

EMERALD NECKLACE CONSERVANCY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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, 2019 AND 2018



Mission Statement

To restore and improve the Emerald Necklace parks for all.

EMERALD NECKLACE CONSERVANCY, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1 - 2
Statement of Financial Position as of September 30, 2019.....	3
Statement of Financial Position as of September 30, 2018.....	4
Statement of Activities for the Year Ended September 30, 2019.....	5
Statement of Activities for the Year Ended September 30, 2018.....	6
Statement of Functional Expenses for the Year Ended September 30, 2019.....	7 - 8
Statement of Functional Expenses for the Year Ended September 30, 2018.....	9 - 10
Statements of Cash Flows for the Years Ended September 30, 2019 and 2018.....	11
Notes to Financial Statements.....	12 - 30

**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

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, 2019 and 2018, 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, 2019 and 2018 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.

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

Emphasis of a Matter

As discussed in Note 3 to the financial statements, the Organization implemented ASC Update No. 2016-14 (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The implementation of this standard resulted in a reclassification between net assets with donor restrictions and net assets without donor restrictions in the amount of \$587,580 as of October 1, 2017. Our opinion is not modified in respect to this matter.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
February 11, 2020

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2019

<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	\$ 327,199	\$ -	\$ 129,750	\$ 417,795	\$ 874,744
Pledges Receivable	13,361	-	8,700	-	22,061
Prepaid Expenses	36,171	-	-	-	36,171
Short-Term Investments	5,598	-	-	894,640	900,238
Total Current Assets	<u>382,329</u>	<u>-</u>	<u>138,450</u>	<u>1,312,435</u>	<u>1,833,214</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>708,483</u>	<u>-</u>	<u>-</u>	<u>708,483</u>
<u>NON-CURRENT ASSETS:</u>					
Pledges Receivable, Non-Current	3,000	-	-	-	3,000
Long-Term Investments	-	-	3,221,470	-	3,221,470
Shattuck Endowment Investments	-	754,542	-	-	754,542
Total Non-Current Assets	<u>3,000</u>	<u>754,542</u>	<u>3,221,470</u>	<u>-</u>	<u>3,979,012</u>
<u>TOTAL ASSETS</u>	<u>\$ 385,329</u>	<u>\$ 1,463,025</u>	<u>\$ 3,359,920</u>	<u>\$ 1,312,435</u>	<u>\$ 6,520,709</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 120,689	\$ -	\$ 28,730	\$ 25,835	\$ 175,254
Accrued Payroll and Related Costs	47,369	-	-	-	47,369
Total Current Liabilities	<u>168,058</u>	<u>-</u>	<u>28,730</u>	<u>25,835</u>	<u>222,623</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>168,058</u>	<u>-</u>	<u>28,730</u>	<u>74,585</u>	<u>271,373</u>
<u>NET ASSETS:</u>					
Net Assets Without Donor Restrictions:					
Undesignated	31,162	708,483	-	-	739,645
Board Designated	-	-	3,331,190	-	3,331,190
Total Net Assets Without Donor Restrictions	<u>31,162</u>	<u>708,483</u>	<u>3,331,190</u>	<u>-</u>	<u>4,070,835</u>
Net Assets With Donor Restrictions	186,109	754,542	-	1,237,850	2,178,501
Total Net Assets	<u>217,271</u>	<u>1,463,025</u>	<u>3,331,190</u>	<u>1,237,850</u>	<u>6,249,336</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 385,329</u>	<u>\$ 1,463,025</u>	<u>\$ 3,359,920</u>	<u>\$ 1,312,435</u>	<u>\$ 6,520,709</u>

