

EMERALD NECKLACE CONSERVANCY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021



Mission Statement

To restore and improve the Emerald Necklace for all.

www.emeraldnecklace.org

EMERALD NECKLACE CONSERVANCY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1 - 2
Statement of Financial Position as of September 30, 2022..... <i>(With Summarized Comparative Totals for 2021)</i>	3
Statement of Financial Position as of September 30, 2021.....	4
Statement of Activities for the Year Ended September 30, 2022..... <i>(With Summarized Comparative Totals for 2021)</i>	5
Statement of Activities for the Year Ended September 30, 2021.....	6
Statement of Functional Expenses for the Year Ended September 30, 2022.....	7 - 8
Statement of Functional Expenses for the Year Ended September 30, 2021.....	9 - 10
Statements of Cash Flows for the Years Ended September 30, 2022 and 2021.....	11
Notes to Financial Statements.....	12 - 31

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Emerald Necklace Conservancy, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerald Necklace Conservancy, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Emerald Necklace Conservancy, Inc.

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

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

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

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
March 27, 2023

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2022

(With Summarized Comparative Totals for 2021)

<u>ASSETS</u>	<u>GENERAL PROGRAMS/ OPERATIONS</u>	<u>SHATTUCK VISITOR CENTER</u>	<u>LIFF FUND</u>	<u>CHARLESGATE PROJECT</u>	<u>2022 TOTAL</u>	<u>2021 TOTAL</u>
<u>CURRENT ASSETS:</u>						
Cash	\$ 75,344	\$ -	\$ -	\$ 1,309,346	\$ 1,384,690	\$ 1,282,490
Pledges Receivable	257,790	-	-	302,250	560,040	91,950
Curley House Receivable	64,270	-	-	-	64,270	64,270
Employee Retention Tax Credits Due	-	-	-	-	-	265,584
Prepaid Expenses	45,741	-	-	-	45,741	51,081
Short-Term Investments	169,864	-	-	-	169,864	207,217
Total Current Assets	<u>613,009</u>	<u>-</u>	<u>-</u>	<u>1,611,596</u>	<u>2,224,605</u>	<u>1,962,592</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>42,023</u>	<u>640,501</u>	<u>-</u>	<u>-</u>	<u>682,524</u>	<u>709,173</u>
<u>NON-CURRENT ASSETS:</u>						
Pledges Receivable, Non-Current	16,500	-	-	-	16,500	-
Curley House Receivable, Non-Current	64,270	-	-	-	64,270	128,540
Long-Term Investments	-	-	3,275,402	-	3,275,402	4,291,164
Shattuck Endowment Investments	-	778,869	-	-	778,869	960,157
Total Non-Current Assets	<u>80,770</u>	<u>778,869</u>	<u>3,275,402</u>	<u>-</u>	<u>4,135,041</u>	<u>5,379,861</u>
<u>TOTAL ASSETS</u>	<u>\$ 735,802</u>	<u>\$ 1,419,370</u>	<u>\$ 3,275,402</u>	<u>\$ 1,611,596</u>	<u>\$ 7,042,170</u>	<u>\$ 8,051,626</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>CURRENT LIABILITIES:</u>						
Accounts Payable and Accrued Expenses	\$ 98,037	\$ -	\$ -	\$ -	\$ 98,037	\$ 218,229
Accrued Payroll and Related Costs	91,090	-	-	-	91,090	59,432
Total Current Liabilities	<u>189,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,127</u>	<u>277,661</u>
<u>TOTAL LIABILITIES</u>	<u>189,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,127</u>	<u>277,661</u>
<u>NET ASSETS:</u>						
Net Assets Without Donor Restrictions:						
Undesignated	406,257	640,501	-	-	1,046,758	1,498,669
Board Designated	-	-	3,275,402	-	3,275,402	4,291,164
Total Net Assets Without Donor Restrictions	<u>406,257</u>	<u>640,501</u>	<u>3,275,402</u>	<u>-</u>	<u>4,322,160</u>	<u>5,789,833</u>
Net Assets With Donor Restrictions	140,418	778,869	-	1,611,596	2,530,883	1,984,132
Total Net Assets	<u>546,675</u>	<u>1,419,370</u>	<u>3,275,402</u>	<u>1,611,596</u>	<u>6,853,043</u>	<u>7,773,965</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 735,802</u>	<u>\$ 1,419,370</u>	<u>\$ 3,275,402</u>	<u>\$ 1,611,596</u>	<u>\$ 7,042,170</u>	<u>\$ 8,051,626</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021

<u>ASSETS</u>	<u>GENERAL PROGRAMS/ OPERATIONS</u>	<u>SHATTUCK VISITOR CENTER</u>	<u>LIFF FUND</u>	<u>CHARLES GATE PROJECT</u>	<u>OLMSTED TREE SOCIETY</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>						
Cash	\$ 546,327	\$ -	\$ -	\$ 736,163	\$ -	\$ 1,282,490
Pledges Receivable	91,950	-	-	-	-	91,950
Curley House Receivable	64,270	-	-	-	-	64,270
Employee Retention Tax Credits Due	265,584	-	-	-	-	265,584
Prepaid Expenses	51,081	-	-	-	-	51,081
Short-Term Investments	155,849	-	-	-	51,368	207,217
Total Current Assets	<u>1,175,061</u>	<u>-</u>	<u>-</u>	<u>736,163</u>	<u>51,368</u>	<u>1,962,592</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>46,000</u>	<u>663,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>709,173</u>
<u>NON-CURRENT ASSETS:</u>						
Curley House Receivable, Non-Current	128,540	-	-	-	-	128,540
Long-Term Investments	-	-	4,291,164	-	-	4,291,164
Shattuck Endowment Investments	-	960,157	-	-	-	960,157
Total Non-Current Assets	<u>128,540</u>	<u>960,157</u>	<u>4,291,164</u>	<u>-</u>	<u>-</u>	<u>5,379,861</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,349,601</u>	<u>\$ 1,623,330</u>	<u>\$ 4,291,164</u>	<u>\$ 736,163</u>	<u>\$ 51,368</u>	<u>\$ 8,051,626</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>CURRENT LIABILITIES:</u>						
Accounts Payable and Accrued Expenses	\$ 217,983	\$ -	\$ -	\$ -	\$ 246	\$ 218,229
Accrued Payroll and Related Costs	59,432	-	-	-	-	59,432
Total Current Liabilities	<u>277,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>277,661</u>
<u>TOTAL LIABILITIES</u>	<u>277,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>277,661</u>
<u>NET ASSETS:</u>						
Net Assets Without Donor Restrictions:						
Undesignated	835,496	663,173	-	-	-	1,498,669
Board Designated	-	-	4,291,164	-	-	4,291,164
Total Net Assets Without Donor Restrictions	<u>835,496</u>	<u>663,173</u>	<u>4,291,164</u>	<u>-</u>	<u>-</u>	<u>5,789,833</u>
Net Assets With Donor Restrictions	236,690	960,157	-	736,163	51,122	1,984,132
Total Net Assets	<u>1,072,186</u>	<u>1,623,330</u>	<u>4,291,164</u>	<u>736,163</u>	<u>51,122</u>	<u>7,773,965</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,349,601</u>	<u>\$ 1,623,330</u>	<u>\$ 4,291,164</u>	<u>\$ 736,163</u>	<u>\$ 51,368</u>	<u>\$ 8,051,626</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Comparative Totals for 2021)

