

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

For the Years Ended  
September 30, 2013 and 2012 (As Restated)

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
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For the Years Ended September 30, 2013 and 2012 (As Restated)

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**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

INDEPENDENT AUDITOR'S REPORT



# Jacobs, Velella & Kerr, P.C.

*Certified Public Accountants*

388 Hillside Avenue \* Needham, MA 02494-1221  
Tel: (781) 449-1090 • Fax: (781) 449-9370  
www.jvkcpa.com

## Members

American Institute of  
Certified Public Accountants

Massachusetts Society of  
Certified Public Accountants

Herman Jacobs CPA 1949 - 1988  
Peter H. Kerr CPA 1983 - 2009

Alberto Velella CPA

Michael E. Carlson CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:  
**Charles River Watershed Association, Inc.**  
Weston, Massachusetts

### **Report on the financial statements**

We have audited the accompanying financial statements of **Charles River Watershed Association, Inc.** (a Massachusetts nonprofit corporation), which comprise the statements of financial position as of September 30, 2013 and 2012 (As Restated), and the related statements of activities 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.

### *Auditor's 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 from 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 entity'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 entity'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 **Charles River Watershed Association, Inc.** as of September 30, 2013 and 2012 (As Restated), 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 25 – 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "Jacobs, Veleva & Kerr, PC". The signature is written in a cursive, flowing style.

***Jacobs, Veleva & Kerr, P.C.***

Needham, Massachusetts

April 10, 2014

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

	2013	2012
		(As Restated)
<b>Current assets</b>		
Cash ( <i>Notes 3 and 21</i> )	\$ 106,531	\$ 385,892
Grants and contracts receivable ( <i>Note 4</i> )	418,833	56,717
Accounts receivable, net of allowance for doubtful accounts, of \$0 as of September 30, 2013 and 2012	2,251	750
Unconditional promises to give ( <i>Note 5</i> )	60,000	62,600
Inventory ( <i>Note 6</i> )	2,835	5,688
Prepaid expenses	4,393	4,358
	594,843	516,005
<b>Property and equipment, net (<i>Note 7</i>)</b>	<b>11,674</b>	<b>17,066</b>
<b>Other assets</b>		
Unconditional promises to give ( <i>Note 5</i> )	48,884	96,676
Software, net ( <i>Note 9</i> )	14,770	23,210
	63,654	119,886
<b>Total assets</b>	<b>\$ 670,171</b>	<b>\$ 652,957</b>
<b>Current liabilities</b>		
Grants and contracts payable	\$ 118,334	\$ 200,923
Accounts payable	38,161	35,014
Accrued liabilities and taxes ( <i>Note 10</i> )	38,224	31,246
Deferred revenue ( <i>Note 11</i> )	5,806	50
Agency funds ( <i>Note 12</i> )	842	842
	201,367	268,075
<b>Total current liabilities</b>	<b>201,367</b>	<b>268,075</b>
<b>Net assets (<i>Note 21</i>)</b>		
Unrestricted	106,581	27,660
Temporarily restricted ( <i>Note 13</i> )	362,223	357,222
	468,804	384,882
<b>Total net assets</b>	<b>468,804</b>	<b>384,882</b>
<b>Total liabilities and net assets</b>	<b>\$ 670,171</b>	<b>\$ 652,957</b>

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Grants	\$ -	\$ 817,546	\$ 817,546
Contributions	341,888	-	341,888
Memberships	95,061	-	95,061
Special events	96,303	-	96,303
Donated materials and services ( <i>Note 14</i> )	53,506	-	53,506
Investment income	406	-	406
Gain on disposition of fixed assets	23	-	23
Merchandise sales	1,796	-	1,796
Other income	849	-	849
Net assets released from restrictions	812,545	(812,545)	-
	1,402,377	5,001	1,407,378
Total revenues and support			
Expenses			
Cost of goods sold	2,853	-	2,853
Foreign currency translation loss	1,031	-	1,031
Program	1,002,904	-	1,002,904
Administrative ( <i>Note 16</i> )	162,002	-	162,002
Fundraising	154,666	-	154,666
	1,323,456	-	1,323,456
Total expenses			
	78,921	5,001	83,922
Change in net assets			
Net assets - beginning (As Restated) ( <i>Note 21</i> )	27,660	357,222	384,882
Net assets - ending	\$ 106,581	\$ 362,223	\$ 468,804

The accompanying notes are an integral part of these financial statements.



**CHARLES RIVER WATERSHED ASSOCIATION, INC.****STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2012 (As Restated)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support			
Grants	\$ 25,320	\$ 1,607,966	\$ 1,633,286
Contributions	434,578	4,359	438,937
Memberships	89,373	-	89,373
Special events	110,949	-	110,949
Donated materials and services ( <i>Note 14</i> )	66,529	-	66,529
Investment income	6,771	-	6,771
Gain on disposition of fixed assets	3,806	-	3,806
Merchandise sales	2,208	-	2,208
Other income	1,658	-	1,658
Net assets released from restrictions	<u>1,554,372</u>	<u>(1,554,372)</u>	<u>-</u>
Total revenues and support	<u>2,295,564</u>	<u>57,953</u>	<u>2,353,517</u>
Expenses			
Cost of goods sold	974	-	974
Loss on disposition of fixed assets	-	-	-
Program	2,059,215	-	2,059,215
Administrative ( <i>Note 16</i> )	160,183	-	160,183
Fundraising	<u>182,226</u>	<u>-</u>	<u>182,226</u>
Total expenses	<u>2,402,598</u>	<u>-</u>	<u>2,402,598</u>
Change in net assets	(107,034)	57,953	(49,081)
Net assets - beginning (As Restated) ( <i>Note 21</i> )	<u>134,694</u>	<u>299,269</u>	<u>433,963</u>
Net assets - ending	<u>\$ 27,660</u>	<u>\$ 357,222</u>	<u>\$ 384,882</u>