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>					
Net Assets Without Donor Restrictions:					
Undesignated	(50,124)	731,155	-	-	681,031
Board Designated	-	-	3,360,763	-	3,360,763
Total Net Assets Without Donor Restrictions	<u>(50,124)</u>	<u>731,155</u>	<u>3,360,763</u>	<u>-</u>	<u>4,041,794</u>
Net Assets With Donor Restrictions	92,667	738,750	-	1,030,260	1,861,677
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 ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>				
		<u>BOARD</u>	<u>TOTAL</u>		
	<u>UNDESIGNATED</u>	<u>DESIGNATED</u>	<u>WITHOUT DONOR</u>	<u>WITH DONOR</u>	<u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>		<u>LIFF FUND</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>ACTIVITIES</u>
<i>Public Support and Other Revenues:</i>					
Gifts, Grants and Contributions	\$ 1,046,287	\$ -	\$ 1,046,287	\$ 395,352	\$ 1,441,639
Special Event Proceeds (Note 9)	58,300	-	58,300	987,215	1,045,515
Less: Cost of Direct Benefits to Donors	(29,274)	-	(29,274)	(476,906)	(506,180)
<i>Other Revenues:</i>					
Fiscally Sponsored Projects	-	-	-	188,335	188,335
Investment Return	3,023	120,427	123,450	(43,512)	79,938
Donated Services	40,728	-	40,728	-	40,728
<i>Reclassification of Net Assets:</i>					
Net Assets Released from Restrictions	<u>883,660</u>	<u>(150,000)</u>	<u>733,660</u>	<u>(733,660)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,002,724</u>	<u>(29,573)</u>	<u>1,973,151</u>	<u>316,824</u>	<u>2,289,975</u>
<u>EXPENSES:</u>					
Program Services	1,397,356	-	1,397,356	-	1,397,356
Administrative	171,410	-	171,410	-	171,410
Fund Raising	<u>375,344</u>	<u>-</u>	<u>375,344</u>	<u>-</u>	<u>375,344</u>
<u>TOTAL EXPENSES</u>	<u>1,944,110</u>	<u>-</u>	<u>1,944,110</u>	<u>-</u>	<u>1,944,110</u>
<u>CHANGE IN NET ASSETS</u>	58,614	(29,573)	29,041	316,824	345,865
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>681,031</u>	<u>3,360,763</u>	<u>4,041,794</u>	<u>1,861,677</u>	<u>5,903,471</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 739,645</u>	<u>\$ 3,331,190</u>	<u>\$ 4,070,835</u>	<u>\$ 2,178,501</u>	<u>\$ 6,249,336</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>				
		<u>BOARD</u>	<u>TOTAL</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNDESIGNATED</u>	<u>DESIGNATED</u>	<u>WITHOUT DONOR</u>	<u>WITH DONOR</u>	<u>TOTAL</u>
		<u>LIFF FUND</u>	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>ACTIVITIES</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>1,656,431</u>	<u>(175,000)</u>	<u>1,481,431</u>	<u>(1,481,431)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,541,248</u>	<u>673,824</u>	<u>3,215,072</u>	<u>(50,216)</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>431,932</u>
<u>TOTAL EXPENSES</u>	<u>2,539,313</u>	<u>-</u>	<u>2,539,313</u>	<u>-</u>	<u>2,539,313</u>
<u>CHANGE IN NET ASSETS</u>	1,935	673,824	675,759	(50,216)	625,543
<u>NET ASSETS - BEGINNING OF YEAR AS RESTATED</u> (Note 3)	<u>679,096</u>	<u>2,686,939</u>	<u>3,366,035</u>	<u>1,911,893</u>	<u>5,277,928</u>
<u>NET ASSETS - END OF YEAR AS RESTATED</u>	<u>\$ 681,031</u>	<u>\$ 3,360,763</u>	<u>\$ 4,041,794</u>	<u>\$ 1,861,677</u>	<u>\$ 5,903,471</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(Page 1 of 2)

	<u>TOTAL</u>	<u>ADMINI-</u>	<u>FUND RAISING AND EVENTS</u>			<u>TOTAL</u>
	<u>PROGRAM</u>		<u>STRATIVE</u>	<u>FUND</u>	<u>EVENTS</u>	<u>TOTAL</u>
	<u>EXPENSES</u>		<u>RAISING</u>			<u>EXPENSES</u>
Salaries and Wages	\$ 474,927	\$ 32,551	\$ 143,368	\$ 97,681	\$ 241,049	\$ 748,527
Payroll Taxes	35,993	2,466	10,866	7,403	18,269	56,728
Employee Benefits	66,969	4,590	20,216	13,774	33,990	105,549
Youth Program Wages	3,920	-	-	-	-	3,920
Insurance	10,791	10,101	6,415	2,491	8,906	29,798
Maintenance and Repairs	925	208	552	215	767	1,900
Consultants and Professional Fees	291,598	44,074	10,536	22,942	33,478	369,150
Forestry/Arborist/Horticulture Fees	125,830	-	-	-	-	125,830
Fiscally Sponsored Projects	162,603	-	-	-	-	162,603
Program Materials and Event Expenses	133,940	336	-	6,354	6,354	140,630
Printing and Postage	21,479	2,822	11,361	1,286	12,647	36,948
Utilities	4,229	951	2,526	981	3,507	8,687
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	5,912	405	1,785	1,216	3,001	9,318
Dues, Subscriptions and Fees	883	1,544	12	-	12	2,439
Minor Equipment Purchases and Rentals	14,526	-	-	-	-	14,526
Staff Travel and Mileage	5,684	4,947	525	32	557	11,188
Meetings and Conferences	10,425	3,447	519	6	525	14,397
Accounting and Auditing Fees	-	23,822	-	-	-	23,822
Office Supplies	82	2,474	35	21	56	2,612
Computer and Technology Expenses	2,709	25,594	1,123	115	1,238	29,541
Staff Recruitment and Development	6,401	3,655	1,129	-	1,129	11,185
Advertising	4,098	-	28	24	52	4,150
Miscellaneous Expenses	2,394	4,940	-	655	655	7,989
Total Expenses Per Statement of Activities	1,397,356	171,410	217,588	157,756	375,344	1,944,110
Costs of Direct Benefits to Donors	-	-	-	506,180	506,180	506,180
Total Functional Expenses	\$ 1,397,356	\$ 171,410	\$ 217,588	\$ 663,936	\$ 881,524	\$ 2,450,290