	<u>WITHOUT DONOR RESTRICTIONS</u>			<u>WITH</u>	<u>TOTAL ACTIVITIES</u>	
	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED LIFF FUND</u>	<u>TOTAL WITHOUT DONOR RESTRICTIONS</u>	<u>DONOR RESTRICTIONS</u>	<u>2022</u>	<u>2021</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Public Support and Event Revenues:</i>						
Gifts, Grants and Contributions	\$ 1,020,508	\$ 1,000	\$ 1,021,508	\$ 1,709,261	\$ 2,730,769	\$ 1,498,620
Employee Retention Tax Credits	-	-	-	-	-	265,584
Paycheck Protection Program	-	-	-	-	-	154,000
Special Event Proceeds <i>(Note 8)</i>	-	547,534	547,534	-	547,534	351,771
Less: Cost of Direct Benefits to Donors	-	(379,610)	(379,610)	-	(379,610)	(143,604)
Donated Goods and Services	69,285	-	69,285	-	69,285	79,034
<i>Other Revenues:</i>						
Fiscally Sponsored Projects	-	-	-	286,059	286,059	252,398
Investment Return	(10,431)	(928,224)	(938,655)	(193,133)	(1,131,788)	903,110
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restrictions	1,511,898	(256,462)	1,255,436	(1,255,436)	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,591,260</u>	<u>(1,015,762)</u>	<u>1,575,498</u>	<u>546,751</u>	<u>2,122,249</u>	<u>3,360,913</u>
<u>EXPENSES:</u>						
Program Services	1,956,629	-	1,956,629	-	1,956,629	1,566,092
Administrative	751,476	-	751,476	-	751,476	560,684
Fund Raising	335,066	-	335,066	-	335,066	459,339
<u>TOTAL EXPENSES</u>	<u>3,043,171</u>	<u>-</u>	<u>3,043,171</u>	<u>-</u>	<u>3,043,171</u>	<u>2,586,115</u>
<u>CHANGE IN NET ASSETS</u>	<u>(451,911)</u>	<u>(1,015,762)</u>	<u>(1,467,673)</u>	<u>546,751</u>	<u>(920,922)</u>	<u>774,798</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>1,498,669</u>	<u>4,291,164</u>	<u>5,789,833</u>	<u>1,984,132</u>	<u>7,773,965</u>	<u>6,999,167</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,046,758</u>	<u>\$ 3,275,402</u>	<u>\$ 4,322,160</u>	<u>\$ 2,530,883</u>	<u>\$ 6,853,043</u>	<u>\$ 7,773,965</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<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	\$ 1,088,840	\$ -	\$ 1,088,840	\$ 409,780	\$ 1,498,620
Employee Retention Tax Credits	265,584	-	265,584	-	265,584
Paycheck Protection Program	-	-	-	154,000	154,000
Special Event Proceeds <i>(Note 8)</i>	34,556	-	34,556	317,215	351,771
Less: Cost of Direct Benefits to Donors	(18,161)	-	(18,161)	(125,443)	(143,604)
Donated Goods and Services	79,034	-	79,034	-	79,034
<i>Other Revenues:</i>					
Fiscally Sponsored Projects	-	-	-	252,398	252,398
Investment Return	19	783,856	783,875	119,235	903,110
<i>Reclassification of Net Assets:</i>					
Net Assets Released from Restrictions	<u>1,453,453</u>	<u>(170,000)</u>	<u>1,283,453</u>	<u>(1,283,453)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,903,325</u>	<u>613,856</u>	<u>3,517,181</u>	<u>(156,268)</u>	<u>3,360,913</u>
<u>EXPENSES:</u>					
Program Services	1,566,092	-	1,566,092	-	1,566,092
Administrative	560,684	-	560,684	-	560,684
Fund Raising	<u>459,339</u>	<u>-</u>	<u>459,339</u>	<u>-</u>	<u>459,339</u>
<u>TOTAL EXPENSES</u>	<u>2,586,115</u>	<u>-</u>	<u>2,586,115</u>	<u>-</u>	<u>2,586,115</u>
<u>CHANGE IN NET ASSETS</u>	<u>317,210</u>	<u>613,856</u>	<u>931,066</u>	<u>(156,268)</u>	<u>774,798</u>
<u>NET ASSETS - BEGINNING 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>NET ASSETS - END OF YEAR</u>	<u>\$ 1,498,669</u>	<u>\$ 4,291,164</u>	<u>\$ 5,789,833</u>	<u>\$ 1,984,132</u>	<u>\$ 7,773,965</u>

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(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>	
Personnel Costs	\$ 700,635	\$ 163,591	\$ 118,081	\$ 111,861	\$ 229,942	\$ 1,094,168
Consultants and Professional Fees	235,521	428,937	23,745	-	23,745	688,203
Forestry/Arborist/Horticulture Fees	289,326	-	-	-	-	289,326
Fiscally Sponsored Projects	305,064	-	-	-	-	305,064
Grant Expense	172,000	-	-	-	-	172,000
Program Costs and Event Expenses	101,937	18,760	9,091	-	9,091	129,788
Donated Curley House Rent <i>(Note 12)</i>	41,143	9,624	6,934	6,569	13,503	64,270
Occupancy	27,854	6,515	4,694	4,447	9,141	43,510
Insurance	21,859	8,800	2,458	2,328	4,786	35,445
Depreciation and Amortization	21,240	4,968	3,579	3,391	6,970	33,178
Office Supplies and Expenses	1,350	14,858	25,464	1,369	26,833	43,041
Minor Equipment Purchases and Rentals	29,331	4,515	-	-	-	33,846
Communications and Technology	1,227	47,393	10,876	-	10,876	59,496
Staff Travel and Mileage	6,520	3,813	139	40	179	10,512
Meetings and Conferences	-	2,413	-	-	-	2,413
Staff Recruitment and Development	-	19,186	-	-	-	19,186
Advertising	1,622	2,008	-	-	-	3,630
Dues, Subscriptions and Fees	-	16,095	-	-	-	16,095
Total Expenses Per Statement of Activities	1,956,629	751,476	205,061	130,005	335,066	3,043,171
Costs of Direct Benefits to Donors	-	-	-	379,610	379,610	379,610
Total Functional Expenses	\$ 1,956,629	\$ 751,476	\$ 205,061	\$ 509,615	\$ 714,676	\$ 3,422,781