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

	2013	2012	(As Restated)
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 83,922	\$ (49,081)	
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:			
Depreciation and amortization	14,435	26,198	
Gain on disposition of fixed assets	-	(3,806)	
Donated software	-	(23,210)	
(Increase) decrease in:			
Grants and contracts receivable	(362,116)	(27,993)	
Accounts receivable	(1,501)	788	
Unconditional promises to give	50,392	270,406	
Inventory	2,853	79	
Prepaid expenses	(35)	998	
Increase (decrease) in:			
Grants and contracts payable	(82,589)	97,250	
Accounts payable	3,147	(13,123)	
Accrued liabilities and taxes	6,978	5,729	
Deferred revenue	5,756	(1,027,593)	
	(278,758)	(743,358)	
Net cash used in operating activities			
Cash flows from investing activities			
Purchases of property and equipment	(603)	(2,766)	
	(279,361)	(746,124)	
Net decrease in cash			
Cash - beginning	385,892	1,132,016	
Cash - ending ( <i>Note 3</i> )	\$ 106,531	\$ 385,892	

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 1 – ORGANIZATION**

Charles River Watershed Association, Inc. (“CRWA”) was organized in the Commonwealth of Massachusetts as a nonprofit corporation on September 23, 1966. The mission of CRWA is to use science, advocacy and the law to protect, preserve and enhance the Charles River (the “River”) and its watershed (the “Watershed”), including improving and expanding its natural resources and recreational opportunities.

CRWA’s mission includes efforts focused on reducing greenhouse gas emissions. These efforts, including energy efficient projects, programs and initiatives to protect, improve and expand the natural resources and recreational opportunities of the River, are critical strategies towards accomplishing CRWA’s mission. CRWA also believes that energy efficient infrastructure, which reduces energy consumption, provides other environmental benefits related to the River including, aquifer recharge, stream flow restoration, flood control and improved water quality, all of which protect the environment and enhance the enjoyment of the River and the Watershed by its inhabitants.

**2011 Thiess International Riverprize**

CRWA was a winner of the 2011 Thiess International Riverprize (the “Riverprize”), awarded annually by the International RiverFoundation (“IRF”). The Riverprize is awarded for visionary and sustainable achievements in river management. In addition to the cash award, CRWA will receive a \$100,000 grant (denominated in Australian dollars), payable over three years, to work with local partners on the restoration of the Arroyo Yerba Buena River in Jarabacoa, Dominican Republic.

The following is a description of CRWA’s activities and programs:

**BLUE CITIES® INITIATIVE**

Under the Blue Cities® Initiative, CRWA designs and promotes green infrastructure techniques for managing stormwater in urban areas. The goal is to mimic the natural hydrologic cycle through pilot projects on both public and private properties, as well as to conduct research, planning and design.

CRWA works with numerous municipalities both within and beyond the Watershed on Blue Cities® urban greening efforts. CRWA was appointed by former Boston Mayor Thomas Menino to serve on the Boston’s Complete Streets Advisory Committee to create “green” guidelines for street development, which are now available online. Greening projects have been completed by CRWA in the Allston neighborhood of Boston, Peabody Square in Dorchester, the City of Chelsea and the Massachusetts towns of Franklin, Blackstone and Bellingham. These projects which are models for better site design, serve to educate the public on the importance of stormwater management and provide developers with low impact stormwater retrofit information.

***Blue Cities® National***

CRWA continues to work with a group of partners to develop Blue Cities® projects in other parts of the country. CRWA worked with River Network, EcoNorthwest and Earth’s Voices Our Choices to complete the Blue Cities® designs for several sites in the City of Rochester, Michigan. In the summer of 2012, the City of Rochester won a stream restoration grant that will enable several of the designs to be constructed beginning in 2013. CRWA’s design recommendations have also been incorporated in the municipal planning guidelines by the cities of Rochester, Michigan and Rochester Hills, Michigan.

**BLUE CITIES® EXCHANGE**

Formerly known as the Stormwater Pollution Trading Program, this program is developing tools and technology to help reduce nutrient pollution to waterways with a key component being a web-based water quality trading program that will provide cost-effective approaches and incentives for private property owners with large impervious surfaces to achieve compliance with new storm water regulations and facilitate implementation of total maximum daily loads established for the River. This trading program for phosphorus reduction is designed

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

to help property owners understand storm water runoff and evaluate design options and costs for managing storm water. The first version of the online tool provides property owners in the Massachusetts towns of Franklin, Bellingham, and Milford with recommendations to reduce phosphorous loads based on parcel-specific data and it guides users at various skill levels through the design process. In previous years, this program was known as the Stormwater Pollution Trading Program.

**POLICY AND REGULATION**

Improving policies and regulations for the protection and sustainability of the natural water environment are core components of CRWA's work. CRWA integrates its science and research with watershed advocacy to achieve regulatory and policy changes that will protect and restore the River, its tributaries, rivers across Massachusetts, and critical watershed functions. Program efforts are currently focused on three fundamental areas of watershed management: 1) adoption of stream flow standards and water withdrawal permits to protect water supplies, restore base flows and support river fish communities; 2) restoration of migratory fish; and, 3) adoption and implementation of new storm water permits to reduce water pollution and to recharge aquifers.

***Sustainable Water Management Initiative***

CRWA's participation in the Massachusetts' Sustainable Water Management Initiative (SWMI) resulted in a permitting framework that incorporates biologically-based streamflow criteria and requires that water withdrawal impacts be minimized and mitigated. The framework also facilitates a more holistic approach to water, wastewater and stormwater by requiring offsets, such as stormwater recharge, for increased withdrawals. A feasibility study was completed in for the Littleton Smart Sewering project, which involves a paradigm shift from regional wastewater treatment facilities to a local system that enables denser village center development, groundwater recharge, and energy production.