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(Page 2 of 2)

	PROGRAMS							TOTAL PROGRAM EXPENSES
	<u>EDUCATION</u>				<u>MAINT./</u>	<u>OLMSTED</u>		
	<u>AND VISITOR</u>	<u>COMMUNITY</u>	<u>YOUTH</u>	<u>VOLUNTEER</u>	<u>RESTORATION/</u>	<u>PARK</u>	<u>TREE</u>	
<u>SERVICES</u>	<u>PROGRAMS</u>	<u>PROGRAMS</u>	<u>PROGRAM</u>	<u>PRESERVATION</u>	<u>OVERSEERS</u>	<u>SOCIETY</u>		
Salaries and Wages	\$ 64,348	\$ 117,874	\$ 110,419	\$ 64,158	\$ -	\$ 90,480	\$ 27,648	\$ 474,927
Payroll Taxes	4,877	8,933	8,368	4,862	-	6,850	2,103	35,993
Employee Benefits	9,074	16,621	15,570	9,047	-	12,745	3,912	66,969
Youth Program Wages	-	-	3,920	-	-	-	-	3,920
Insurance	3,688	481	1,867	1,508	577	1,307	1,363	10,791
Maintenance and Repairs	318	41	156	130	50	113	117	925
Consultants and Professional Fees	2,933	42,127	11,244	3,230	140,184	13,600	78,280	291,598
Forestry/Arborist/Horticulture Fees	-	-	-	-	-	-	125,830	125,830
Fiscally Sponsored Projects	-	-	6,836	-	155,767	-	-	162,603
Program Materials and Event Expenses	16	45,897	5,558	648	79,090	2,431	300	133,940
Printing and Postage	16,357	5,113	-	9	-	-	-	21,479
Utilities	1,452	189	715	594	227	515	537	4,229
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	801	1,467	1,375	799	-	1,125	345	5,912
Dues and Subscriptions	75	606	100	100	2	-	-	883
Minor Equipment Purchases and Rentals	136	13,962	-	428	-	-	-	14,526
Staff Travel and Mileage	39	1,548	3,300	283	89	337	88	5,684
Meetings and Conferences	17	3	9,452	102	-	826	25	10,425
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	12	-	36	-	-	34	-	82
Computer and Technology Expenses	1,412	-	-	100	-	513	684	2,709
Staff Recruitment and Development	-	-	3,408	2,912	-	81	-	6,401
Advertising	-	3,767	-	-	331	-	-	4,098
Miscellaneous Expenses	38	617	173	239	1,255	-	72	2,394
Total Functional Expenses	\$ 109,383	\$ 259,740	\$ 184,364	\$ 90,699	\$ 378,165	\$ 132,300	\$ 242,705	\$ 1,397,356

EMERALD NECKLACE CONSERVANCY, INC.

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

(Page 1 of 2)

	<u>TOTAL</u>	<u>ADMINI-</u>	<u>FUND RAISING AND EVENTS</u>			<u>TOTAL</u>
	<u>PROGRAM</u>		<u>STRATIVE</u>	<u>FUND</u>	<u>EVENTS</u>	<u>TOTAL</u>
	<u>EXPENSES</u>		<u>RAISING</u>			<u>EXPENSES</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
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
Program Materials and Event Expenses	9,677	5,401	489	151	640	15,718
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 and Technology Expenses	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

(Page 2 of 2)

	PROGRAMS							TOTAL PROGRAM EXPENSES
	<u>EDUCATION</u>				<u>MAINT./</u>	<u>OLMSTED</u>		
	<u>AND VISITOR</u>	<u>COMMUNITY</u>	<u>YOUTH</u>	<u>VOLUNTEER</u>	<u>RESTORATION/</u>	<u>PARK</u>	<u>TREE</u>	
<u>SERVICES</u>	<u>PROGRAMS</u>	<u>PROGRAMS</u>	<u>PROGRAM</u>	<u>PRESERVATION</u>	<u>OVERSEERS</u>	<u>SOCIETY</u>		
Salaries and Wages	\$ 67,534	\$ 121,046	\$ 114,454	\$ 65,340	\$ -	\$ 92,048	\$ 28,256	\$ 488,678
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
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
Program Materials and Event Expenses	172	112	3,620	2,200	46	2,777	750	9,677
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 and Technology Expenses	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 CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 345,865	\$ 625,543
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation and Amortization	22,673	22,673
Investment Return	(79,938)	(291,678)
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	101,469	(90,197)
Prepaid Expenses	41,807	(70,987)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(120,066)	204,341
Accrued Payroll and Related Costs	(10,466)	29,371
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	3,500	26,834
Net Adjustment	(41,021)	(169,643)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>304,844</u>	<u>455,900</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment Purchases	(1,994,484)	(642,583)
Net Proceeds from Sales of Investments	1,653,749	655,519
Net Cash Flows from Investing Activities	(340,735)	12,936
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(35,891)</u>	<u>468,836</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>910,635</u>	<u>441,799</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 874,744</u>	<u>\$ 910,635</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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 mission of the Emerald Necklace Conservancy is to restore and improve the Emerald Necklace for all. The Conservancy connects people and parks and conserves the Emerald Necklace through maintenance and capital restoration projects in the parks, environmental education, visitor services and free cultural events to enrich the visitor experience and restore and renew the landscape, waterways and parkways.