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(Page 2 of 2)

	PROGRAMS								
	<u>EDUCATION</u>				<u>MAINT./</u>			<u>OLMSTED</u>	<u>TOTAL</u>
	<u>AND VISITOR</u>	<u>COMMUNITY</u>	<u>YOUTH</u>	<u>VOLUNTEER</u>	<u>RESTORATION/</u>	<u>PARK</u>	<u>CHARLES GATE</u>	<u>TREE</u>	<u>PROGRAM</u>
	<u>SERVICES</u>	<u>PROGRAMS</u>	<u>PROGRAMS</u>	<u>PROGRAM</u>	<u>PRESERVATION</u>	<u>ADVISORS</u>	<u>PROJECT</u>	<u>SOCIETY</u>	<u>EXPENSES</u>
Personnel Costs	\$ 51,440	\$ 301,802	\$ 52,640	\$ 2,966	\$ 12,037	\$ 17,898	\$ 161,270	\$ 100,582	\$ 700,635
Consultants and Professional Fees	4,746	149,428	10,974	-	2,400	7,806	60,167	-	235,521
Forestry/Arborist/Horticulture Fees	-	-	-	-	289,326	-	-	-	289,326
Fiscally Sponsored Projects	-	-	-	-	245,006	-	60,058	-	305,064
Grant Expense	-	172,000	-	-	-	-	-	-	172,000
Program Costs and Event Expenses	4,237	89,568	2,139	828	3,827	-	1,338	-	101,937
Donated Curley House Rent (Note 12)	3,021	17,723	3,091	174	707	1,051	9,470	5,906	41,143
Occupancy	2,045	11,998	2,093	118	478	712	6,411	3,999	27,854
Insurance	1,071	6,281	1,096	62	7,527	373	3,356	2,093	21,859
Depreciation and Amortization	1,559	9,149	1,596	90	365	543	4,889	3,049	21,240
Office Supplies and Expenses	467	876	-	-	7	-	-	-	1,350
Minor Equipment Purchases and Rentals	-	28,831	-	-	500	-	-	-	29,331
Communications and Technology	-	207	74	-	400	-	-	546	1,227
Staff Travel and Mileage	4,486	1,183	15	175	81	513	67	-	6,520
Meetings and Conferences	-	-	-	-	-	-	-	-	-
Staff Recruitment and Development	-	-	-	-	-	-	-	-	-
Advertising	77	270	-	-	1,275	-	-	-	1,622
Dues, Subscriptions and Fees	-	-	-	-	-	-	-	-	-
Total Program Expenses	\$ 73,149	\$ 789,316	\$ 73,718	\$ 4,413	\$ 563,936	\$ 28,896	\$ 307,026	\$ 116,175	\$ 1,956,629

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(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>	
Personnel Costs	\$ 436,181	\$ 152,682	\$ 226,551	\$ 79,697	\$ 306,248	\$ 895,111
Consultants and Professional Fees	284,673	307,392	40,658	18,303	58,961	651,026
Forestry/Arborist/Horticulture Fees	417,690	-	-	-	-	417,690
Fiscally Sponsored Projects	269,329	-	-	-	-	269,329
Program Costs and Event Expenses	10,079	7,136	2,833	3,265	6,098	23,313
Donated Curley House Rent <i>(Note 12)</i>	31,288	7,039	18,686	7,257	25,943	64,270
Occupancy	18,898	4,251	11,286	4,383	15,669	38,818
Insurance	6,412	7,147	3,830	1,487	5,317	18,876
Depreciation and Amortization	11,020	2,479	6,582	2,556	9,138	22,637
Office Supplies and Expenses	1,703	14,951	19,673	1,883	21,556	38,210
Minor Equipment Purchases and Rentals	56,332	12,273	-	-	-	68,605
Communications and Technology	8,637	17,082	3,873	1,722	5,595	31,314
Staff Travel and Mileage	477	3,051	2	71	73	3,601
Meetings and Conferences	2,364	789	-	-	-	3,153
Staff Recruitment and Development	1,371	10,976	-	-	-	12,347
Advertising	9,638	20	519	3,560	4,079	13,737
Dues, Subscriptions and Fees	-	13,416	662	-	662	14,078
Total Expenses Per Statement of Activities	1,566,092	560,684	335,155	124,184	459,339	2,586,115
Costs of Direct Benefits to Donors	-	-	-	143,604	143,604	143,604
Total Functional Expenses	\$ 1,566,092	\$ 560,684	\$ 335,155	\$ 267,788	\$ 602,943	\$ 2,729,719

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(Page 2 of 2)