***American Shad Restoration***

A 2011 settlement with GenOn Energy, LLC of its surface water discharge permit in the River by the U.S. Environmental Protection Agency ("EPA"), CRWA and Conservation Law Foundation, will result in a 95% reduction in the facility's thermal discharge to the River's Lower Basin. The settlement also established a fund managed by CRWA for the restoration of American shad and other migratory fish. Since 2006, U.S. Fish and Wildlife Service, Massachusetts Division of Marine Fisheries ("DMF") and CRWA have partnered to release 15 million hatchery-reared shad fry into the River's Lakes District. With the GenOn funds, DMF has been conducting monitoring, in the vicinity of the Watertown Dam, of shad returning to spawn. CRWA is exploring options for improving fish passage at the dam, improving and protecting habitat below the dam, mapping habitat in the Lakes District and assessing water quality.

***Stormwater Management***

In 2013, CRWA commented extensively on the draft Small Municipal Separate Storm Sewer System (MS4) National Pollutant Discharge Elimination System ("NPDES") general permit for New Hampshire because the Massachusetts MS4 NPDES general permit is likely to be similar in many respects. Recognizing the need to train municipal employees on management techniques to reduce phosphorus inputs to the environment, training topics included reduction/elimination of phosphorus in fertilizers, composting, street sweeping, catch basin cleaning, vegetation management, and erosion control. CRWA also completed a project training public works staff to track and calculate phosphorus reductions through implementation of best management practices and educated conservation commissions about their authority under the Wetlands Protection Act to require project applicants to meet daily pollutant loading limits established for the watershed.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

ADVOCACY & EDUCATION

***Advocacy***

CRWA is involved in every major decision affecting the River. Advocacy includes lobbying the Massachusetts legislature for and against environmental and water-related legislation and funding, reviewing all major projects in the Watershed, challenging permits administratively and occasionally in court, appearing before local boards and commissions, protecting public trust lands and access to parklands, and working with many partner organizations on issues of national, state and regional significance such as climate change, smart growth and water resource protection. CRWA's strong science supports and informs its advocacy and the positions CRWA adopts.

***Education***

CRWA's work to promote better watershed management and river stewardship includes a wide range of outreach and educational programming, including: a comprehensive website and online communications; the publication of brochures, plans and reports; educational talks and presentations; trainings and workshops; and participation in many local and regional events and activities. CRWA hosts numerous student interns each year, and supports the Rita Barron Fellowship, a one year position for a young professional entering the fields of watershed science and management. CRWA is quoted regularly in the media and hosts many national and international groups for educational and networking purposes.

***Twinning***

CRWA is committed to sharing best practices and expanding knowledge exchange with other watershed restoration practitioners. With funding from the International RiverFoundation as part of the *Riverprize*, CRWA has developed a three-year river restoration "Twinning" project for the urban rivers in Jarabacoa, Dominican Republic with three partners: The Nature Conservancy Dominican Republic; Plan Yaque, a local non-governmental organization; and the National Environmental School, a post-secondary school. The project involves community engagement, the development and support of volunteer "citizen scientists;" training and capacity building for local partners, and the development of a long-term river restoration plan.

WATER QUALITY

***Volunteer Monthly Monitoring***

CRWA's long-term comprehensive study of water quality in the River involves a vast network of volunteers who collect samples monthly with the goal of understanding watershed dynamics better. This, in turn, informs much of CRWA's science and advocacy work. The data is used by numerous researchers, students and policy makers and serves as the basis for the annual Charles River Report Card issued by the EPA.

***Lower Charles Water Quality Flagging***

From July through October, boaters in the lower River from Watertown, Massachusetts to Boston are apprised of daily water quality through the flying of CRWA's red, yellow or blue flags at twelve boating locations. CRWA also posts daily webpage updates, e-mails and Twitter alerts forecasting the water quality at each location using a predictive model premised on environmental factors such as rainfall and river flow. Data is collected twice per week to verify the predictions.

***Sediment Investigation***

The Lower Basin of the River, the most heavily recreated stretch of the River, is experiencing rapid sedimentation in select areas. Sediment islands are forming at outfall pipes and along certain stretches of

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

the River, destroying habitat and impeding recreation. CRWA is working to identify both the cause of this sedimentation and viable solutions for removing or reducing these sediment islands.

***Invasive Species Management***

Non-native and invasive aquatic plants choke sections of the River decreasing oxygen in the water and preventing navigation. CRWA partners with Charles River Recreation, local residents and businesses to target the water chestnut infestation in the River's Lakes District through a combination of mechanical harvesting and hand-pulling. This program increases awareness about invasive species and the impacts of nutrient pollution on aquatic plant growth. In the summer of 2013, over 50 tons of water chestnuts were removed from the river. About 350 volunteers participated in CRWA's hand pulling program.

**CLIMATE CHANGE – ENERGY EFFICIENCY**

CRWA entered into a Fiscal Sponsorship Grant Agreement (the "Grant") in with Serrafix Corporation ("Serrafix") pursuant to a grant from the Barr Foundation. With this restricted funding, Serrafix established energy efficiency programs for commercial buildings in selected municipalities in Massachusetts to improve building energy performance and to reduce greenhouse gas emissions. Pursuant to the Grant, \$1,024,281 was awarded by CRWA to Serrafix during the year ended September 30, 2012 (As Restated), less an administrative fee for CRWA's grant administration. This grant terminated during the year ended September 30, 2012 (As Restated). No expenses were incurred in this program during the year ended September 30, 2013.

