

EMERALD NECKLACE CONSERVANCY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019



Mission Statement

To restore and improve the Emerald Necklace for all.

EMERALD NECKLACE CONSERVANCY, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1
Statement of Financial Position as of September 30, 2020..... <i>(With Summarized Comparative Totals for 2019)</i>	2
Statement of Financial Position as of September 30, 2019.....	3
Statement of Activities for the Year Ended September 30, 2020..... <i>(With Summarized Comparative Totals for 2019)</i>	4
Statement of Activities for the Year Ended September 30, 2019.....	5
Statement of Functional Expenses for the Year Ended September 30, 2020.....	6 - 7
Statement of Functional Expenses for the Year Ended September 30, 2019.....	8 - 9
Statements of Cash Flows for the Years Ended September 30, 2020 and 2019.....	10
Notes to Financial Statements.....	11 - 32



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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, 2020 and 2019, 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, 2020 and 2019 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 23, 2021

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2020

(With Summarized Comparative Totals for 2019)

<u>ASSETS</u>	<u>GENERAL PROGRAMS/ OPERATIONS</u>	<u>SHATTUCK VISITOR CENTER</u>	<u>LIFF FUND</u>	<u>OLMSTED TREE SOCIETY</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
<u>CURRENT ASSETS:</u>						
Cash	\$ 957,289	\$ -	\$ 109,049	\$ 116,866	\$ 1,183,204	\$ 874,744
Pledges Receivable	3,000	-	-	-	3,000	22,061
Curley House Receivable	64,270	-	-	-	64,270	-
Prepaid Expenses	81,084	-	-	-	81,084	36,171
Short-Term Investments	5,091	-	-	545,188	550,279	900,238
Total Current Assets	<u>1,110,734</u>	<u>-</u>	<u>109,049</u>	<u>662,054</u>	<u>1,881,837</u>	<u>1,833,214</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>-</u>	<u>685,810</u>	<u>-</u>	<u>-</u>	<u>685,810</u>	<u>708,483</u>
<u>NON-CURRENT ASSETS:</u>						
Pledges Receivable, Non-Current	-	-	-	-	-	3,000
Curley House Receivable, Non-Current	192,810	-	-	-	192,810	-
Long-Term Investments	-	-	3,603,488	-	3,603,488	3,221,470
Shattuck Endowment Investments	-	834,560	-	-	834,560	754,542
Total Non-Current Assets	<u>192,810</u>	<u>834,560</u>	<u>3,603,488</u>	<u>-</u>	<u>4,630,858</u>	<u>3,979,012</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,303,544</u>	<u>\$ 1,520,370</u>	<u>\$ 3,712,537</u>	<u>\$ 662,054</u>	<u>\$ 7,198,505</u>	<u>\$ 6,520,709</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>CURRENT LIABILITIES:</u>						
Accounts Payable and Accrued Expenses	\$ 88,810	\$ -	\$ 2,404	\$ 87,390	\$ 178,604	\$ 175,254
Accrued Payroll and Related Costs	20,734	-	-	-	20,734	47,369
Total Current Liabilities	<u>109,544</u>	<u>-</u>	<u>2,404</u>	<u>87,390</u>	<u>199,338</u>	<u>222,623</u>
<u>NON-CURRENT LIABILITIES:</u>						
Contractual Commitments	-	-	-	-	-	48,750
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,750</u>
<u>TOTAL LIABILITIES</u>	<u>109,544</u>	<u>-</u>	<u>2,404</u>	<u>87,390</u>	<u>199,338</u>	<u>271,373</u>
<u>NET ASSETS:</u>						
Net Assets Without Donor Restrictions:						
Undesignated	495,649	685,810	-	-	1,181,459	739,645
Board Designated	-	-	3,677,308	-	3,677,308	3,331,190
Total Net Assets Without Donor Restrictions	<u>495,649</u>	<u>685,810</u>	<u>3,677,308</u>	<u>-</u>	<u>4,858,767</u>	<u>4,070,835</u>
Net Assets With Donor Restrictions	698,351	834,560	32,825	574,664	2,140,400	2,178,501
Total Net Assets	<u>1,194,000</u>	<u>1,520,370</u>	<u>3,710,133</u>	<u>574,664</u>	<u>6,999,167</u>	<u>6,249,336</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,303,544</u>	<u>\$ 1,520,370</u>	<u>\$ 3,712,537</u>	<u>\$ 662,054</u>	<u>\$ 7,198,505</u>	<u>\$ 6,520,709</u>

The Accompanying Notes are an Integral Part of these Financial Statements....Page 2

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 ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With Summarized Comparative Totals for 2019)