The Emerald Necklace is Boston’s largest park system—a seven-mile, 1,100-acre linear park stretching from Beacon Hill to Dorchester. The Conservancy cares for the six Frederick Law Olmsted-designed parks included in the system—the Back Bay Fens, the Riverway, Olmsted Park, Jamaica Pond and Franklin Park—as well as the four parkways: Riverway, Jamaicaaway, Arborway and Fenway.

The Conservancy was incorporated in 1998 with the mission to restore and improve the Emerald Necklace for all. It 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 agencies and officials to work for the renewal of this historic park system.

The Conservancy currently operates with eight full-time staff, two part-time staff, two Terra Corps interns and a small number of consultants. In addition, our volunteer program staff coordinate a robust and diverse volunteer corps of over 1,000 volunteers annually, who spent 2,882 hours this year working on park maintenance and beautification projects. Many other volunteers dedicate themselves throughout the year to projects including fundraising; events for youth, visitors, neighbors and volunteers; public education; constituency-building and park advocacy.

The all-volunteer Board of Directors, with 27 current members, includes the following committees: Audit; Development, Marketing & Branding; Executive; Finance; Governance; Investment; Personnel and Planning and Project Review Committees. The Board meets quarterly and the Executive Committee, consisting of 9 members, 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 parks. They also have three working groups: Advocacy, Access and Restoration & Maintenance. The efforts of the Park Overseers are ongoing and involve a great deal of time, energy, knowledge of local projects and commitment.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 2 (Continued)

Ongoing Organizational Objectives:

- Improve parks management and complete restoration and maintenance projects in the Emerald Necklace park system with a focus on restoring the urban forest;
- 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;
- Increase private investment in the Emerald Necklace parks to complement limited local and state budgets;
- 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.

Ongoing Projects and Recent Accomplishments:

- The Emerald Necklace Tree Survey, Conditions Assessment and Management Plan, funded by the Olmsted Tree Society, took significant strides in FY 2019 to complete work with the goal of fulfilling this plan by end of calendar year 2020. 300 trees were pruned in and along the Necklace with contracts signed to complete pruning on another 1,700 trees in the first half of FY 2020.
- In 2018, the Emerald Necklace Conservancy celebrated its 20th Anniversary with a tripartite 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. This celebration took place from August 11 to October 31, 2018, overlapping with the beginning of FY 2019 on October 1, 2018.
- The digital wayfinding application, launched on the occasion of *Fog x FLO: Fujiko Nakaya on the Emerald Necklace* and the Conservancy's 20th Anniversary, has since been improved and adapted for educational use in the parks, including thematic seasonal tours, map and orientation features, providing users with parks history and more. It can be found at www.emeraldnecklace.tours.
- The Conservancy is continuing its focus on rebuilding Emerald Necklace connections for pedestrians, cyclists and all users, with a current emphasis on the Arborway near the Arnold Arboretum and the Charlesgate Area of the Back Bay.
 - Thanks to the consistent championship of the Conservancy and other transportation advocacy groups, DCR completed a long-delayed safety audit of the area. A crosswalk was installed at the intersection of Parkman Drive and Perkins Street near Jamaica Pond, and more access safety improvements are under consideration.
 - At Charlesgate Park, the Conservancy's work with the Charlesgate Alliance, Massachusetts Department of Conservation and Recreation ("DCR"), MassDOT and local design team Landing Studio has resulted in a commitment from MassDOT to envision a scheduled replacement to the westbound Storrow Drive lanes in this area that is more visitor friendly, safer and greener than originally proposed. The project, which is anticipated to begin the bidding process in 2021, has the potential to return three acres of parkland currently "trapped" between the two directions of Storrow Drive to public use, and reconnect bicycle and pedestrian pathways between the Charles River Esplanade, Emerald Necklace and Commonwealth Avenue Mall for the first time in over 50 years. In addition, there is potential for the Muddy River/Charles River connection to be daylight - restored to the surface. This has been a very community and neighborhood-driven process with many public meetings and rich community feedback.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 2

(Continued)

The plans for the 11 acres of restored parkland at Charlesgate Park include recreational spaces, a dog park and user amenities such as seating, lighting and multimodal, accessible trails.