**SPECIAL EVENTS**

***The Run of the Charles Canoe and Kayak Race***

CRWA's Run of the Charles Canoe and Kayak race ("ROTC"), which began 30 years ago, showcases the ongoing improvements to the River. This race is one of the nation's oldest and largest canoe and kayak races with professionals, amateurs, and corporate teams competing on the 26 mile course.

***Annual Earth Day Charles River Cleanup***

For over a decade, volunteers have joined together every spring to make the River cleaner, healthier, and more beautiful by picking up trash along its banks and removing debris from the River at the Earth Day Charles River Cleanup. In 2013, more than 2,000 volunteers from over 150 groups participated removing nearly 50 tons of litter. In 2012, approximately 4,000 volunteers cleaned 150 sites, collecting 40 tons of trash. The cleanup is organized by CRWA and a collaborative of environmental groups, communities, legislators, and the Massachusetts Department of Conservation and Recreation ("DCR").

***CRWA Champions of the Charles 2013***

Friends and advocates of the River gathered to honor Susan Tierney, managing principal at the Boston office of Analysis Group, Inc. for her leadership and legendary perseverance in helping make the River the cleanest urban river in America.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of CRWA is presented to assist in understanding CRWA's financial statements. The financial statements and notes are representations of CRWA's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

The financial statements of CRWA have been prepared on the accrual basis of accounting. The significant accounting policies are as follows:

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**FUND ACCOUNTING**

The accounts of CRWA are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

**USE OF ESTIMATES**

The preparation of CRWA's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

CRWA's financial instruments primarily consist of cash, grants receivable and unconditional promises to give. All instruments, except for unconditional promises to give (see *Promises to give* below) are accounted for on the historical cost basis, which, due to the short maturity of these financial instruments, approximates the fair value at the reporting dates of these financial statements.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1: Quoted prices for identical instruments in active markets accessible at the measurement date.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Unobservable inputs for the instrument are only used when there is little, if any, market activity for the instrument at the measurement date. Prices or valuation techniques require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

**IMPAIRMENTS**

In accordance with GAAP, CRWA assesses the impairment of its assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The determination of related estimated useful lives and whether or not these assets are impaired involves significant judgments, related primarily to the future profitability and/or future value of the assets. CRWA records an impairment charge if it believes an asset has experienced a decline in value that is other than temporary.

**CASH AND CASH EQUIVALENTS**

For financial statement purposes, CRWA considers all short-term investment and debt securities purchased with a maturity of three months or less to be cash equivalents.

**ACCOUNTS AND GRANTS RECEIVABLE**

Accounts receivable recognized by CRWA typically consist of amounts due for services performed unrelated to its grant contracts but could also consist of other amounts such as amounts due from brokers/dealers for proceeds from sales of donated securities, refunds due resulting from various overpaid taxes or amounts due resulting from checks returned by banks for insufficient funds.



**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

Under the terms of some of its grant contracts, CRWA fulfills its responsibilities on a reimbursement basis, meaning CRWA must request funds from the grant source, through the issuance of invoices or other required forms, after grant work has been performed or after certain milestones have been achieved. CRWA recognizes these amounts as grant receivables, which, depending on the funding source, can take up to ninety days before CRWA receives payment.

Accounts and grants receivable are recognized as they are earned or when the right to request or receive payment exists.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

CRWA provides an allowance for doubtful accounts equal to estimated bad debt losses. The estimated losses are based on historical collection experience together with a review of the current status of existing receivables. The allowance is charged to the program to which the bad debt loss relates or as an administrative expense if the bad debt loss does not relate to any specific program.

**PROMISES TO GIVE**

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are substantially met.

**INVENTORY**

Inventory is stated on a first-in, first-out basis and is valued at the lower of cost or market.

**PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost, except for assets that are donated to CRWA which are recorded at their fair market value. CRWA capitalizes the cost of property and equipment, not acquired with grant proceeds or for a particular program purpose, whose total cost exceeds \$1,000 and whose estimated useful life exceeds one year. Property and equipment acquired using grant proceeds or for a particular program purpose are evaluated on a case by case basis to determine if capitalization is appropriate.

When assets are sold or otherwise disposed, the cost and related accumulated depreciation are removed from the related accounts. The resulting gains, reflected in revenues and support, or losses, reflected as a separate category of expenses, are then recognized, except on assets traded where the undepreciated book value of the asset traded is added to the depreciable basis of the new asset acquired. Expenditures for normal maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred, while major renewals are capitalized.

**PATENTS AND TRADEMARKS**

**Patents**

Costs related to the successful granting of patents are capitalized and deferred until such time as the patent application has been approved and granted. At the time the patent is granted, the capitalized costs are amortized, on the straight line basis, over the period that the patent is effective. Costs incurred relating to the maintenance and defense of the patent, once the patent has been granted, are expensed as incurred. Costs incurred relating to the renewal or extension of granted patents are capitalized and amortized over the respective renewal or extension periods.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**Trademarks**

Costs related to the successful granting of a trademark are capitalized and deferred until such time as the asset covering the trademark is sold or the activity related to the trademark is terminated.

DEFERRED REVENUE OR SUPPORT

CRWA recognizes as deferred revenue or support funds received in advance for which CRWA assume a future obligation to perform a service for the benefit of the provider, perform a task for the provider, or render a tangible item of value to the provider. At the time the future obligation is satisfied, the funds received are recognized as revenue.

EXPENDABLE RESTRICTED RESOURCES

Funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues of operating funds when CRWA has incurred expenditures in compliance with specific restrictions. Such amounts received but not yet earned are reported as deferred revenue.

CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, CRWA reports the support as unrestricted.