	<u>WITHOUT DONOR RESTRICTIONS</u>				<u>TOTAL ACTIVITIES</u>	
	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED LIFE FUND</u>	<u>TOTAL WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2020</u>	<u>2019</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Public Support and Event Revenues:</i>						
Gifts, Grants and Contributions	\$ 1,100,697	\$ 72,800	\$ 1,173,497	\$ 305,008	\$ 1,478,505	\$ 1,434,357
Paycheck Protection Program	-	-	-	154,000	154,000	-
Special Event Proceeds <i>(Note 9)</i>	39,800	-	39,800	-	39,800	1,045,515
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	(506,180)
Curley House Donated Facilities <i>(Note 13)</i>	64,270	-	64,270	257,080	321,350	-
Donated Goods and Services	42,106	-	42,106	-	42,106	40,728
<i>Other Revenues:</i>						
Fiscally Sponsored Projects	-	-	-	294,516	294,516	195,617
Investment Return	1,341	480,860	482,201	92,461	574,662	79,938
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	1,348,708	(207,542)	1,141,166	(1,141,166)	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,596,922</u>	<u>346,118</u>	<u>2,943,040</u>	<u>(38,101)</u>	<u>2,904,939</u>	<u>2,289,975</u>
<u>EXPENSES:</u>						
Program Services	1,387,956	-	1,387,956	-	1,387,956	1,397,356
Administrative	358,661	-	358,661	-	358,661	171,410
Fund Raising	408,491	-	408,491	-	408,491	375,344
<u>TOTAL EXPENSES</u>	<u>2,155,108</u>	<u>-</u>	<u>2,155,108</u>	<u>-</u>	<u>2,155,108</u>	<u>1,944,110</u>
<u>CHANGE IN NET ASSETS</u>	<u>441,814</u>	<u>346,118</u>	<u>787,932</u>	<u>(38,101)</u>	<u>749,831</u>	<u>345,865</u>
<u>NET ASSETS - BEGINNING 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>	<u>5,903,471</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,181,459</u>	<u>\$ 3,677,308</u>	<u>\$ 4,858,767</u>	<u>\$ 2,140,400</u>	<u>\$ 6,999,167</u>	<u>\$ 6,249,336</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>				
	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED LIFF FUND</u>	<u>TOTAL WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>					
<i>Public Support and Event Revenues:</i>					
Gifts, Grants and Contributions	\$ 1,039,005	\$ -	\$ 1,039,005	\$ 395,352	\$ 1,434,357
Special Event Proceeds (<i>Note 9</i>)	58,300	-	58,300	987,215	1,045,515
Less: Cost of Direct Benefits to Donors	(29,274)	-	(29,274)	(476,906)	(506,180)
Donated Goods and Services	40,728	-	40,728	-	40,728
<i>Other Revenues:</i>					
Fiscally Sponsored Projects	-	-	-	195,617	195,617
Investment Return	3,023	120,427	123,450	(43,512)	79,938
<i>Reclassification of Net Assets:</i>					
Net Assets Released from Restrictions	890,942	(150,000)	740,942	(740,942)	-
<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	375,344	-	375,344	-	375,344
<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>	<u>58,614</u>	<u>(29,573)</u>	<u>29,041</u>	<u>316,824</u>	<u>345,865</u>
<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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(Page 1 of 2)

	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND RAISING AND EVENTS</u>			<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
			<u>FUND</u> <u>RAISING</u>	<u>EVENTS</u>	<u>TOTAL</u>	
Salaries and Wages	\$ 357,358	\$ 140,844	\$ 155,844	\$ 62,475	\$ 218,319	\$ 716,521
Payroll Taxes	29,904	11,458	12,063	4,875	16,938	58,300
Employee Benefits	15,866	24,731	41,305	-	41,305	81,902
Insurance	8,298	7,027	4,956	1,924	6,880	22,205
Maintenance and Repairs	6,699	1,507	4,001	1,554	5,555	13,761
Consultants and Professional Fees	246,775	83,184	7,634	9,900	17,534	347,493
Forestry/Arborist/Horticulture Fees	455,717	-	-	-	-	455,717
Fiscally Sponsored Projects	164,865	-	-	-	-	164,865
Program Materials and Event Expenses	8,526	1,492	646	36,813	37,459	47,477
Printing and Postage	12,192	1,325	12,811	1,661	14,472	27,989
Donated Curley House Rent (Note 13)	31,288	7,039	18,686	7,257	25,943	64,270
Utilities	6,361	1,430	3,798	1,474	5,272	13,063
Depreciation and Amortization	11,038	2,483	6,592	2,560	9,152	22,673
Telephone	8,184	1,841	4,888	1,899	6,787	16,812
Dues, Subscriptions and Fees	-	2,682	-	-	-	2,682
Minor Equipment Purchases and Rentals	5,523	13,061	-	-	-	18,584
Staff Travel and Mileage	45	1,878	-	-	-	1,923
Meetings and Conferences	406	4,533	65	-	65	5,004
Accounting and Auditing Fees	-	18,952	-	-	-	18,952
Office Supplies	11	5,789	135	-	135	5,935
Computer and Technology Expenses	2,984	14,376	1,233	-	1,233	18,593
Staff Recruitment and Development	3,565	110	242	-	242	3,917
Advertising	12,048	-	-	1,200	1,200	13,248
Miscellaneous Expenses	303	12,919	-	-	-	13,222
Total Functional Expenses	<u>\$ 1,387,956</u>	<u>\$ 358,661</u>	<u>\$ 274,899</u>	<u>\$ 133,592</u>	<u>\$ 408,491</u>	<u>\$ 2,155,108</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(Page 2 of 2)