- The 16th Annual Party in the Park was held in May 2019 to once again raise support for the Justine Mee Liff Fund, which underwrites capital improvements and tree work in the Emerald Necklace. The prior year's water fountain initiative was completed in 2019 with the installation of a water fountain/bottle filler/dog bowl outside the Shattuck Visitor Center in the Back Bay Fens. This fountain was donated by current and former Party in the Park Chairs in honor of the Party's founder, Wendy Shattuck.
- The Conservancy welcomed over 1,000 volunteers in the Emerald Necklace, who worked on projects such as rose pruning in the Kelleher Rose Garden, invasive plant species removal and woodlands restoration in Franklin Park, trash pickup and leaf raking in the Back Bay Fens and the annual Muddy River Cleanup, held each April.
- The Conservancy continues to advocate for investment in the Emerald Necklace through City and State budgets. Specifically, advocacy efforts promote transportation improvements and environmental policy that benefits trees, such as legislation to manage gas leaks which are harmful to them.
- The Conservancy's biannual fundraising event *An Emerald Evening* was held in November 2018 at the Museum of Fine Arts, Boston. The event honors an individual with the Olmsted Award of Excellence, acknowledging a champion of Frederick Law Olmsted's ideals for the parks, and raises important funds for the Conservancy's programs and operations. The 2018 event honored longtime Conservancy volunteer and former board member Janet Atkins for her decades of work in Boston, and dedication to improving and restoring Olmsted's vision for the Emerald Necklace.

Programming for the Emerald Necklace Parks

Youth Education:

- The Conservancy's fall-to-spring Youth Leadership Program (YLP) focuses on developing leadership skills in a small cohort of youth ages 15-18, in a setting of environmental education and land stewardship. It also enhances communication skills and deepens life science and park maintenance knowledge. Six teens began and four completed the program in spring 2019. Receiving specialized mentorship and attention, these teens report having a greater appreciation for the environment, and a higher comfort level spending time outdoors than before entering the program.
- Green Team is a youth workforce development program which provides environmental education, leadership training and real work experience in the parks during a six-week period in the summer. Eighteen Boston teens and young adults participated in parks maintenance and restoration projects this year as part of the Green Team crew, while six others took on roles of increased responsibility as Assistant Crew Leaders and Crew Leaders in the program.
- The Canopy Classroom program provides hands-on life science learning in the parks for 2nd and 3rd grade students from Boston Public Schools elementary schools. In 2019, the program had 153 student engagements, which served five different classrooms across three schools.
- Internships are staffed on an as-needed basis by college students seeking work experience in a nonprofit, park stewardship organization.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 2 *(Continued)*

Maintenance and Restoration:

- In the Back Bay Fens, the Mother’s Rest Slope Restoration Project is a model slope management project which seeks to restore and protect slope areas from erosion and harmful foot traffic. This year the Conservancy planted 133 new plants in the area.
- Willow Pond Wildflower Meadow maintenance in Olmsted Park keeps this former skating rink site maintained as a meadow habitat for butterflies, bees and other native pollinators.
- Franklin Park invasive plant mapping has catalogued invasive species throughout the woodlands of the park in order to provide strategic direction for management and/or removal of these plants by Conservancy volunteers.
- In the Back Bay Fens near the Shattuck Visitor Center, the Conservancy planted 45 shrubs and 240 sedge plants.
- Volunteers also spent significant time pulling weeds in Justine Mee Liff Park in efforts to bridge maintenance of this recently reopened park while the Boston Parks Department completes the bidding process to contract the long-term maintenance of this area.
- Kelleher Rose Garden: after a comprehensive restoration project of the Rose Garden hedge was completed by the Boston Parks Department, the Conservancy consulted on new varieties of roses to plant, and worked to regrow roses that had sustained prolonged damage by rabbits in the years preceding the hedge replacement.

Advocacy:

- Muddy River Flood Damage Reduction and Ecosystem Restoration Project: the Conservancy maintains 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 early 2020.
- Pedestrian and Bicycle Pathways and Park Access: this year the Conservancy’s Overseers-led Access Working Group developed a GIS map of the Necklace and its areas of access concern, which will help to prioritize and plan for needed improvements.
- On an as-needed basis, the Project Review Committee analyzes proposed development projects abutting the Parks and advocates for minimal impact on the park and park user experience.
- Shattuck Hospital, located in Franklin Park, is planned to be demolished, and the State has proposed a new plan supporting housing for the formerly homeless and other human services on this site. The Conservancy has lead the way in advocating for the site to be returned to parkland while seeking alternative locations for the treatment facilities – ones more suitable for their users and the community from both a health and greenspace perspective.