DONATED FACILITIES, GOODS AND SERVICES

CRWA records the value of donated facilities, goods or services when it can reasonably determine that amount. Donated facilities, goods and services are reflected as unrestricted support in the accompanying statements of activities on the date of receipt. No amounts have been reflected in the statements of activities for donated facilities, goods or services when the fair market value cannot be reasonably determined without undue effort or cost. As a result, a substantial number of volunteers have donated significant amounts of their time to CRWA for which there has been no financial statement recognition.

INTEREST AND DIVIDEND INCOME

CRWA earns interest on its cash equivalents that have a maturity of three months or less. Investment income is used to fund operations and, accordingly, is presented as unrestricted revenue.

ADVERTISING COSTS

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received.

DEPRECIATION

The cost (or fair market value for donated assets) of property, plant and equipment is depreciated on the straight line basis over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the length of the related lease or the useful life of the improvement.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

The estimated useful lives of CRWA's assets are as follows:

Asset	Life in Years
Computer equipment	3 – 5
Equipment	7
Furniture and fixtures	7
Leasehold improvements	Remaining lease term

Maintenance and repairs are charged to operations when incurred while major betterment's and renewals, not specifically related to a particular grant program, are capitalized.

**COMPENSATED ABSENCES**

Employees of CRWA are entitled to paid time off (vacation, personal and sick time) depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. CRWA's policy is to recognize the costs of compensated future absences when actually paid to employees. Any paid time off not used by the employees as of the end of CRWA's fiscal year is forfeited and not allowed to be carried forward, unless a specific exception is approved by the executive director.

**TAX STATUS**

CRWA is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code ("IRC"). Therefore, no provision for income taxes has been made in these financial statements. CRWA is not classified as a private foundation.

As of September 30, 2013 and 2012 (As Restated), is CRWA unaware of any uncertain tax positions taken on any of its previously filed information returns that may subject it to the assessment of income taxes, including the determination of its status as an organization exempt from income taxes under section 501(c)(3) of the IRC. If CRWA were to become subject to federal and/or state income taxes, interest and penalties related to any uncertain tax positions taken would be recognized as an administrative expense. If the interest and penalties related to a specific program or non-administrative function, they would be recognized as an expense of the respective function or program.

As of September 30, 2013, the Return of Organization Exempt From Income Tax on Form 990 for the years ended September 30, 2012 (As Restated - taxable year 2011), September 30, 2011 (taxable year 2010) and September 30, 2010 (taxable year 2009) remain open to examination by the Internal Revenue Service.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 3 – CASH**

As of September 30, 2013 and 2012 (As Restated), the balances of cash consisted of the following:

	2013	2012 (As Restated)
Cash – unrestricted	\$ 86,543	\$ 187,054
Cash – temporarily restricted (by program or function)		
Blue Cities® Initiative	290	177,085
Advocacy and Education	-	5,230
Policy and Regulation	13,050	6,066
Water Quality	5,806	9,615
Clean Charles Coalition	842	842
	19,988	198,838
Total cash	\$ 106,531	\$ 385,892

See **NOTE 21** regarding the restatement of the classification of the balance of cash as of September 30, 2012 (As Restated).

**NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE**

At September 30, 2013, grants receivable consisted of the following:

	2013		
	Current	Total	Term
Grantor:			
The Scherman Foundation, Inc.	\$ 240,000	\$ 240,000	< 1 year
Massachusetts Environmental Trust (“MET”)	67,201	67,201	< 1 year
International River Foundation	35,357	35,357	< 1 year
Massachusetts Department of Environmental Protection (“MA DEP”)	30,393	30,393	< 1 year
Metropolitan Area Planning Council	20,817	20,817	< 1 year
EPA	302	302	< 1 year
Other	24,763	24,763	< 1 year
	24,763	24,763	
Total grants receivable as of September 30, 2013	\$ 418,833	\$ 418,833	

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

At September 30, 2012 (As Restated), grants receivable consisted of the following:

	2012 (As Restated)		
	Current	Total	Term
Grantor:			
MA DEP	\$ 14,716	\$ 14,716	< 1 year
Mystic River Watershed Association	6,550	6,550	< 1 year
ANP Blackstone of the Foundation for Metrowest (formerly, Foundation for Metrowest)	6,077	6,077	< 1 year
DCR	4,261	4,261	< 1 year
MET	3,977	3,977	< 1 year
EPA	1,141	1,141	< 1 year
Other	19,995	19,995	< 1 year
Total grants receivable as of September 30, 2012 (As Restated)	<u>\$ 56,717</u>	<u>\$ 56,717</u>	

**NOTE 5 – UNCONDITIONAL PROMISES TO GIVE**

At September 30, 2013 and 2012 (As Restated), unconditional promises to give consisted of the following:

	2013	2012 (As Restated)
	Boston Duck Tours, Inc. (“BDT”)	\$ 10,000
GenOn Kendall, LLC (“GenOn”), net of unamortized discount of \$1,116 and \$3,324 as of September 30, 2013 and 2012 (As Restated), respectively	98,884	146,676
Other	-	2,600
Total unconditional promises to give	<u>\$ 108,884</u>	<u>\$ 159,276</u>
Amounts due in:		
Less than one year	\$ 60,000	\$ 62,600
One to two years	48,884	47,792
Two to three years	-	48,884
	<u>\$ 108,884</u>	<u>\$ 159,276</u>

CRWA expects the full amount of unconditional promises to give to be collected. Accordingly, these financial statements do not contain an allowance for uncollectible promises to give.

***BDT***

The unconditional promise to give from BDT is a promise to give in perpetuity to be used towards ROTC. Since a time period for the unconditional promise to give cannot be defined, it is impracticable to determine the present value of the promise. Accordingly, no amounts, beyond one year of the balance sheet date from the unconditional promise to give, have been recognized.