	PROGRAMS							
	<u>EDUCATION</u> <u>AND VISITOR</u> <u>SERVICES</u>	<u>COMMUNITY</u> <u>PROGRAMS</u>	<u>YOUTH</u> <u>PROGRAMS</u>	<u>VOLUNTEER</u> <u>PROGRAM</u>	<u>MAINT./</u> <u>RESTORATION/</u> <u>PRESERVATION</u>	<u>PARK</u> <u>ADVISORS*</u>	<u>OLMSTED</u> <u>TREE</u> <u>SOCIETY</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>
Salaries and Wages	\$ 107,181	\$ 36,525	\$ 61,950	\$ 12,661	\$ 32,178	\$ 50,541	\$ 56,322	\$ 357,358
Payroll Taxes	9,070	3,075	4,647	886	3,676	3,937	4,613	29,904
Employee Benefits	8,644	-	-	-	6,402	-	820	15,866
Insurance	2,849	371	1,404	1,165	446	1,010	1,053	8,298
Maintenance and Repairs	2,300	300	1,133	941	360	815	850	6,699
Consultants and Professional Fees	13,867	19,856	9,385	7,900	48,954	1,200	145,613	246,775
Forestry/Arborist/Horticulture Fees	-	-	-	-	-	-	455,717	455,717
Fiscally Sponsored Projects	-	-	-	-	164,865	-	-	164,865
Program Materials and Event Expenses	521	312	359	345	3,029	2,965	995	8,526
Printing and Postage	7,046	172	-	12	3,805	-	1,157	12,192
Curley House Rent	10,743	1,400	5,292	4,394	1,681	3,807	3,971	31,288
Utilities	2,184	285	1,076	893	342	774	807	6,361
Depreciation and Amortization	3,790	494	1,867	1,550	593	1,343	1,401	11,038
Telephone	2,810	366	1,384	1,149	440	996	1,039	8,184
Dues and Subscriptions	-	-	-	-	-	-	-	-
Minor Equipment Purchases and Rentals	129	-	3,174	243	-	-	1,977	5,523
Staff Travel and Mileage	-	-	15	-	12	-	18	45
Meetings and Conferences	26	-	125	22	-	182	51	406
Accounting and Auditing Fees	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	11	-	11
Computer and Technology Expenses	1,660	100	406	818	-	-	-	2,984
Staff Recruitment and Development	454	-	1,061	240	1,810	-	-	3,565
Advertising	2,925	75	-	-	9,048	-	-	12,048
Miscellaneous Expenses	-	-	303	-	-	-	-	303
Total Functional Expenses	\$ 176,199	\$ 63,331	\$ 93,581	\$ 33,219	\$ 277,641	\$ 67,581	\$ 676,404	\$ 1,387,956

* Formerly Park Overseers

EMERALD NECKLACE CONSERVANCY, INC.

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

(Page 1 of 2)

	<u>TOTAL</u> <u>PROGRAM</u> <u>EXPENSES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND RAISING AND EVENTS</u>			<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
			<u>FUND</u> <u>RAISING</u>	<u>EVENTS</u>	<u>TOTAL</u>	
Salaries and Wages	\$ 478,847	\$ 32,551	\$ 143,368	\$ 97,681	\$ 241,049	\$ 752,447
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
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							
	<u>EDUCATION AND VISITOR SERVICES</u>	<u>COMMUNITY PROGRAMS</u>	<u>YOUTH PROGRAMS</u>	<u>VOLUNTEER PROGRAM</u>	<u>MAINT./ RESTORATION/ PRESERVATION</u>	<u>PARK ADVISORS*</u>	<u>OLMSTED TREE SOCIETY</u>	<u>TOTAL PROGRAM EXPENSES</u>
Salaries and Wages	\$ 64,348	\$ 117,874	\$ 114,339	\$ 64,158	\$ -	\$ 90,480	\$ 27,648	\$ 478,847
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
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

* Formerly Park Overseers

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 749,831	\$ 345,865
<i>Adjustments to Reconcile the Above to Net Cash Provided (used) by Operating Activities:</i>		
Grant for Future Pro Bono Space	(257,080)	-
Depreciation and Amortization	22,673	22,673
Investment Return	(574,662)	(79,938)
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	19,061	101,469
Prepaid Expenses	(44,913)	41,807
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	3,080	(120,066)
Accrued Payroll and Related Costs	(26,635)	(10,466)
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	3,000	3,500
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Contractual Commitments	(48,750)	-
Net Adjustment	(904,226)	(41,021)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(154,395)</u>	<u>304,844</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment Purchases	(150,267)	(1,994,484)
Net Proceeds from Sales of Investments	613,122	1,653,749
Net Cash Flows from Investing Activities	462,855	(340,735)
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>308,460</u>	<u>(35,891)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>874,744</u>	<u>910,635</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 1,183,204</u>	<u>\$ 874,744</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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 stewards the six Frederick Law Olmsted-designed parks included in the system—Charlesgate, the Back Bay Fens, the Riverway, Olmsted Park, Jamaica Pond and Franklin Park—as well as the four parkways: Fenway, Riverway, Jamaica Way and Arborway.

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, one part-time staff, two Terra Corps service members, a Northeastern student fulfilling a Co-op experience and a small number of consultants.

The all-volunteer Board of Directors, with 27 current members, includes the following committees: Audit, Executive, Finance, Governance, Investment, Personnel & Planning, Project Review and Development, Marketing & Branding. The Board meets quarterly and the Executive Committee, consisting of nine members, meets eight times a year. The all-volunteer Park Advisors 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. They also have three working groups: Advocacy, Access and Restoration & Maintenance.