Public Program and Visitor Amenities:

- The Shattuck Visitor Center welcomed 3,863 visitors in 2019. The external relations team promotes awareness of the Visitor Center by distributing Emerald Necklace maps, updating our mobile tour guide, www.emeraldnecklace.tours, with new tours and employing a dedicated Visitor Center Assistant to engage with visitors at the Visitor Center.
- The Conservancy’s docent program led 277 people on 17 private tours and 178 people on 15 public tours of the parks. This included walking, biking and bus tours.
- In April, the Annual Meeting focused on parks and public health and featured several experts and researchers of this increasingly prominent connection. Held at Simmons College, the event welcomed approximately 120 friends and supporters of the parks and the Conservancy.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 2 (Continued)

- The *Summer on the Emerald Necklace* series was expanded to include events in all six parks, and the fitness offerings were doubled and diversified from past years. All events were free and open to the public, and drew nearly 2,000 attendees during the series' six weeks. Events included movie nights in Charlesgate and the Fenway Victory Gardens; six family concerts in Olmsted Park, Pinebank and Franklin Park; yoga classes at the Arnold Arboretum, tai chi in Olmsted Park and boot camp-style fitness classes in the Back Bay Fens and Riverway.

Fundraising Efforts for Capital Projects

Justine Mee Liff Fund:

The Justine Mee Liff Fund is a Board-restricted fund dedicated to capital improvements 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, this fund has contributed to a range of significant 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 Olmsted Tree Society was founded to provide financial support for the preservation and protection of healthy trees in the Emerald Necklace Parks - Back Bay Fens, Riverway, Olmsted Park, Jamaica Pond, Franklin Park and along the parkways. These efforts are made through selective pruning and soil enhancement, as well as the planting of new trees. All work is undertaken by qualified Conservancy staff 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 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 Park and sections of Franklin Park (within the woodlands) which had not been previously included. The tree inventory now comprises over 8,000 trees.

Guided by the Management Plan, the Conservancy has invested \$1.9M in tree care plus more than 15,000 hours of volunteer time in Olmsted Park, Jamaica Pond, Franklin Park and the Back Bay Fens since 2014, leveraging 1:1 matches by its three public partners. In 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, 2019 AND 2018

(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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 3 (Continued)

These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - 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 or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

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, 2019 and 2018, 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, 2019 AND 2018

(Continued)

NOTE 3 (Continued)

Investments:

The Organization maintains professionally managed investment portfolios which may include money market funds, bonds, publicly traded equity securities and mutual funds that are reported at fair value. As required by the *FASB Accounting Standards Codification*TM, investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return (loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. 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 regardless of the investment liquidity.

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 FASB Accounting Standards CodificationTM, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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 net assets with donor restrictions 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, 2019 AND 2018

(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 net assets with donor restrictions depending on the nature of the restriction until the restriction expires, at which time these amounts are reclassified to net assets without donor restrictions.

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. For the year ended September 30, 2019, the Organization recorded \$40,728 of pro-bono legal services.

Fiscal Sponsorship:

In each year presented, the Organization acted as a fiscal sponsor for several projects which are consistent with the mission of the Conservancy. Grants and contributions made for these projects through Emerald Necklace are recognized as support with donor restrictions in the year received. Funds collected and held for distribution related to these projects are released from *Net Assets With Donor Restrictions* as eligible costs are incurred. For the years ended September 30, 2019 and 2018, the Organization expended \$162,603 and \$162,733, 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, 2019 AND 2018

(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 based upon space, asset and time usage. Expenses allocated based upon time consist of *Salaries and Wages, Payroll Taxes, Employee Benefits and Telephone. Utilities and Depreciation and Amortization* expenses are allocated based on the usage of the underlying assets.

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 funds.

Events - includes indirect costs associated with fund raising events and the direct costs associated with the benefits received by the donors in exchange for the purchase of event tickets.

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 in relation to the adoption of ASU 2016-14.

Recent Accounting Guidance:

Recently Implemented Standards

In August 2016, the Financial Accounting Standards Board ("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. This ASU modified the current guidance over several criteria, of which the following affected the Organization's financial statements:

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 3 *(Continued)*

- The Organization's net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions" as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to meet cash needs for general expenditures within one year of the statement of financial position date.
- The Organization provided a more in depth explanation of the methods used to allocate costs among program and supporting functions.
- The Organization utilized the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise. This change resulted in a reclassification from net assets with donor restrictions to net assets without donor restrictions in the amount of \$587,580 as of October 1, 2017.

In accordance with this ASU, the Organization has applied a retrospective application of the above standard, and as a result, is not presenting a liquidity and availability disclosure for the fiscal year ended September 30, 2018.