***GenOn***

The promise to give from GenOn is a \$250,000 unconditional promise to give made in conjunction with the

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

issuance of a five year discharge permit related to its cogeneration station located in Cambridge, Massachusetts. As part of the permit, GenOn committed to give CRWA \$50,000 on each anniversary date of the permit. \$50,000 was received on January 22, 2013. An additional \$50,000 was received on January 11, 2012. Under GAAP, the balance of the promise to give expected to be received beyond one year of the balance sheet date is recognized at the present value of the expected future cash flows using CRWA's risk-free rate of return on the date the promise is effective.

As of anniversary dates of February 1, 2013 and 2012, the present value of the remaining balance of the promise to give (\$50,000 and \$100,000, respectively) was \$48,884 and \$96,676, respectively, using a risk-free rate of return equivalent to the 5 year market yield on a U.S. Treasury security (2.26%).

*IRF*

During the year ended September 30, 2012 (As Restated), CRWA received the full balance, in two installments, of the unconditional promise to give, denominated in Australian dollars, resulting from winning the *Riverprize*. As of October 1, 2011, CRWA recognized contribution income of \$224,365 which was the US dollar equivalent of the unconditional promise to give.

As a result of fluctuating exchange rates, the total amount received in satisfaction of the unconditional promise to give was \$233,196. The excess of the amount received over the amount initially recognized, \$8,831, is reflected as an additional unrestricted contribution income for the year ended September 30, 2012 (As Restated).

**NOTE 6 – INVENTORY**

CRWA's inventory consists of multiple publications used in programs and available for sale to the general public. As of September 30, 2013 and 2012 (As Restated), the inventory of publications consisted of the following:

	2013	2012 (As Restated)
Blue Cities® Guide: Environmentally Sensitive		
Urban Development	\$ -	\$ 2,732
Charles River Canoe & Kayak Guides	2,775	2,896
The Charles: Two Rivers	60	60
Total inventory	\$ 2,835	\$ 5,688

During 2013, CRWA determined that the Blue Cities® Guide: Environmentally Sensitive Urban Development guides were outdated and the sale of the guides should be discontinued. Prior to this determination, 3 guides were sold. As of September 30, 2013, the remaining inventory cost of \$2,677 was written off as obsolete. The inventory write-off has been reflected in cost of sales on the CRWA's statement of activities for the year ended September 30, 2013.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 7 – PROPERTY AND EQUIPMENT**

At September 30, 2013 and 2012 (As Restated), CRWA’s property and equipment consisted of the following:

	2013	2012 (As Restated)
Computer equipment	\$ 40,173	\$ 39,570
Equipment	98,117	98,117
Furniture and fixtures	32,934	32,934
Leasehold improvements	57,955	57,955
	229,179	228,576
Less: accumulated depreciation	(217,505)	(211,510)
Net property and equipment	\$ 11,674	\$ 17,066

**NOTE 8 – PATENT AND TRADEMARK**

The United States Patent and Trademark Office approved and granted CRWA’s patent and trademark applications relating to the *SmartStorm* Rainwater Recovery System.

Management actively sought a buyer of the patents and trademark; however, as of September 30, 2012 (As Restated) was been unable to locate a buyer. Due to this and because it was determined that the patents and trademark had \$0 cash flow potential causing them to be impaired, in accordance with its accounting policy on impairments, management wrote off the carrying value of the patents and trademark and recognized an impairment loss of \$15,183. The impairment loss was included in depreciation and amortization expense as an administrative cost and included in the allocation of administrative costs to fundraising and program services.

**NOTE 9 – SOFTWARE**

During the year ended September 30, 2012 (As Restated), CRWA received a donation of geographic information system computer software including licenses and maintenance. The software, including the licenses and maintenance, is being amortized on a straight line basis over 36 months, the term of the licenses and the length of the maintenance agreement.

As of September 30, 2013 and 2012 (As Restated), the balance of software was comprised as follows:

	2013	2012 (As Restated)
Software and licenses	\$ 19,020	\$ 19,020
Maintenance	6,300	6,300
	25,320	25,320
less: accumulated amortization	(10,550)	(2,110)
Net software	\$ 14,770	\$ 23,210

The donor has not specified a particular purpose for which the software must be used. Accordingly, the donation has been recognized as unrestricted. In addition, because the use of the software for a particular program function cannot be reasonable determined, the amortization expense related to the software has been classified as an administrative expense and included in the allocation of indirect costs to CRWA’s various programs and functions.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 10 – ACCRUED LIABILITIES AND TAXES**

As of September 30, 2013 and 2012 (As Restated), accrued liabilities and taxes consisted of the following:

	<u>2013</u>	<u>2012</u> (As Restated)
Employee benefits and payroll deductions	\$ 12,775	\$ 10,294
Payroll taxes	449	952
Professional fees	<u>25,000</u>	<u>20,000</u>
Total accrued liabilities and taxes	<u>\$ 38,224</u>	<u>\$ 31,246</u>

**NOTE 11 – DEFERRED REVENUE**

Deferred revenue consists of funds received as of the balance sheet date for which recognition as revenue and support has been delayed, primarily due to CRWA’s future obligation to provide a service, perform a task or render a tangible item of value. As of September 30, 2013 and 2012 (As Restated), deferred revenue consisted of funds designated for use in the following functions and/or programs:

	<u>2013</u>	<u>2012</u> (As Restated)
<i>Water Quality – Invasive Species Management</i>	<u>\$ 5,806</u>	<u>\$ 50</u>

**NOTE 12 – AGENCY FUNDS**

CRWA acts as disbursing agent for certain funds received for various purposes relating to the River.