	<u>PROGRAMS</u>								
	<u>EDUCATION</u>				<u>MAINT./</u>			<u>OLMSTED</u>	<u>TOTAL</u>
	<u>AND VISITOR</u>	<u>COMMUNITY</u>	<u>YOUTH</u>	<u>VOLUNTEER</u>	<u>RESTORATION/</u>	<u>PARK</u>	<u>CHARLESGATE</u>	<u>TREE</u>	<u>PROGRAM</u>
	<u>SERVICES</u>	<u>PROGRAMS</u>	<u>PROGRAMS</u>	<u>PROGRAM</u>	<u>PRESERVATION</u>	<u>ADVISORS</u>	<u>PROJECT</u>	<u>SOCIETY</u>	<u>EXPENSES</u>
Personnel Costs	\$ 107,320	\$ 27,350	\$ 85,141	\$ 27,692	\$ 86,226	\$ 51,936	\$ -	\$ 50,516	\$ 436,181
Consultants and Professional Fees	19,442	84,038	4,835	654	124,827	3,094	-	47,783	284,673
Forestry/Arborist/Horticulture Fees	-	-	-	-	-	-	-	417,690	417,690
Fiscally Sponsored Projects	-	-	-	-	269,329	-	-	-	269,329
Program Costs and Event Expenses	680	421	1,163	616	143	324	-	6,732	10,079
Donated Curley House Rent (Note 12)	10,743	1,400	5,292	4,394	1,681	3,807	-	3,971	31,288
Occupancy	6,489	846	3,196	2,654	1,015	2,300	-	2,398	18,898
Insurance	2,202	287	1,085	900	344	780	-	814	6,412
Depreciation and Amortization	3,784	493	1,864	1,547	592	1,341	-	1,399	11,020
Office Supplies and Expenses	1,565	7	-	16	-	-	-	115	1,703
Minor Equipment Purchases and Rentals	-	56,094	138	100	-	-	-	-	56,332
Communications and Technology	3,583	875	1,174	917	388	783	-	917	8,637
Staff Travel and Mileage	16	-	-	-	2	-	-	459	477
Meetings and Conferences	-	-	100	2,233	31	-	-	-	2,364
Staff Recruitment and Development	125	-	25	-	1,150	71	-	-	1,371
Advertising	5,979	1,360	-	-	2,299	-	-	-	9,638
Dues, Subscriptions and Fees	-	-	-	-	-	-	-	-	-
Total Program Expenses	\$ 161,928	\$ 173,171	\$ 104,013	\$ 41,723	\$ 488,027	\$ 64,436	\$ -	\$ 532,794	\$ 1,566,092

EMERALD NECKLACE CONSERVANCY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (920,922)	\$ 774,798
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Donated Curley House Rent	64,270	64,270
Donated Stock	42,751	-
Depreciation and Amortization	33,178	22,637
Investment Return	1,131,788	(903,110)
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	(468,090)	(88,950)
Employee Retention Tax Credits Due	265,584	(265,584)
Prepaid Expenses	5,340	30,003
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(120,192)	39,625
Accrued Payroll and Related Costs	31,658	38,698
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	47,770	-
Net Adjustment	<u>1,034,057</u>	<u>(1,062,411)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>113,135</u>	<u>(287,613)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Property and Equipment	(6,529)	(46,000)
Investment Purchases	(1,067,657)	(739,290)
Net Proceeds from Sales of Investments	<u>1,063,251</u>	<u>1,172,189</u>
Net Cash Flows from Investing Activities	<u>(10,935)</u>	<u>386,899</u>
<u>NET INCREASE IN CASH BALANCES</u>	<u>102,200</u>	<u>99,286</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>1,282,490</u>	<u>1,183,204</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 1,384,690</u>	<u>\$ 1,282,490</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 1 ORGANIZATION

Emerald Necklace Conservancy, Inc. (“Emerald Necklace”, “the Conservancy” or the “Organization”) was incorporated under Massachusetts General Laws Chapter 180 in 1997. The Conservancy has received a determination letter that confirms its qualification as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Conservancy has been classified by the IRS as an organization which is not a private foundation under IRC Section 509(a). Accordingly, contributions made by individuals qualify for the maximum permitted 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 is a community-supported nonprofit founded in 1997 to steward and champion the Emerald Necklace, Boston’s largest park system of seven distinct parks - Back Bay Fens, including Charlesgate, Riverway, Olmsted Park, Jamaica Pond, Arnold Arboretum and Franklin Park - designed by Frederick Law Olmsted to connect over fifteen neighborhoods with 1,100 acres of meadows, woodlands, waterways, paths and four parkways: Fenway, Riverway, Jamaicaway and Arborway.

The Conservancy collaborates with the three public partners that oversee Emerald Necklace: the City of Boston, Town of Brookline and Commonwealth of Massachusetts. It 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. Working with its partners, the Conservancy strengthens parks, people and policy by advocating for the Emerald Necklace and advancing access, maintenance and restoration, park stewardship and education through volunteer and youth programs and inclusive public programming. The parks serve as a healing respite from the city, a valuable commuting connector and a community convener for more than one million residents and tourists each year and have taken on a special significance since the beginning of the COVID-19 pandemic as a safe and socially distanced destination for recreation and reconnection.

In FY 2022, the Conservancy had 13 full-time staff positions, three part-time or seasonal staff members, two Terra Corps service members, two Northeastern University (“NEU”) students (6-month term each) working with the Conservancy through NEU’s Co-op program and several consultants.

The all-volunteer Board of Directors had 32 members in FY 2022 and included the following committees: Audit; Development, Marketing & Branding; Executive; Finance; Governance; Investment; Liff Fund & Park Management, Restoration, & Maintenance; Personnel & Planning; and Project Review. The Board of Directors met quarterly and the Executive Committee, consisting of 9 members in FY 2022, met eight times. The all-volunteer Board of Park Advisors was comprised of representatives of 25 parks friends’ groups, community organizations and institutions in FY 2022 and met bi-monthly to focus on system-wide parks concerns and undertake collaborative projects. The Park Advisors have three working groups: Advocacy; Access; and Restoration & Maintenance.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 2 *(Continued)*

Ongoing Organizational Objectives:

As outlined in its 2015-2020 Strategic Plan, the Conservancy is focused on the following major 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.

Olmsted Tree Society and Park Maintenance:

Due to the rising cost of watering by outside vendors, the Conservancy piloted an in-house watering program using the watering truck purchased at the end of FY 2021. From June to September 2022, 110 young trees throughout the Necklace were watered by the Conservancy. Watering is a critical effort in supporting the establishment of young trees, particularly in drought conditions as experienced in summer 2022. Urban planting sites are often difficult environments for growth: with heavy soil compaction, salinity, and impervious surfaces, and without adequate natural water until the trees can grow deep enough to access it. The Conservancy's regular watering schedule helps ensure young trees take to their new environment and encourages deep root growth towards natural sources of water.

For the second year in a row, the Conservancy's *Youth Leadership Program*, run by the education team, culminated in April with the planting of ten trees in Franklin Park with the support and guidance of the Boston Parks and Recreation Department. Each young tree was labeled with an informational placard and watered weekly by the Conservancy from June through September. Additionally, ten trees that were planted in the previous year's culminating planting day were watered on the same schedule. The tree planting and the resulting visibility for the Conservancy's work in the parks were very well-received.