Recently Issued Standards

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 deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard is effective for this Organization in financial statements issued for fiscal years beginning October 1, 2019.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard is effective for this Organization in financial statements issued for fiscal years beginning October 1, 2019.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 4 INVESTMENTS

As of September 30, 2019 and 2018, investment costs and unrealized gains and losses consisted of the following components:

<u>Investment Type</u>	September 30, 2019		
	Total Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Funds	\$ 790,810	\$ 790,810	\$ -
Common Stock	1,381,053	1,381,053	-
Mutual Funds	1,992,778	1,992,778	-
Corporate Bonds	342,684	-	342,684
Government Bonds	<u>368,925</u>	<u>-</u>	<u>368,925</u>
Total Investments	<u>\$4,876,250</u>	<u>\$4,164,641</u>	<u>\$711,609</u>
<u>Investment Type</u>	September 30, 2018		
	Total Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Funds	\$ 134,535	\$ 134,535	\$ -
Common Stock	2,261,033	2,261,033	-
Exchange-Traded Products	589,879	589,879	-
Mutual Funds	287,374	287,374	-
Corporate Bonds	887,805	-	887,805
Government Bonds	<u>294,951</u>	<u>-</u>	<u>294,951</u>
Total Investments	<u>\$4,455,577</u>	<u>\$3,272,821</u>	<u>\$1,182,756</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

Mutual Funds and Common Stock: Traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

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

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, 2019 AND 2018

(Continued)

NOTE 4 (Continued)

Investments are classified as follows for the years presented:

<u>Non-Endowment Investments</u>	<u>September 30, 2019</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Investments Without Donor Restrictions:			
Operations	\$ 5,598	\$ -	\$ 5,598
Board Designated - Liff Fund	-	3,221,470	3,221,470
Investments With Donor Restrictions:			
Olmsted Tree Society	<u>894,640</u>	<u>-</u>	<u>894,640</u>
Total Non-Endowment Investments	<u>\$900,238</u>	<u>\$3,221,470</u>	<u>\$4,121,708</u>
<u>Non-Endowment Investments</u>	<u>September 30, 2018</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Investments Without Donor Restrictions:			
Operations	\$4,566	\$ -	\$ 4,566
Board Designated - Liff Fund	-	2,753,190	2,753,190
Investments With Donor Restrictions:			
Olmsted Tree Society	<u>-</u>	<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>Shattuck Endowment Investments</u>	<u>2019</u>	<u>2018</u>	
Shattuck Investments, Subject to Endowment's Spending Policy	\$228,812	\$213,019	
Shattuck Investments, Restricted in Perpetuity	<u>525,730</u>	<u>525,730</u>	
Total Long-Term Investments - Shattuck Endowment	<u>\$754,542</u>	<u>\$738,749</u>	

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2019 and 2018:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2019</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>198,421</u>	<u>708,483</u>
Total		<u>\$939,282</u>	<u>\$230,799</u>	<u>\$708,483</u>
<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>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 5 *(Continued)*

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. 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, 2019 and 2018, the provision for amortization of leasehold improvements was \$22,673 each year.

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% and 5.25% as of September 30, 2019 and 2018, respectively). As of September 30, 2019 and 2018, there were no borrowings on the line-of-credit.

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

Net Assets Without Donor Restrictions

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 without donor restriction, these funds are to be used for specific projects in cooperation with the parties to the agreement.

For the years ended September 30, 2019 and 2018, the Board appropriated funds for operating support in the amount of \$150,000 and \$175,000, respectively.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 8 (Continued)

Net Assets With Donor Restrictions:

Net Assets With Donor Restrictions includes unexpended contributions and grants restricted by donors and accumulated investment income earned on restricted funds for the following purposes as of September 30, 2019 and 2018:

<u>Nature of Restriction</u>	<u>2019</u>	<u>2018</u>
Olmsted Tree Society*	\$1,237,850	\$1,030,260
Shattuck Endowment - Restricted in Perpetuity	525,730	525,730
Shattuck Endowment Appreciation	228,812	213,019
Maintenance, Restoration and Preservation	101,043	-
Fiscally Sponsored Projects - Charlesgate	80,864	59,334
Fiscally Sponsored Projects - Other	4,202	-
Time Restrictions	-	33,334
Total	<u>\$2,178,501</u>	<u>\$1,861,677</u>

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

	<u>2019</u>	<u>2018</u>
Contributions	\$ 2,050	\$ 83,611
Party in the Park Event Proceeds	510,309	-
Investment Income (Loss)	(63,700)	65,932
Program Expenses	<u>(241,069)</u>	<u>(197,024)</u>
Net Increase (Decrease)	207,590	(47,481)
Net Assets - Beginning of Year	<u>1,030,260</u>	<u>1,077,741</u>
Net Assets - End of Year	<u>\$1,237,850</u>	<u>\$1,030,260</u>