CRWA has no variance power over the funds and has recognized the donations as a liability in the accompanying statement of financial position. At September 30, 2013 and 2012 (As Restated), agency funds consisted of the following:

	<u>2013</u>	<u>2012</u> (As Restated)
Clean Charles Coalition Fund	<u>\$ 842</u>	<u>\$ 842</u>

As of September 30, 2013 and 2012 (As Restated), CRWA had not received instructions on the disbursement of the remaining funds.



**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 13 – TEMPORARILY RESTRICTED NET ASSETS**

As of September 30, 2013 and 2012 (As Restated), the balance of temporarily restricted net assets to be used for future program expenses, were comprised as follows:

	2013	2012 (As Restated)
Blue Cities® Initiative	\$ 290	\$ 177,085
Policy and Regulation	111,933	152,742
Smart Sewering™	240,000	-
Special Events	10,000	12,600
Water Quality	-	9,565
Advocacy and Education	-	5,230
Total temporarily restricted net assets	<u>\$ 362,223</u>	<u>\$ 357,222</u>

**NOTE 14 – DONATED FACILITIES, MATERIALS AND SERVICES**

The value of donated facilities, materials and services, by function and program, included in the financial statements and the corresponding expenditures for the years ended September 30, 2013 and 2012 (As Restated) are as follows:

	2013	2012 (As Restated)
<b>Materials (including property and equipment)</b>		
Water Quality	\$ 2,200	\$ 926
Special Events	3,241	21,993
Total donated materials	<u>5,441</u>	<u>22,919</u>
<b>Services</b>		
Fundraising	956	-
Blue Cities® Exchange	5,361	-
Water Quality	25,700	26,110
Special Events	16,048	17,500
Total donated services	<u>48,065</u>	<u>43,610</u>
Total donated facilities, materials and services	<u>\$ 53,506</u>	<u>\$ 66,529</u>

**NOTE 15 - INDIRECT COST ALLOCATION**

During the years ended September 30, 2013 and 2012 (As Restated), CRWA incurred costs which could not be directly attributed to any program or function. These costs have been allocated to the different programs based on total program salaries and related benefits and taxes to total CRWA salaries and related benefits and taxes. CRWA allocated \$257,969 and \$245,762 of indirect costs for the years ended September 30, 2013 and 2012, respectively.

**NOTE 16 - POST-RETIREMENT BENEFIT PLAN**

CRWA sponsors a post-retirement benefit plan in accordance with Section 403(b) of the IRC. The plan allows for voluntary employee contributions and includes all employees. CRWA does not match employee contributions made to the plan. Accordingly, there is no pension expense recognized in these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 17 – OPERATING LEASES AND REVOCABLE LICENSE AGREEMENT**

*Operating leases*

CRWA entered into a 60 month non-cancelable lease agreement for photocopier. The lease, which expired on March 21, 2013, called for minimum monthly payments of \$252.

CRWA entered in 60 month non-cancelable lease agreement for a postage meter. The lease, expiring on October 20, 2014, calls for minimum monthly payments of \$121 billed quarterly in advance.

On April 3, 2013, CRWA entered into a 60 month non-cancellable lease for a photocopier to replace the previous photocopier lease that expired March 21, 2013. The new lease, expiring April 23, 2018, calls for minimum monthly payments of \$208.

*Revocable license agreement*

CRWA entered into a five year revocable license agreement (the “Agreement”) with the DCR to occupy a building in Weston, Massachusetts for office space. The Agreement has expired. CRWA continues to occupy the building and pay the minimum Agreement fee of \$100. CRWA and the DCR are currently negotiating the terms of a new Agreement.

Future minimum lease/license payments under all cancelable and non-cancelable operating leases and the Agreement for the next five years, and in the aggregate, are as follows:

<u>Years Ended September 30,</u>	<u>Amount</u>
2014	\$ 3,585
2015	2,496
2016	2,496
2017	2,496
2018	1,248
	<u>\$ 12,321</u>

For the years ended September 30, 2013 and 2012 (As Restated), the Agreement fee, classified in the statement of functional expenses as rent expense, was \$1,200 and \$1,200, respectively. Equipment lease payments classified as equipment expense on the schedule of functional expenses was \$5,724 and \$3,024 for the years ended September 30, 2013 and 2012 (As Restated), respectively.

**NOTE 19 – CONCENTRATIONS OF CREDIT RISK**

CRWA maintains cash balances at a large national bank headquartered in Providence, Rhode Island and at a local bank headquartered in Newton, Massachusetts. The combined balances in all accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

In addition, the combined balances at the local bank are insured by the Share Insurance Fund, a private fund owned by the member co-operative banks, which insures all deposits at co-operative banks in Massachusetts above the FDIC limits.

From time to time, balances at the national bank may exceed the federally insured limit. As of September 30, 2013 and 2012 (As Restated), CRWA had balances of \$0 and \$94,899, respectively, on deposit at the national bank that exceeded the federal insurance limit.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
For the Years Ended September 30, 2013 and 2012 (As Restated)

**NOTE 20 – SUBSEQUENT EVENTS**

*Revocable license agreement*

CRWA is currently negotiating the terms of a new Agreement with DCR. Please refer to **NOTE 18 – OPERATING LEASES AND REVOCABLE LICENSE AGREEMENT – Revocable License Agreement**) for additional information.

Management has evaluated subsequent events through April 10, 2014, the date that the audited financial statements were available to be issued.

**NOTE 21 – RESTATEMENT**

*Statement of activities*

The statement of activities for the year ended September 30, 2012 has been restated to conform to the current year presentation.

The amount previously reported as revenue and support from temporarily restricted grants and contributions, \$1,612,325, has been disaggregated into revenue and support from temporarily restricted grants of \$1,607,966 and revenue and support from temporarily restricted contributions of \$4,359.