In addition to the Franklin Park tree planting, 15 saplings were planted in Charlesgate Park by Conservancy partner and member of the Board of Park Advisors Charlesgate Alliance. These young trees were also watered weekly by the Conservancy's field operations staff from June through September and offered an educational opportunity for local park users with a special presentation on tree watering and care as part of the Emerald Necklace *Parkfest* on September 24, 2022.

In summer 2022, the Conservancy partnered with PowerCorps, the City of Boston's new green jobs training program, which provides young adults with training, career readiness support and connections to employers in the green industry. Alongside Conservancy staff, PowerCorps crews worked on restoration and maintenance jobs in Olmsted Park and on the Arborway hillside, removing invasive plants at sites around Leverett Pond in July and August. Eight acres of parkland had been maintained by PowerCorps by the middle of fall.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 2 (Continued)

Youth Education:

The Conservancy's fall-to-spring *Youth Leadership Program* (YLP) focuses on developing leadership skills in a small cohort of youth from Boston Public Schools ages 15 - 18 in a setting of environmental education and land stewardship. It also deepens communication and life science skills and develops park maintenance knowledge.

The FY 2022 YLP began in December 2021 and covered a wide array of curricula, from environmental education and landscape architecture to anti-bullying workshops and horticulture, culminating with the planting of ten trees in Franklin Park on Arbor Day. In this close-knit, multi-month program, the six participants were introduced to green careers, gained soft skills in job preparedness, learned technical skills in landscape maintenance and were introduced to leadership in environmental stewardship.

Green Team is a summer youth workforce development program which provides environmental education, leadership training and real work experience in the parks during an intensive six weeks in July and August. Twenty Boston teens and young adults participated in this paid educational employment program in 2022. Two part-time Crew Leaders were hired and trained to assist education staff in program implementation. Participants regularly worked in various Emerald Necklace parks maintaining the landscape, took field trips and educational tours within the Necklace and beyond, took part in lessons on food justice, anti-bullying and settler colonialism and participated in team-building exercises.

Canopy Classroom is a place-based, environmental education program that is consistent with Boston Public School curriculum and state standards. The field-trip program held in the Emerald Necklace parks connects Boston 3rd graders with the importance of science in the real world and their daily lives. In FY 2022, the Conservancy worked with 11 schools and served 486 students through Canopy Classroom.

Advocacy:

The Conservancy continued to emphasize the relinking of Emerald Necklace parks for pedestrians, cyclists and all users in FY 2022, with special focus on Charlesgate at the nexus of Kenmore Square, the Fenway and the Back Bay, and continued improvements to Arborway in partnership with Mass. Dept. of Conservation and Recreation.

Significant progress was made in FY 2022 on the Charlesgate Revitalization Project. In November 2021, the Project was recognized with a Bronze Medal for North America by the Holcim Foundation for Sustainable Construction. In the same month, the project received two leadership gifts as Liberty Mutual Foundation and an anonymous donor each committed a significant sum toward the Revitalization, and specifically to a universally accessible playground that is part of the Revitalization plan.

In May 2022, the Commonwealth's Department of Transportation ("MassDOT") announced its proposed Capital Plan for FY 2023-27, which included more than \$156M in funding for two key connections to the north and south of Charlesgate: the eastbound Storrow Drive bridge and the bridge over I-90, respectively. Thanks to the ardent advocacy of the Conservancy and Charlesgate Alliance, in partnership with adjacent park advocate organizations, the state's funding commitment far exceeds its original plans for the renovation of these two bridges, and marks significant enhancements for the area, such as restored pedestrian and cyclist connections between the Emerald Necklace and the Charles River Esplanade in over 60 years, as well as the daylighting of the Muddy River.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 2 (Continued)

Together, this investment in Charlesgate and expanded scope of work will not only enhance vehicular transportation through the area but make landmark improvements to connectivity between Boston park systems for pedestrians and bicyclists, enhance available public greenspace in the area by four acres, and make vast improvements to the ecology of the Muddy River.

In FY 2022 the Conservancy continued to advocate for safety improvements to the Arborway for improved cyclist and pedestrian access. The Department of Conservation and Recreation (“DCR”) has taken community feedback from the Conservancy and others and has proposed changes to the design including adding signalized intersections in lieu of rotaries.

The Conservancy also advocated in FY 2022 for 13-acres of land to be returned to Franklin Park as parkland after the planned demolition of Shattuck Hospital takes place. In July 2022, the Conservancy sent a letter to the Massachusetts Division of Capital Asset Management and Maintenance requesting a 120-day extension for the Request for Proposals that was issued to further collaborate on planning around this project.

Field Volunteer Programs:

The Conservancy continued to offer opportunities for park users to give back, individually and in groups, while helping steward and maintain Boston’s largest park system as we navigated a post-pandemic FY 2022. During the winter, the Conservancy created and gave away free do-it-yourself cleanup kits at various locations throughout the Necklace, allowing volunteers to pick up trash and clean the parks in a socially distanced way.

The annual *Muddy River Cleanup* was held on April 23 and drew over 340 volunteers, who removed over 6,700 pounds of trash and invasive plants from the parks. Each month from May to November 2022, the Conservancy’s regular *Second Saturday* volunteer events enabled volunteers to clean up trash, clear invasive species and plant new vegetation in the Emerald Necklace alongside Field Maintenance staff. The popular *Tuesdays with Roses* volunteer program returned in summer, allowing volunteers to prune, deadhead and maintain the flowers of the Kelleher Rose Garden in the Back Bay Fens.

Thanks to a growing demand for group volunteer opportunities, especially from companies looking for safe outdoor engagement activities for their staff, the corporate volunteer program grew manifold in FY 2022, introducing the Conservancy and the Necklace to dozens of new companies and laying the groundwork for multiyear partnerships. The creation of a full-time, permanent position dedicated to group volunteer engagement late in the fiscal year has paved the way for year-round relationship building with past volunteers, continued stewardship by a consistent staff member and new opportunities to engage companies and their employees in the off-season.

Signage and Navigation:

The Conservancy continued to build on its Mobile Tour Guide (www.emeraldnecklace.tours), which invites users to explore new Emerald Necklace destinations with history and information about the parks. In FY 2022, the mobile tour guide was enhanced with the addition of special tours for specific events and installations, including *Lights in the Necklace* and *Emerald Necklace Parkfest*, a daylong event that took place simultaneously across all Emerald Necklace parks on September 24, 2022 as one of the culminating events of *Olmsted Now: Greater Boston’s Olmsted Bicentennial*.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 2 (Continued)

A-frame signage remained present throughout the Necklace, updated for special programs such as *Lights in the Necklace*, *Olmsted Now* and *Parks as Platform*, and shared information about the grove of newly-planted trees in Charlesgate Park.