Net assets released from 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 years presented:

<u>Nature of Restriction</u>	<u>2019</u>	<u>2018</u>
Olmsted Tree Society	\$241,069	\$ 197,024
Youth/Green Team Programs	52,341	107,397
Volunteer Program	-	14,295
Maintenance, Restoration and Preservation	179,822	25,000
Fiscally Sponsored Projects - Charlesgate	31,604	21,311
Fiscally Sponsored Projects - Other	130,999	141,422
20 th Anniversary Programs	60,096	932,364
Shattuck Endowment Appreciation	4,395	9,285
Time Restrictions Elapsed	<u>33,334</u>	<u>33,333</u>
Total	<u>\$733,660</u>	<u>\$1,481,431</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(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, 2019 and 2018:

	<u>Subject to Endowment's Spending Policy</u>	<u>Restricted In Perpetuity</u>	<u>Total Endowment Net Assets With Donor Restrictions</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	213,019	525,730	738,749
Investment Income	18,126	-	18,126
Investment Fees	(5,333)	-	(5,333)
Investment Gains	7,395	-	7,395
Appropriation for Expenditure	<u>(4,395)</u>	<u>-</u>	<u>(4,395)</u>
Endowment Net Assets, September 30, 2019	<u>\$228,812</u>	<u>\$525,730</u>	<u>\$754,542</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:

<u>Event</u>	<u>September 30, 2019</u>		
	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Party in the Park	\$ 987,215	\$(476,906)	\$510,309
Emerald Evening Sponsorships	<u>58,300</u>	<u>(29,274)</u>	<u>29,026</u>
Total	<u>\$1,045,515</u>	<u>\$(506,180)</u>	<u>\$539,335</u>
<u>Event</u>	<u>September 30, 2018</u>		
	<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>
Total	<u>\$1,401,306</u>	<u>\$(573,197)</u>	<u>\$828,109</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 9 (Continued)

The following table summarizes the FY 2019 and 2018 “Party in the Park” events:

	<u>2019</u>	<u>2018</u>
Gross Event Ticket Sales	\$ 654,465	\$ 642,253
Auction and Raffle Proceeds	180,100	230,100
Contributions and Sponsorships Received	<u>152,650</u>	<u>366,753</u>
Total Proceeds	987,215	1,239,106
Less: Direct Event Costs	<u>(476,906)</u>	<u>(573,197)</u>
Net Event Proceeds	<u>\$ 510,309</u>	<u>\$ 665,909</u>

In FY 2019, Party in the Park Net Event Proceeds were allocated to the Olmstead Tree Society, a restricted fund. In FY 2018, Net Event Proceeds were allocated to the Justine Mee Liff Fund, a Board Designated Fund.

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. 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, 2019 AND 2018

(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, 2019 and 2018 cash balances in excess of the FDIC coverage were \$583,881 and \$603,475, 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, 2019 and 2018, approximately 26%, of total *Pledges Receivable* are due from one donor.

Revenue and Expense Concentrations:

For the years ended September 30, 2019 and 2018, the Party in the Park fundraising event represented approximately 22% and 21%, respectively, of total support and revenues.

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.

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization has board designated investment funds that, while Management does not intend to spend these for purposes within the next year, these amounts could be made available for current operations, if necessary and as further stipulated in Note 3. The Organization estimates appropriations of \$125,000 from the Liff Fund investment portfolio under the spending policy for the upcoming year ending September 30, 2020. To help manage unanticipated liquidity needs, the Organization also has a committed line-of-credit of \$100,000, which it could draw upon. See Note 6 for information about the Organization's line-of-credit.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Continued)

NOTE 13 *(Continued)*

The following table reflects the Organization's financial assets as of September 30, 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, perpetual endowments and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific reserve.

Financial Assets:	
Cash	\$ 874,744
Pledges Receivable	25,061
Investments	<u>4,876,250</u>
Total Financial Assets as of September 30, 2019	5,776,055
Less Amounts Not Available to be Used Within One Year:	
Non-Current Pledges Receivable	(3,000)
Liff Fund Investments, Net of Estimated Appropriation	(3,206,190)
Shattuck Endowment Investments	(754,542)
Olmsted Tree Society Fund	<u>(437,850)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,374,473</u>

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to their ongoing activities relating to the preservation of the Emerald Necklace parks as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 14 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 11, 2020, the date which the financial statements were available for issue and noted the following event which met the disclosure criteria:

Curley House Lease Agreement:

The Organization entered into a lease agreement with the City of Boston, acting by and through the Trustees of the George Robert White Fund for 10,000 square feet of office and program space located at 350 Jamaicaaway in Boston. The initial five-year lease term begins in FY 2020, with five additional five-year options to extend at the option of the lessee. The use of the facility is a gift-in-title from the Trustees of the George Robert White Fund, which will be recognized in FY 2020.