Ongoing Organizational Objectives:

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, and
4. Facilitate a working coalition of state and municipal representatives, private entities, park advocates and neighborhood groups to advocate for, set and meet goals for the Emerald Necklace’s renewal.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 *(Continued)*

Administrative Expansion:

After a multi-year process in partnership with the City of Boston, in the fall 2019, the Conservancy signed a lease with the City to expand its offices into the Curley House in Jamaica Plain. The Conservancy staff, not including the education staff and Visitor Center Assistant, which will remain based at the Shattuck Visitor Center, moved to the new site in February 2020. This provides more space for staff, and allows the Shattuck Visitor Center to fulfill its mandate of being a visitor-focused, educational and welcoming public space. Preliminary discussions for turning the visitor center into a more functional space for visitors and programming have begun.

Response to COVID-19:

COVID-19 brought many changes to the Conservancy beginning in March 2020. In order to follow the guidelines and recommendations put in place by Massachusetts Governor Charlie Baker and Boston Mayor Martin Walsh, the Conservancy closed both the Shattuck Visitor Center and the Curley House offices, transitioning to a work-from-home model. The health and safety of staff, volunteers, visitors and patrons has been our first priority throughout the pandemic, and the Conservancy leadership continued the work-from-home model with limited office visits following strict safety guidelines through September with plans to re-open postponed until safe and necessary. With the fast and facile implementation of collaborative tools like MS Teams and Zoom, staff have been effective in performing their duties remotely. COVID-19 affected all programming and events since its onset in March.

At the onset of the pandemic, the Board and its committees, particularly the Development and Finance committees, held regular meetings and worked with staff to create plans and budgets for multiple possible income scenarios to ensure the financial well-being of the Organization amidst a time of extreme social and economic uncertainty.

The Conservancy galvanized quickly to apply for the Paycheck Protection Program (“PPP”) issued by the Small Business Administration in late March. Our successful application awarded a \$154,000 loan, which was forgiven in late summer, once all loan conditions had been met. With this support, the Conservancy was fortunate to maintain headcount, while pivoting the staff’s efforts and adjust roles as necessary in order to meet the new operating realities of a global pandemic.

All meetings and several events were moved to Zoom, with only small in-person park tours taking place when necessary, and adhering to all safety guidelines. A Virtual Engagement Response Team (“VERT”) was formed, and staff created a ‘Here for You’ page of the website with safety guidelines for park use and regularly updated education and entertainment content to support and engage the community with scavenger hunts, music, lectures and much more. While Zoom meetings and webinars replaced in-person events, the new format allowed audiences to join events from anywhere on the globe, increasing participation and attendance at standing committee meetings and community events, while also introducing the Conservancy and its programming to new audiences.

Although Conservancy staff made very effort to work with the City of Boston to transition its Youth Leadership Program, offered in partnership with Boston’s Department of Youth Employment and Engagement, to a virtual format, the agency made the decision to terminate the program in March and not transition it to a virtual format for the remaining month.

Further detail regarding cancellations, postponements and adaptations are provided below.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 *(Continued)*

At the same time that COVID-19 altered the methods used to provide our service to the public, parks themselves became more essential than ever, and the role and the mission of the Conservancy has perhaps never been more relevant, visible and appreciated. The parks, at many times, were busier than ever, and more central to meeting people's needs. This allowed more people to connect to the Conservancy's work.

Volunteer Programs:

During the winter season, the Conservancy led nine volunteer events with 114 volunteers. Due to COVID-19, all in-person volunteer events were cancelled between March and September. However, with the introduction of the Emerald Leaders program, some remote volunteer opportunities continued. The Emerald Leaders is a volunteer leadership training program, in which volunteers are trained to support the Land Stewardship Coordinator and other staff with volunteer management, leading volunteer events and acting as ambassadors for the Emerald Necklace.

Signage and Navigation:

The Conservancy continued to build on its Mobile Tour Guide, which became an important resource to many during the required isolation of the COVID-19 pandemic. The guide (www.emeraldnecklace.tours) encourages users to explore new Emerald Necklace destinations with history and information about the parks.

With the approval of the Conservancy's public partners, more than fifty A-frame signs were installed throughout the parks beginning in April. These signs provide health and safety guidelines in five languages for using the parks during the pandemic, a map to encourage visitors to explore lesser trafficked areas and the link to our mobile tour guide.

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. Although the program was cut short due to COVID-19 in March, six teens participated in the program from November through mid-March. 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. Thirty-three Boston teens and young adults participated this year. In response to the pandemic, education staff overhauled the curriculum to create a completely virtual program. In order to reach an even greater number of teens participating in the Conservancy's program, our education staff partnered with other local organizations, which allowed for our teens to take advantage of an expanded curriculum and participants of other organizations' summer programs to gain exposure to the Conservancy's offerings of environmental education. The program ran over Zoom and was paired with assignments to explore the parks individually. Topics included daily journaling, presentations of projects on environmental topics, a diversity training workshop led by the Anti-Defamation League, team-building activities and food justice, to name a few.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 *(Continued)*

Advocacy:

The Conservancy is continuing its focus on rebuilding Emerald Necklace connections for pedestrians, cyclists and all users, with a current emphasis on the Arborway from Jamaica Pond to the Forest Hills, and the Charlesgate Area of the Back Bay.

In 2017, Emerald Necklace Conservancy President Karen Mauney-Brodek assisted in the founding of a community group, Charlesgate Alliance, and planned and implemented a public process in partnership with the Massachusetts Department of Conservation and Recreation (“DCR”) to revitalize this 13-acre green space. Together, the Conservancy, the Alliance, DCR and internationally-renowned architecture firm Landing Studio developed a revitalization plan for Charlesgate Park, supported by numerous public meetings, site walks and buy-in from public partners and the community.

