Money Market Funds	\$ 134,535	\$ -	\$ -	\$ 134,535
Common Stock	1,646,738	598,263	(37,845)	2,207,156
Exchange-Traded Products	561,512	39,368	(11,001)	589,879
Mutual Funds	198,150	89,224	-	287,374
REITS	49,966	5,109	(1,198)	53,877
Corporate Bonds	921,457	1,828	(35,480)	887,805
Government Bonds	<u>303,113</u>	<u>-</u>	<u>(8,162)</u>	<u>294,951</u>
Total	<u>\$3,815,471</u>	<u>\$733,792</u>	<u>\$(93,686)</u>	<u>\$4,455,577</u>

<u>Investment Type</u>	<u>September 30, 2017</u>			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value (Level 1)</u>
Money Market Funds	\$ 115,362	\$ -	\$ -	\$ 115,362
Common Stock	1,615,512	365,051	(28,869)	1,951,694
Exchange-Traded Products	565,175	43,511	(3,813)	604,873
Mutual Funds	198,150	46,605	-	244,755
REITS	58,616	5,915	(199)	64,332
Corporate Bonds	916,108	13,481	(9,272)	920,317
Government Bonds	<u>277,310</u>	<u>-</u>	<u>(1,808)</u>	<u>275,502</u>
Total	<u>\$3,746,233</u>	<u>\$474,563</u>	<u>\$(43,961)</u>	<u>\$4,176,835</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 4 (Continued)

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.

Investments are classified as follows for the years presented:

	<u>September 30, 2018</u>		
<u>Non-Endowment Investments</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Unrestricted Investments - Operations	\$4,566	\$ -	\$ 4,566
Unrestricted Board Designated - Liff Fund Investments	-	2,753,190	2,753,190
Temporarily Restricted Investments Olmsted Tree Society	-	<u>959,072</u>	<u>959,072</u>
Total Non-Endowment Investments	<u>\$4,566</u>	<u>\$3,712,262</u>	<u>\$3,716,828</u>
	<u>September 30, 2017</u>		
<u>Non-Endowment Investments</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Unrestricted Investments - Operations	\$5,090	\$ -	\$ 5,090
Unrestricted Board Designated - Liff Fund Investments	-	2,571,233	2,571,233
Temporarily Restricted Investments Olmsted Tree Society	-	<u>893,246</u>	<u>893,246</u>
Total Non-Endowment Investments	<u>\$5,090</u>	<u>\$3,464,479</u>	<u>\$3,469,569</u>
<u>Shattuck Endowment Investments</u>		<u>2018</u>	<u>2017</u>
Shattuck Temporarily Restricted Investments		\$213,019	\$181,536
Shattuck Permanently Restricted Investments		<u>525,730</u>	<u>525,730</u>
Total Long-Term Investments - Shattuck Endowment		<u>\$738,749</u>	<u>\$707,266</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 4 *(Continued)*

Components of *Investment Return* for the years ended September 30, 2018 and 2017 are as follows:

<u>Components of Investment Return</u>	<u>2018</u>	<u>2017</u>
Interest and Dividends	\$109,106	\$ 99,504
Investment Fees	(41,582)	(38,380)
Net Realized Gain on Investments	7,291	10,488
Net Unrealized Gain on Investments	<u>216,863</u>	<u>265,755</u>
Net Investment Return	<u>\$291,678</u>	<u>\$337,367</u>

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2018 and 2017:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2018</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>175,748</u>	<u>731,156</u>
Total		<u>\$939,282</u>	<u>\$208,126</u>	<u>\$731,156</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2017</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>153,075</u>	<u>753,829</u>
Total		<u>\$939,282</u>	<u>\$185,453</u>	<u>\$753,829</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, which was comprised of \$706,904 of 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, 2018 and 2017, 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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

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 (5.25% and 4.25% as of September 30, 2018 and 2017, respectively). As of September 30, 2018 and 2017, 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. To date, the Organization has paid \$146,250 on the agreement with \$48,750 contingent upon sustained survival of the plantings. This amount has been accrued as contractual commitments on the accompanying Statements of Financial Position.

NOTE 8 NET ASSETS

Unrestricted, 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.