Olmsted Now: Greater Boston's Olmsted Bicentennial:

The bicentennial of Frederick Law Olmsted's birth was April 26, 2022. In preparation for this milestone for the Emerald Necklace, Conservancy and Greater Boston, the Emerald Necklace Conservancy partnered with the Frederick Law Olmsted National Historic Site (Fairsted) in Brookline starting in 2020 to bring together a continually growing coalition of community partners. Neighborhood councils, cultural organizations, colleges and universities, nonprofits working in land stewardship, food security and other greenspace-adjacent missions, artists and other collaborators came together to honor Olmsted's legacy and the ideals with which he imbued the public spaces he designed: as sites of shared use, shared health and shared power. This coalition formed *Olmsted Now: Greater Boston's Olmsted Bicentennial* (www.olmstednow.org/about).

Olmsted Now's work in 2022 comprised four major initiatives to engage with the Emerald Necklace - a park system Olmsted designed to both connect and heal Boston - and to inspire stewardship and improved access to greenspaces across Boston:

- 1) Monthly public dialogues were held virtually to enable community co-learning and discussion on questions posed around Olmsted Now's themes of shared use, shared health and shared power in parks and public spaces.
- 2) The Committee of Neighborhoods, comprised of BIPOC leaders across neighborhood associations and councils, addressed inequality in decision making in parks, facilitated the granting out of \$205,000 in funds to creatives and projects promoting Parks Equity and Spatial Justice in parks throughout the greater Boston area.
- 3) A coalition of over 175 partners shared experiences, events and resources for dynamic, more imaginative park use on a collaborative community calendar throughout 2022.
- 4) *Parks as Platform*, a cross-neighborhood collaboration on park programming designed to reduce obstacles from permitting and production to connect diverse communities, offered monthly programming to broader audiences in each park of the Emerald Necklace.

A website, www.olmstednow.org, provided space throughout the Bicentennial for anyone to share events and stories around the Bicentennial's themes, and spark conversations about shared use, shared health and shared power in open spaces.

Olmsted Now was helmed by staff from Emerald Necklace Conservancy and Frederick Law Olmsted National Historic Site (Fairsted). The Greater Boston Olmsted Bicentennial is affiliated with Olmsted 200 (www.olmsted200.org), the nationwide effort led by the National Association for Olmsted Parks to commemorate the bicentennial.

Fundraising:

The Conservancy had its most successful year of fundraising to date, securing \$3.6M in contributed revenue overall from individuals, foundation grants, corporate sponsorship and special events.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 2 (Continued)

Olmsted Now: Greater Boston's Olmsted Bicentennial - This was an entirely new program in FY 2022. It was centered on parks equity, access, diversity and inclusion. Olmsted Now garnered nearly \$700,000 in funding and realized a significant number of first-time donors to the Conservancy.

Additionally, the Conservancy received two of its largest single philanthropic commitments to date: \$600,000 pledged by Liberty Mutual Foundation toward the construction of a universally accessible playground at Charlesgate Park and a \$500,000 early commitment from an anonymous donor to the overall Charlesgate Park Revitalization Project.

The Conservancy bolstered its fundraising efforts in FY 2022 by adding a Major Gifts Officer position as well as increasing capacity on the events team. We established and/or improved new data entry and audit protocols, donor acknowledgment practices, donor prospect activity tracking and research activity.

The COVID-19 pandemic continued to impact fundraising in FY 2022, especially at special events and those public programs that were held indoors prior to the pandemic. The most significant impact was felt in the 2022 *Party in the Park*, which returned as a large-scale luncheon event in May with a plan to welcome 500 guests. Due to a small Covid spike in May and lingering pandemic hesitation for in-person events, as well as pre-existing commitments among those who embarked on long-deferred travel plans, the event hosted approximately 480 guests and many attendees and sponsors avoided early funding commitments, instead using a "wait and see" approach.

Administration:

In FY 2022, the Conservancy continued to improve processes related to budgeting, invoicing and other financial and administrative activities. We implemented Bill.com to streamline invoicing and vendor payments, further streamlined QuickBooks Online class coding to align more seamlessly with the Conservancy's programmatic areas and increased administrative capacity by bringing on an Administrative Assistant to the President and a Director of Conservancy Operations. These increases in administrative capacity have allowed other staff members to spend more time on important fundraising and advocacy activities.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Emerald Necklace Conservancy, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(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.

Financial Statement Presentation:

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 defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. 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 - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. For the years presented, the Wendy Shattuck Endowment Fund is required to be maintained in perpetuity, but the Conservancy is permitted to expend part of the income derived from this asset as outlined in the endowment policy. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(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, 2022 and 2021, all non-current receivables were due within two and three 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. 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. 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, 2022 AND 2021

(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. 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.

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. 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. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants 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, 2022 AND 2021

(Continued)

NOTE 3 (Continued)

Donated Goods, Services and Facilities:

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 years ended September 30, 2022 and 2021, Emerald Necklace Conservancy recorded \$69,285 and \$79,034, respectively, of pro-bono legal services, which are recognized at fair value.

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, 2022 and 2021, the Organization expended \$305,065 and \$269,329, 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.

Grants Expense:

During FY 2022, Emerald Necklace Conservancy made grants to individuals to fund projects promoting Parks Equity and Spatial Justice in parks throughout the greater Boston area. The Conservancy's policy is to record grants as an expense and corresponding obligation at the time an unconditional funding commitment is made. Conditional commitments are not recognized in the financial statements until measurable performance or other barriers have substantially been met. Future payments on commitments are contingent upon the grantees' ability to continue to meet the award criteria and is subject to re-evaluation prior to payment.

Functional Expenses:

Emerald Necklace Conservancy, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that are common to several functions are allocated based upon space, asset and time usage. Expenses allocated based upon time consist of *Personnel Costs*. *Occupancy* 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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 3 (Continued)

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.

Reclassifications:

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

Recent Accounting Guidance:

Recently Implemented Standards

During the year ended September 30, 2022, the Organization adopted ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Conservancy's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations. Accordingly, disclosures for the year ended September 30, 2021 were enhanced to be comparative to the FY 2022 presentation.