In 2020, momentum was gained as the MA Department of Transportation considered options for the inevitable renovation of the Eastbound Storrow Drive bridge over Charlesgate Park. This project, which requires a new bridge to be built alongside the current bridge during construction, allows for the potential of a new design which would open up the space and even allow for the Charlesgate area to be re-connected to the Charles River Esplanade for the first time in over 60 years.

While conversations are ongoing, Landing Studio has created renderings of a new bridge design, opened waterway and connected Emerald Necklace and Esplanade. This visual has helped the idea gain momentum among community members and city leaders.

Progress also continues in the effort to make the Arborway more friendly to cyclists and pedestrians. With the realities of COVID-19 underscoring the need for safe and accessible commuting and greenspace, and on the heels of a safety audit completed in 2019, DCR has already completed painting of new crosswalks and curbscuts. More improvements are expected such as bike lanes.

Response to the Black Lives Matter Movement:

The Conservancy staff and leadership were heartbroken by the violent death of George Floyd and many others. Like many institutions, the Conservancy spent the months following these events identifying and reviewing prejudices and practices that perpetuate racism and exclusion. This review and the creation of plans to remedy systemic attitudes and structures are ongoing. In May, the Conservancy released a statement of solidarity.

Events & Programming:

In February, the annual Night at the Symphony - a fundraiser in the series of events leading up to Party in the Park - was held. The evening began with a reception hosted by the Four Seasons One Dalton, and ended with guests attending a concert of the Boston Symphony Orchestra at Symphony Hall, with ticket purchases and raffle proceeds benefitting the Justine Mee Liff Fund. This was the only major in-person event at the Conservancy in fiscal year 2020.

With the cancellation of all in-person events and programming, the Conservancy transitioned its gatherings to virtual formats where possible, utilizing social media platforms or Zoom to livestream and create on-demand content to be used by individuals safely in the parks or at home.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 (Continued)

After long and careful deliberation by volunteer leadership and staff, Party in the Park was postponed to spring 2021. Donors who had already committed support to the Party were given options and flexibility to direct their donation to the Emerald Fund, in support of all operations; to maintain the support in the Liff Fund; to forward support to the next year's event; to receive a refund, or a combination of the above options. Donors who typically support Party in the Park were encouraged to donate in support of the Emerald Fund to lend the Conservancy the maximum flexibility and stability in these uncertain times.

The Annual Meeting was postponed, and held virtually in June. It focused on the work happening in Charlesgate Park and featured speakers Garret Dash Nelson of the Leventhal Map and Education Center and Dan and Marie Adams of Landing Studio.

Summer on the Emerald Necklace took on new life as much of the programming had to be changed. The series included virtual tours of the parks, how-tos on nature journaling and bird watching, yoga and many other activities. These offerings were warmly received with strong attendance, and the programming was extended for the first time ever to become *Autumn on the Emerald Necklace*.

Olmsted Tree Society and Park Maintenance:

Tree analysis continued, unimpeded by the pandemic, and in some cases was expedited due to increased contractor availability. The 2020 calendar year was the last of a five-year Tree Management Plan. This project focused on tree inventory, soil remediation and pruning. In FY 2020 alone, 3,640 trees were addressed in the Management Plan. These efforts included care for 2,477 trees in the Back Bay Fens, Olmsted Park, the Riverway and Franklin Park; specialized treatment and attention for 53 Heritage Trees throughout the Necklace and in the Victory Gardens and the first phase of a two-part Franklin Park project, which supported the health of 1,110 trees.

Experiencing Boston's hottest summer on record and extreme drought conditions, the Conservancy also prioritized tree watering. The Conservancy's staff and contractors completed ten weeks of watering of ~300 trees along the parkways and in Liff Park, as well as at Mothers Rest and the Fenway Planting bed, primarily focusing on recently planted new trees that need the water the most. Each tree received 20 gallons of water per week through September,

Planting was completed near the Shattuck Visitor Center in the Fenway, and much of the invasive species Japanese Knotweed was removed from Olmsted Park.

Fundraising:

The onset of the COVID-19 pandemic impacted fundraising at the Conservancy, much as it did for most nonprofits. As the stay-in-place order was issued on the threshold of the Conservancy's peak programmatic season, April through October, it meant closing the Shattuck Visitor Center, halting all planned in-person donor engagement events, tours in the Necklace to showcase the importance of the Conservancy's work and mission, and Party in the Park, the core fundraiser for the Conservancy's Justine Mee Liff Fund. Fundraising efforts turned to phone calls, Zoom meetings, and written correspondence.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 *(Continued)*

Postponement of Party in the Park resulted in the estimated loss of \$650,000 of revenue to the Liff Fund, as approximately \$375,000 had been raised for the Party against a goal of \$1 million at the time of the postponement. However, under the leadership of Conservancy Board, Liff Fund and staff, donors were encouraged to redirect their Party in the Park donations to the Emerald Fund to support the stability and flexibility of the Conservancy at this critical time. Donors were also given the options of forwarding their donations to next year's Party, maintaining their donation to the Liff Fund even absent the Party in 2020, or receiving a full or partial gift refund.