For the years ended September 30, 2018 and 2017, the Board appropriated funds for operating support in the amount of \$175,000 and \$200,000, 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, 2018 and 2017:

<u>Nature of Restriction</u>	<u>2018</u>	<u>2017</u>
Shattuck Emerald Necklace Visitor Center	\$ 569,907	\$ 587,580
Olmsted Tree Society*	1,030,260	1,077,741
Shattuck Endowment Appreciation	213,020	181,536
Youth/Green Team Programs	-	30,744
Fiscally Sponsored Projects - Charlesgate	59,334	29,475
Time Restrictions	<u>33,333</u>	<u>66,667</u>
Total	<u>\$1,905,854</u>	<u>\$1,973,743</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 8 (Continued)

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

	<u>2018</u>	<u>2017</u>
Contributions	\$ 83,611	\$ 51,985
Party in the Park Event Proceeds	-	344,494
Investment Income	65,932	73,649
Program Expenses	<u>(197,024)</u>	<u>(380,333)</u>
Net Increase (Decrease)	(47,481)	89,795
Net Assets - Beginning of Year	<u>1,077,741</u>	<u>987,946</u>
Net Assets - End of Year	<u>\$1,030,260</u>	<u>\$1,077,741</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>2018</u>	<u>2017</u>
Shattuck Emerald Necklace		
Visitor Center Amorization	\$ 17,673	\$ 17,673
Olmsted Tree Society	197,024	380,333
Youth/Green Team Programs	107,397	144,757
Volunteer Program	14,295	6,075
Maintenance, Restoration and Preservation	25,000	27,050
Fiscally Sponsored Projects - Charlesgate	21,311	3,275
Fiscally Sponsored Projects - Other	141,422	11,500
20 th Anniversary Programs	932,364	-
Shattuck Endowment Appreciation	9,285	-
Time Restrictions Elapsed	<u>33,333</u>	<u>10,000</u>
Total	<u>\$1,499,104</u>	<u>\$600,663</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(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, 2018 and 2017:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, September 30, 2016	\$ 128,645	\$525,730	\$654,375
Investment Income	18,110	-	18,110
Investment Fees	(6,246)	-	(6,246)
Investment Gains	<u>41,027</u>	<u>-</u>	<u>41,027</u>
Endowment Net Assets, September 30, 2017	181,536	525,730	707,266
Investment Income	20,044	-	20,044
Investment Fees	(6,642)	-	(6,642)
Investment Gains	27,366	-	27,366
Appropriation for Expenditure	<u>(9,285)</u>	<u>-</u>	<u>(9,285)</u>
Endowment Net Assets, September 30, 2018	<u>\$213,019</u>	<u>\$525,730</u>	<u>\$738,749</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 fundraising events are summarized below:

	September 30, 2018		
	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Party in the Park	\$1,239,106	\$(573,197)	\$665,909
Emerald Evening Sponsorships	<u>162,200</u>	<u>-</u>	<u>162,200</u>
	<u>\$1,401,306</u>	<u>\$(573,197)</u>	<u>\$828,109</u>
	September 30, 2017		
	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Party in the Park	\$ 941,188	\$(421,694)	\$519,494
Emerald Evening	<u>59,825</u>	<u>(32,750)</u>	<u>27,075</u>
Total	<u>\$1,001,013</u>	<u>\$(454,444)</u>	<u>\$546,569</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(Continued)

NOTE 9 (Continued)

The following table summarizes the FY 2018 and 2017 “Party in the Park” events:

	<u>2018</u>	<u>2017</u>
Gross Event Ticket Sales	\$ 642,253	\$ 565,257
Auction and Raffle Proceeds	230,100	218,583
Contributions and Sponsorships Received	<u>366,753</u>	<u>157,348</u>
Total Proceeds	1,239,106	941,188
Less: Direct Event Costs	<u>(573,197)</u>	<u>(421,694)</u>
Net Event Proceeds	<u>\$ 665,909</u>	<u>\$ 519,494</u>

The Net Event Proceeds were allocated as follows:

	<u>2018</u>	<u>2017</u>
Justine Mee Liff Fund (Board Designated)	\$665,909	\$175,000
Olmsted Tree Society (Restricted)	<u>-</u>	<u>344,494</u>
Total	<u>\$665,909</u>	<u>\$519,494</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 five - 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.

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, 2018 AND 2017

(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, 2018 and 2017 cash balances in excess of the FDIC coverage were \$603,475 and \$165,446, 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, 2018 and 2017, approximately 26% and 100%, respectively, of total *Pledges Receivable* are due from one foundation.

Revenue and Expense Concentrations:

For the year ended September 30, 2018, contributions related to the 20th Anniversary event and programs represent 29% of total support and revenues, and related expenses represent 35% of total expenses.

For the years ended September 30, 2018 and 2017, the Party in the Park fundraising event represented approximately 21% and 27%, 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 February 12, 2019, the date which the financial statements were available for issue, and noted the following event which met the disclosure criteria:

Project Grant:

The Organization received a \$250,000 grant from the Massachusetts Department of Conservation and Preservation for the Charlesgate project.