NOTE 4 INVESTMENTS

The Organization maintains an Environmental, Social and Corporate Governance ("ESG") compliant investment portfolio. As of September 30, 2022 and 2021, investments consisted of the following components:

<u>Investment Type</u>	<u>September 30, 2022</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 (at Cost)	\$ 92,336	\$ -	\$ -
Common Stock	1,644,511	1,644,511	-
Mutual Funds - Stock Funds	1,069,902	1,069,902	-
Mutual Funds - Bond Funds	737,969	737,969	-
Exchange Traded Funds - Equity	219,980	219,980	-
Corporate Bonds	226,153	-	226,153
Government Bonds	233,284	-	233,284
Total Investments	<u>\$4,224,135</u>	<u>\$3,672,362</u>	<u>\$459,437</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 4 *(Continued)*

<u>Investment Type</u>	<u>September 30, 2021</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 (at Cost)	\$ 230,325	\$ -	\$ -
Common Stock	2,158,178	2,158,178	-
Mutual Funds - Stock Funds	1,678,373	1,678,373	-
Mutual Funds - Bond Funds	867,940	867,940	-
Corporate Bonds	281,518	-	281,518
Government Bonds	<u>242,204</u>	<u>-</u>	<u>242,204</u>
Total Investments	<u>\$5,458,538</u>	<u>\$4,704,491</u>	<u>\$523,722</u>

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

Common Stock, Mutual Funds and Exchange Traded Funds: 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.

Investments are classified as follows for the years presented:

<u>Non-Endowment Investments</u>	<u>September 30, 2022</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Investments Without Donor Restrictions:			
Operations	\$169,864	\$ -	\$ 169,864
Board Designated - Liff Fund	<u>-</u>	<u>3,275,402</u>	<u>3,275,402</u>
Total Non-Endowment Investments	<u>\$169,864</u>	<u>\$3,275,402</u>	<u>\$3,445,266</u>
<u>Non-Endowment Investments</u>	<u>September 30, 2021</u>		
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Investments Without Donor Restrictions:			
Operations	\$155,849	\$ -	\$ 155,849
Board Designated - Liff Fund	-	4,291,164	4,291,164
Investments With Donor Restrictions:			
Olmsted Tree Society	<u>51,368</u>	<u>-</u>	<u>51,368</u>
Total Non-Endowment Investments	<u>\$207,217</u>	<u>\$4,291,164</u>	<u>\$4,498,381</u>
<u>Shattuck Endowment Investments</u>			
		<u>2022</u>	<u>2021</u>
Shattuck Investments, Subject to Endowment's Spending Policy		\$253,139	\$434,427
Shattuck Investments, Restricted in Perpetuity		<u>525,730</u>	<u>525,730</u>
Total Long-Term Investments - Shattuck Endowment		<u>\$778,869</u>	<u>\$960,157</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 84,907	\$ 78,378
Leasehold Improvements	<u>906,904</u>	<u>906,904</u>
Subtotal	991,811	985,282
Less: Accumulated Depreciation and Amortization	<u>(309,287)</u>	<u>(276,109)</u>
Property and Equipment, Net	<u>\$ 682,524</u>	<u>\$ 709,173</u>

The Organization occupies the historic building known as the Fens Gate House under an agreement with the City of Boston. The parties agreed that the Organization could occupy the grounds for \$1 per year if the Organization restored the existing building. Upon the completion of the Fens Gate House renovations in January 2011, the Organization began using the property as a visitor and information center for the Emerald Necklace park system, now known as the Shattuck Emerald Necklace Visitor Center. The leasehold improvements consist of \$906,904 expended for the restoration. 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. The first lease renewal was in process as of the financial statement release date, and management expects that it will exercise its option to renew the lease for the remaining ten year terms. Accordingly, the leasehold improvements are being amortized over a period of 40 years. For the years ended September 30, 2022 and 2021, the provision for amortization of leasehold improvements was \$22,672 and \$22,637, respectively.

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 (6.25% and 3.25% as of September 30, 2022 and 2021, respectively). As of September 30, 2022 and 2021, there were no borrowings on the line-of-credit.

NOTE 7 NET ASSETS

Net Assets Without Donor Restrictions:

Board Designated

In 2010, 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, 2022 and 2021, the Board appropriated funds for operating support in the amount of \$172,500 and \$170,000, respectively.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 7 (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, 2022 and 2021:

<u>Nature of Restriction</u>	<u>2022</u>	<u>2021</u>
Olmsted Tree Society	\$ -	\$ 51,122
Shattuck Endowment - Restricted in Perpetuity	525,730	525,730
Shattuck Endowment Appreciation	253,139	434,429
Curley House Lease (Note 12)	128,540	192,810
Charlesgate Park Restoration	1,441,084	574,646
Fiscally Sponsored Projects - Charlesgate Alliance	170,512	161,517
Fiscally Sponsored Projects - Other	11,878	43,878
Total	<u>\$2,530,883</u>	<u>\$1,984,132</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>2022</u>	<u>2021</u>
Olmsted Now	\$ 577,735	\$ -
Charlesgate Park Restoration	260,329	-
Fiscally Sponsored Projects - Other	249,007	137,020
Curley House Lease (Note 12)	64,270	64,270
Fiscally Sponsored Projects - Charlesgate Alliance	60,058	132,309
Olmsted Tree Society	44,037	520,949
Maintenance, Restoration and Preservation	-	202,080
Paycheck Protection Program	-	154,000
Youth/Green Team Programs	-	33,000
2021 Cocktails in the Park Event (Liff Fund)	-	32,825
Volunteer Program	-	7,000
Total	<u>\$1,255,436</u>	<u>\$1,283,453</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 7 (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, 2022 and 2021:

	<u>Subject to</u> <u>Endowment's</u> <u>Spending Policy</u>	<u>Restricted</u> <u>In Perpetuity</u>	<u>Total Endowment</u> <u>Net Assets With</u> <u>Donor Restrictions</u>
Endowment Net Assets, September 30, 2020	\$ 308,830	\$525,730	\$ 834,560
Investment Income	19,805	-	19,805
Investment Fees	(6,984)	-	(6,984)
Investment Gains	<u>112,776</u>	<u>-</u>	<u>112,776</u>
Endowment Net Assets, September 30, 2021	434,427	525,730	960,157
Investment Income	12,157	-	12,157
Investment Fees	(6,832)	-	(6,832)
Investment Losses	<u>(186,613)</u>	<u>-</u>	<u>(186,613)</u>
Endowment Net Assets, September 30, 2022	<u>\$ 253,139</u>	<u>\$525,730</u>	<u>\$ 778,869</u>