Fundraising efforts for the Emerald Fund continued unabated during the pandemic. An Earth Week online campaign in April and a spring/summer direct mail appeal took place as usual. Donors who had supported events such as the Annual Meeting and Summer on the Emerald Necklace in prior years were asked for unrestricted support in view of the challenging times. Several foundations and major donors "stepped up" and increased their donations or made additional gifts, recognizing the increasing visible and central role of parks. The Conservancy was also fortunate to receive a grant of \$200,000 from an anonymous funder in support of its COVID-19 response efforts and capacity building for longer-term projects such as Charlesgate Park Revitalization. With this grant received in June and the PPP loan secured, the Conservancy was in a strong position to continue its operations with a full staffing complement.

Overall, the Conservancy's Emerald Fund experienced its most successful year to date with \$1,311,879 raised. This was thanks to the efforts of staff and board members to reach out to as many donors as possible to keep them updated on the work of the Conservancy throughout the year, and make them aware of just how critical the parks became to the community during the pandemic. The distribution of physical signage in the parks in response to the onset of the pandemic for the first time connected the parks visually with the work of the Emerald Necklace Conservancy and generated "brand awareness" for the Conservancy's hand in parks maintenance and access. Ultimately, while some supporters withdrew or decreased their gift in

FY 2020, and we lost revenue from corporate volunteer groups and corporate event sponsorships, the vast majority of individual donors, foundations and other partners stepped up to help us meet the needs of park neighbors, and gave at equal or higher levels than usual. Of particular note was the decision by Party in the Park leadership to encourage donations to support the Party in the Park redirected by donors to the Emerald Fund.

The Conservancy was also able to maintain momentum on planning and fundraising for longer-term projects, such as the bicentennial of Frederick Law Olmsted's birth in 2022 and the planned Revitalization of Charlesgate Park. To this end, Consultant Betsy Tarlin was hired to conduct a feasibility analysis of private fundraising opportunities for the Charlesgate Revitalization Project. At the same time, the Conservancy continued to work with City of Boston and Commonwealth elected officials, DCR, Massachusetts Department of Transportation ("MassDOT") and other public partners to determine and continue to increase public investment in this part of the Necklace. The feasibility study is expected to be completed in early 2021.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 2 *(Continued)*

Olmsted Bicentennial:

Boston area's initial planning for the upcoming bicentennial of Frederick Law Olmsted's birth in 2022 began with a meeting of partners and interested parties in February 2020 at the Conservancy's headquarters. Based on the initial conversations of this group, five Task Forces were formed: Inclusion, Programming, Partnerships, Communication and Fundraising. The need for an additional ad-hoc "Committee of Neighborhoods" along the Necklace was also identified, and candidate organizations or neighborhood representatives are being researched and invited to participate starting in early 2021. The five Task Forces met bimonthly from May to November, focusing brainstorming and strategy on an inclusive, equitable Greater Boston celebration that celebrates themes that underpinned Olmsted's design for public spaces.

As currently envisioned, the celebration centers on an equitable and inclusive partnership model with many institutions around Boston, focusing on themes of shared power, health and unity in green spaces - echoing Olmsted's values in designing the parks. The planning is envisioned to be an iterative process with many partners, and the programming itself will represent the community - or be executed directly by the community using microgrants available through the bicentennial.

This effort is currently staffed by Emerald Necklace Conservancy, Frederick Law Olmsted National Historic Site (Fairsted) and project manager Jen Mergel (a consultant). Board representatives Barbara Millen, JoAnn Robinson and Jeff Cook participate in several of the task forces. The Greater Boston Olmsted Bicentennial is part of a bigger national effort driven by NAOP - National Association for Olmsted Parks. The Boston planning will formally kick off in April 2021 with an announcement aligned with the national effort's announcement of its celebration; the Boston celebration itself will take place from April through October 2022.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

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.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 *(Continued)*

Receivables:

Pledges Receivable reflects unconditional promises to give. *Curley House Receivable* reflects unconditional promises to give non-cash assets and commitments for pro-bono rent. 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, 2020 and 2019, all non-current receivables were due within four and two years, respectively. 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.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

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 Statement of Financial Position.

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.

Emerald Necklace Conservancy, Inc. recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions of assets other than cash are reported at their estimated fair value. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. When the conditions are met, the corresponding support is reported as contributions with donor restrictions.

Multi-year commitments are recognized in the year during which the initial commitment was made. 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 until the restrictions expire, at which time the assets 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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Donated Goods, Services and Facilities:

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, 2020, Emerald Necklace Conservancy recorded \$321,350 for current and future donated rent for the Curley House (*See Note 13*) and \$42,106 of pro-bono legal services. 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, 2020 and 2019, the Organization expended \$164,865 and \$162,603, respectively, which is included in *Fiscally Sponsored Projects* in the accompanying Statements of Functional Expenses and within net assets released from restriction in the accompanying Statements of Activities.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

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.

Reclassifications:

Certain amounts in the prior year information have been reclassified to conform to the current year presentation.

Recent Accounting Guidance:

Recently Implemented Standards

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 was adopted by the Organization effective October 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its FY 2019 revenue balances or opening net assets for the years presented.

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*. In June 2020, the FASB issued an optional deferral of the effective date. This standard will be effective for this Organization in financial statements issued for the fiscal year beginning October 1, 2020.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 4 INVESTMENTS

The Organization maintains an Environmental, Social and Corporate Governance ("ESG") compliant investment portfolio. As of September 30, 2020 and 2019, investments consisted of the following components:

<u>Investment Type</u>	<u>September 30, 2020</u>		
	<u>Total Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Money Market Funds	\$ 510,061	\$ 510,061	\$ -
Common Stock	1,591,826	1,591,826	-
Mutual Funds	2,192,418	2,192,418	-
Corporate Bonds	370,264	-	370,264
Government Bonds	<u>323,758</u>	<u>-</u>	<u>323,758</u>
Total Investments	<u>\$4,988,327</u>	<u>\$4,294,305</u>	<u>\$694,022</u>

<u>Investment Type</u>	<u>September 30, 2019</u>		
	<u>Total Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
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>

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, 2020 AND 2019

(Continued)

NOTE 4 *(Continued)*

Investments are classified as follows for the years presented:

<u>Non-Endowment Investments</u>	<u>September 30, 2020</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Investments Without Donor Restrictions:	\$ 5,091	\$ -	\$ 5,091
Operations			
Board Designated - Liff Fund	-	3,603,488	3,603,488
Investments With Donor Restrictions:			
Olmsted Tree Society	<u>545,188</u>	<u>-</u>	<u>545,188</u>
Total Non-Endowment Investments	<u>\$550,279</u>	<u>\$3,603,488</u>	<u>\$4,153,767</u>
<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:	\$ 5,598	\$ -	\$ 5,598
Operations			
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>Shattuck Endowment Investments</u>	<u>2020</u>		<u>2019</u>
Shattuck Investments, Subject to Endowment's Spending Policy	\$308,830		\$228,812
Shattuck Investments, Restricted in Perpetuity	<u>525,730</u>		<u>525,730</u>
Total Long-Term Investments - Shattuck Endowment	<u>\$834,560</u>		<u>\$754,542</u>

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2020 and 2019:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2020</u>
Vehicle	5	\$ 32,378	\$ 32,378	\$ -
Leasehold Improvements	40	<u>906,904</u>	<u>221,094</u>	<u>685,810</u>
Total		<u>\$939,282</u>	<u>\$253,472</u>	<u>\$685,810</u>
<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>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(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 each of the three periods. 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, 2020 and 2019, 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 (3.25% and 5% as of September 30, 2020 and 2019, respectively). As of September 30, 2020 and 2019, 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. Through September 30, 2019, the Organization paid \$146,250 on the agreement with \$48,750 contingent upon sustained survival of the plantings. As of September 30, 2019, this amount had been accrued as contractual commitments on the accompanying Statement of Financial Position. During FY 2020, the Organization reached a new agreement for the services and paid the outstanding commitment.

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, 2020 and 2019, the Board appropriated funds for operating support in the amount of \$125,000 and \$150,000, respectively. Additionally, for the year ended September 30, 2020, the Conservancy incurred Liff expenditures of \$82,542 that were appropriated for reimbursement by the Liff Fund.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(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, 2020 and 2019:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Olmsted Tree Society*	\$ 574,664	\$1,237,850
Shattuck Endowment - Restricted in Perpetuity	525,730	525,730
Shattuck Endowment Appreciation	308,830	228,812
Curley House Lease	257,080	-
Maintenance, Restoration and Preservation	218,945	76,043
Fiscally Sponsored Projects - Charlesgate	218,198	105,864
2021 Party in the Park (Liff Fund)	32,825	-
Fiscally Sponsored Projects - Other	4,128	4,202
Total	<u>\$2,140,400</u>	<u>\$2,178,501</u>

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

	<u>2020</u>	<u>2019</u>
Contributions	\$ 3,710	\$ 2,050
Party in the Park Event Proceeds	-	510,309
Investment Income (Loss)	12,443	(63,700)
Program Expenses	<u>(679,339)</u>	<u>(241,069)</u>
Net Increase (Decrease)	(663,186)	207,590
Net Assets - Beginning of Year	<u>1,237,850</u>	<u>1,030,260</u>
Net Assets - End of Year	<u>\$ 574,664</u>	<u>\$1,237,850</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>2020</u>	<u>2019</u>
Olmsted Tree Society	\$ 679,339	\$241,069
Youth/Green Team Programs	60,500	52,341
Paycheck Protection Program	154,000	-
Volunteer Program	19,525	-
Maintenance, Restoration and Preservation	45,546	179,822
Fiscally Sponsored Projects - Charlesgate	31,090	37,386
Fiscally Sponsored Projects - Other	151,166	132,499
20 th Anniversary Programs	-	60,096
Shattuck Endowment Appreciation	-	4,395
Time Restrictions Elapsed	-	33,334
Total	<u>\$1,141,166</u>	<u>\$740,942</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(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, 2020 and 2019:

	<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, 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	228,812	525,730	754,542
Investment Income	15,112	-	15,112
Investment Fees	(5,846)	-	(5,846)
Investment Gains	70,752	-	70,752
Appropriation for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, September 30, 2020	<u>\$308,830</u>	<u>\$525,730</u>	<u>\$834,560</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>September 30, 2020</u>		
<u>Event</u>	<u>Gross Proceeds</u>	<u>Direct Costs</u>	<u>Net Event Revenues</u>
Emerald Evening Sponsorships	<u>\$39,800</u>	<u>\$ -</u>	<u>\$39,800</u>
	<u>September 30, 2019</u>		
<u>Event</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>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 9 (Continued)

Due to the COVID-19 pandemic, the FY 2020 *Party in the Park* event was postponed to the Spring of 2021. Prior to the postponement, the event had raised \$216,850 in donations, sponsorship commitments and ticket sales. Of the total funding received and committed, donors re-directed their intentions as follows:

<u>Designation</u>	<u>Amount</u>
Emerald Fund	\$140,450
(General Operations)	
Liff Fund FY 2020	12,675
FY 2021 Event	32,825
(restricted Liff Fund)	
Refunded to Donors	<u>30,900</u>
Total	<u>\$216,850</u>

The following table summarizes the FY 2019 *Party in the Park* event:

	<u>Amount</u>
Gross Event Ticket Sales	\$ 654,465
Auction and Raffle Proceeds	180,100
Contributions and Sponsorships Received	<u>152,650</u>
Total Proceeds	987,215
Less: Direct Event Costs	<u>(476,906)</u>
Net Event Proceeds	<u>\$ 510,309</u>

In FY 2019, *Party in the Park* net event proceeds were allocated to the Olmstead Tree Society, a restricted 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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

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.

NOTE 12 CONDITIONAL GRANT

In FY 2019, Emerald Necklace Conservancy, Inc. was awarded a multi-year conditional grant commitment totaling \$400,000 from the City of Boston Community Preservation Committee to support the Charlesgate Park transformation project. The first installment of \$133,333 was received in FY 2020 and recognized as *Gifts, Grants and Contributions* in the accompanying Statement of Activities. The remaining installments are strictly conditional upon satisfactory program accomplishments. The term of the grant commitment is through January 1, 2021 with the remaining balance of \$266,667 expected to be received in FY 2021, subject to the ability of the Conservancy to meet the terms and conditions of the grant. As of September 30, 2020, the conditional amount of the commitment was \$266,667. As the terms and conditions has not been met, the support has not been recognized in the accompanying financial statements.

NOTE 13 CURLEY HOUSE LEASE

On October 1, 2019, Emerald Necklace Conservancy entered into a five-year lease with the City of Boston acting by and through the Trustees of the George Robert White Fund for 10,000 square feet of space located in Boston, Massachusetts which is known as the Curley House. Rent is \$1 annually to be paid on or before the commencement date and on or before any subsequent anniversary of the commencement date during the lease term. The use of the Curley House is a gift-in-title from the Trustees of the George Robert White Fund, and the value of this gift is \$64,270 annually and \$321,350 over the term of the lease.

In according with accounting standards, FASB ASC 958-605-55-24, the Conservancy has recognized a contribution for the full amount of the initial five-year lease term, valued at \$321,350, which has been recorded as *Curley House Donated Facilities*, of which amount, \$257,080 representing the future rent, is recorded as with donor restrictions in the accompanying Statement of Activities. A corresponding pledge receivable in the amount of \$257,080 was recorded for years two to five of the lease. The net assets will be released from donor restriction to coincide with the term of the lease at which time the receivable will be fulfilled and the rent expense recorded to the Statement of Functional Expenses.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 14 CONTINGENCIES

Paycheck Protection Program:

Emerald Necklace Conservancy, Inc. received a loan in the amount of \$154,000 from Citizens Bank through the Paycheck Protection Program established by the U.S. CARES Act (the “PPP Loan”) on May 1, 2020. The Conservancy has elected to account for the expected forgivable portion of this loan as a conditional grant commitment. Emerald Necklace intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. The Conservancy expects to meet the requirements for loan forgiveness. Emerald Necklace must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. The Conservancy elects to use a 24-week covered period which will expire on October 16, 2020. As of September 30, 2020, the Organization has incurred \$154,000 of qualifying costs which has been recognized as grant income for the fiscal year then ended. Subsequent to year end on November 17, 2020, the Small Business Administration approved forgiveness in the amount of \$154,000.

Impact of COVID-19:

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization’s financial position, change in net assets and cash flows. The Organization is not able to estimate the length of severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effected on the Organization’s operations continue for an extended period of time, the Organization may have to seek alternative measures to finance its operation. There is no assurance these measures will be successful. During FY 2020, the Party in the Park major fundraising event was postponed and is expected to take place in FY 2021.

NOTE 15 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, 2020 and 2019 cash balances in excess of the FDIC coverage were \$690,421 and \$583,881, respectively. The Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 15 (Continued)

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.

Revenue and Expense Concentrations:

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

NOTE 16 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, 2021. 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.

The following table reflects the Organization's financial assets as of September 30, 2020, 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.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$1,183,204	\$ 874,744
Pledges Receivable	3,000	25,061
Curley House Receivable	257,080	-
Investments	<u>4,988,327</u>	<u>4,876,250</u>
Total Financial Assets as of September 30 th	6,431,611	5,776,055
Less Amounts Not Available to be Used Within One Year:		
Non-Current Pledges Receivable	-	(3,000)
Curley House Receivable	(257,080)	-
Liff Fund Investments, Net of Estimated Appropriation	(3,585,133)	(3,206,190)
Shattuck Endowment Investments	(834,560)	(754,542)
Olmsted Tree Society Fund	<u>(1,689)</u>	<u>(437,850)</u>
Financial Assets Available to Meet General		
Expenditures Within One Year	<u>\$1,773,149</u>	<u>\$1,374,473</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 16 *(Continued)*

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 17 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 23, 2021, the date which the financial statements were available for issue and noted the following event which met the disclosure criteria:

PPP Loan Forgiveness:

On November 17, 2020, the Small Business Administration approved forgiveness of the Paycheck Protection Program loan issued on May 1, 2020. See Note 14 for information regarding the Paycheck Protection Program.