NOTE 8 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, 2022</u>		
<u>Event</u>	<u>Gross</u> <u>Proceeds</u>	<u>Direct</u> <u>Costs</u>	<u>Net Event</u> <u>Revenues</u>
Party in the Park	<u>\$547,534</u>	<u>\$(379,610)</u>	<u>\$167,924</u>
	<u>September 30, 2021</u>		
<u>Event</u>	<u>Gross</u> <u>Proceeds</u>	<u>Direct</u> <u>Costs</u>	<u>Net Event</u> <u>Revenues</u>
Cocktails in the Park	\$317,215	\$(125,443)	\$191,772
Emerald Evening	<u>34,556</u>	<u>(18,161)</u>	<u>16,395</u>
Total	<u>\$351,771</u>	<u>\$(143,604)</u>	<u>\$208,167</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 8 (Continued)

The following table summarizes the FY 2022 *Party in the Park* and FY 2021 *Cocktails in the Park* events:

	<u>2022</u>	<u>2021</u>
Gross Event Ticket Sales	\$ 50,050	\$ 95,400
Auction and Raffle Proceeds	99,213	18,494
Contributions and Sponsorships Received	<u>398,271</u>	<u>203,321</u>
Total Proceeds	547,534	317,215
Less: Direct Event Costs	<u>(379,610)</u>	<u>(125,443)</u>
Net Event Proceeds	<u>\$ 167,924</u>	<u>\$ 191,772</u>

In FY 2022, *Party in the Park* net event proceeds were allocated evenly to the Emerald Fund and the Liff Fund. In FY 2021, *Cocktails in the Park* net event proceeds were allocated to the Charlesgate Park restoration project, a restricted fund.

NOTE 9 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 10 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, which automatically renews every year unless terminated by either party per the agreements.

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, 2022 AND 2021

(Continued)

NOTE 11 CONDITIONAL GRANT

City of Boston Community Preservation Committee:

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 Conservancy received \$26,667 and \$240,000 in the years ended September 30, 2022 and 2021, respectively, and recognized these amounts as *Gifts, Grants, and Contributions* in the accompanying Statement of Activities.

As of September 30, 2022, the entire commitment was received and there is no conditional portion remaining. As of September 30, 2021, the conditional amount of the commitment was \$26,667.

New Venture Fund:

In FY 2022, Emerald Necklace Conservancy, Inc. was awarded a multi-year conditional grant commitment totaling \$65,000 from the New Venture Fund. The Conservancy received \$39,000 in the year ended September 30, 2022 and recognized the amount as *Gifts, Grants, and Contributions* in the accompanying Statement of Activities. The remaining installment of \$26,000 is strictly conditional upon satisfactory program accomplishments and progress reports.

As of September 30, 2022, the conditional component of \$26,000 has not been recorded and will be recognized as revenue in FY 2023 as the conditions are met.

NOTE 12 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.

The Conservancy recognized a contribution for the full amount of the initial five-year lease term in FY 2020, valued at \$321,350. 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 in annual increments of \$64,270 to coincide with the term of the lease, at which time the receivable will be fulfilled and the rent expense recorded in the Statement of Functional Expenses.

NOTE 13 CARES ACT FUNDING

Paycheck Protection Program:

Emerald Necklace Conservancy, Inc. received two loans from Citizens Bank through the Paycheck Protection Program ("PPP") established by the U.S. CARES Act. The Conservancy has elected to account for the expected forgivable portion of this loan as a conditional grant commitment. Emerald Necklace applied for and received full forgiveness of the loans.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 13 *(Continued)*

The first loan, referred to as PPP-1, in the amount of \$154,000 was received on May 1, 2020. The second loan, referred to as PPP-2, in the amount of \$154,000, was received on January 25, 2021. On November 17, 2020, the SBA approved full forgiveness of PPP-1 in the amount of \$154,000. As of September 30, 2021 the Organization has incurred \$154,000 of qualifying costs presented which had been recognized as grant income for the fiscal year then ended.

Employee Retention Tax Credit:

The Employee Retention Credit was introduced by the U.S. CARES Act in 2020 and is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 or during the first three quarters of calendar year 2021, and experience either: (1) the full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel or group meetings due to COVID-19, or (2) a significant decline in gross receipts.

Additional relief provisions were passed by the U.S. government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit for the calendar quarters January 1, 2021 through September 30, 2021, is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

As of September 30, 2021, Emerald Necklace had met the qualifications necessary to claim \$265,584 under the Employee Retention Credit program. Therefore, this amount is included in support and revenues within the Statement of Activities and as a credit due in the Statement of Financial Position as of, and for the year ended, September 30, 2021.

NOTE 14 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, 2022 and 2021 cash balances in excess of the FDIC coverage were \$1,134,700 and \$1,032,003, respectively. The Organization has not experienced any losses on uninsured cash balances.

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.

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 14 (Continued)

Pledges Receivable:

As of September 30, 2022, approximately 43% of total *Pledges Receivable* are due from one donor.

Revenue Concentrations:

For the year ended September 30, 2022, donations from two donors represent approximately 52% of total support and revenues.

NOTE 15 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 funds within the next year, these amounts could be made available for current operations, if necessary and as further stipulated in Note 7. The Conservancy estimated appropriations for \$172,500 from the Liff Fund investment portfolio under the spending policy for the year ending September 30, 2022 and \$185,000 for the year ended September 30, 2023. 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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial Assets:		
Cash	\$ 1,384,690	\$ 1,282,490
Pledges Receivable	576,540	91,950
Curley House Receivable	128,540	192,810
Employee Retention Tax Credits Due	-	265,584
Investments	<u>4,224,135</u>	<u>5,458,538</u>
Total Financial Assets as of September 30	6,313,905	7,291,372
Less Amounts Not Available for General Expenditures:		
Pledges Receivable, Non-current	(16,500)	-
Charlesgate Project	(1,611,596)	(736,163)
Curley House Receivable	(128,540)	(192,810)
Liff Fund Investments, Net of Estimated Appropriation	(3,090,402)	(4,118,604)
Shattuck Endowment Investments	<u>(778,869)</u>	<u>(960,157)</u>
Financial Assets Available to Meet General		
Expenditures Within One Year	<u>\$ 687,998</u>	<u>\$ 1,283,638</u>

EMERALD NECKLACE CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

(Continued)

NOTE 15 *(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 16 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 March 27, 2023, the date which the financial statements were available for issue and noted no events that met the disclosure criteria.