The amount previously reported as revenue and support from unrestricted contributions and memberships, \$523,951, has been disaggregated into revenue and support from unrestricted contributions of \$434,578 and revenue and support from unrestricted memberships of \$89,373.

This restatement has no effect on any other amounts previously reported for the year ended September 30, 2012.

*Permanently Restricted Net Assets*

As of October 1, 2011, management had classified \$1,262 of cash as permanently restricted in the belief that the funds were donated to establish a permanent endowment for CRWA.

Management has determined that the funds were not permanently restricted but were donated as part of a fundraising campaign to raise money to pay for capital improvements that were included as a provision in a since expired operating lease for office space that once served as the location of CRWA's operations.

As a result of the restatement, the permanently restricted categories on the statement of financial position and the statement of activities as of and for the year ended September 30, 2012 (As Restated) has been removed from this presentation.

In addition, the segregation of CRWA's as unrestricted and permanently restricted, as of September 30, 2012 (As Restated) and as disclosed in **NOTE 3**, has been restated. The balance of unrestricted cash as of September 30, 2012 (As Restated) has increased by \$1,262 from \$185,792 to \$187,054. The balance of permanently restricted cash as of September 30, 2012 (As Restated) has decreased by \$1,262 from \$1,262 to \$0. The restatement had no effect on the balance of temporarily restricted cash as previously reported.

This restatement has no other effect on any other previously reported amounts for the year ended September 30, 2012 (As Restated) nor does it have any effect on any reported amounts for the year ended September 30, 2013.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION**

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**SCHEDULE I - FUNCTIONAL EXPENSES FOR PROGRAM SERVICES**  
For the Year Ended September 30, 2013

	<u>Blue Cities® Initiative</u>	<u>Blue Cities® Exchange</u>	<u>Policy &amp; Regulation</u>	<u>Smart Sewering™</u>	<u>Advocacy &amp; Education</u>	<u>Water Quality</u>	<u>Special Events</u>	<u>Total</u>
Salaries and related benefits and taxes	\$ 69,607	\$ 37,681	\$ 22,497	\$ 60,982	\$ 249,096	\$ 78,067	\$ 20,271	\$ 538,201
Accounting and audit	1,615	874	522	1,415	5,780	1,811	470	12,487
Advertising and promotion	-	-	-	-	-	-	15,500	15,500
Awards and prizes	-	-	-	-	-	-	4,475	4,475
Conferences and meetings	787	359	214	783	9,110	926	207	12,386
Contract services	152,911	33,743	25,004	7,832	1,112	59,476	39,610	319,688
Depreciation and amortization	933	505	301	817	3,337	1,046	272	7,211
Dues, fees and permits	539	444	174	807	3,490	842	353	6,649
Equipment ( <i>Note 17</i> )	365	198	118	620	2,206	4,633	3,909	12,049
Insurance	908	492	293	796	3,250	1,018	1,504	8,261
Legal expense	-	-	-	-	-	-	-	-
Postage and delivery	88	48	28	77	1,021	99	1,093	2,454
Printing and reproduction	88	47	28	77	2,186	98	162	2,686
Rent ( <i>Note 17</i> )	78	42	25	68	277	87	23	600
Repairs and maintenance	687	372	222	602	2,457	770	200	5,310
Supplies	1,427	144	86	233	1,229	2,882	30,512	36,513
Training and education	6	3	2	5	20	6	2	44
Travel and entertainment	813	182	141	852	7,303	1,491	83	10,865
Utilities and telephone	942	510	305	826	3,611	1,057	274	7,525
Total Expenses	<u>\$ 231,794</u>	<u>\$ 75,644</u>	<u>\$ 49,960</u>	<u>\$ 76,792</u>	<u>\$ 295,485</u>	<u>\$ 154,309</u>	<u>\$ 118,920</u>	<u>\$ 1,002,904</u>

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

**SCHEDULE II - FUNCTIONAL EXPENSES**

For the Year Ended September 30, 2013

	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total – All Functions</u>
Salaries and related benefits and taxes	\$ 118,658	\$ 123,619	\$ 242,277	\$ 538,201	\$ 780,478
Accounting and audit	9,644	2,868	12,512	12,487	24,999
Advertising and promotion	-	3,015	3,015	15,500	18,515
Awards and prizes	-	-	-	4,475	4,475
Conferences and meetings	3,963	1,638	5,601	12,386	17,987
Contract services	80	2,534	2,614	319,688	322,302
Depreciation and amortization	5,568	1,656	7,224	7,211	14,435
Dues, fees and permits	3,217	3,704	6,921	6,649	13,570
Equipment ( <i>Note 18</i> )	2,179	648	2,827	12,049	14,876
Insurance	5,422	1,613	7,035	8,261	15,296
Legal expense	-	-	-	-	-
Postage and delivery	526	2,465	2,991	2,454	5,445
Printing and reproduction	524	924	1,448	2,686	4,134
Rent ( <i>Note 18</i> )	463	138	601	600	1,201
Repairs and maintenance	4,100	1,220	5,320	5,310	10,630
Supplies	1,588	2,243	3,831	36,513	40,344
Training and education	33	257	290	44	334
Travel and entertainment	410	4,450	4,860	10,865	15,725
Utilities and telephone	5,627	1,674	7,301	7,525	14,826
<b>Total Expenses</b>	<b>\$ 162,002</b>	<b>\$ 154,666</b>	<b>\$ 316,668</b>	<b>\$ 1,002,904</b>	<b>\$ 1,319,572</b>

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**  
**SCHEDULE I - FUNCTIONAL EXPENSES FOR PROGRAM SERVICES**  
For the Year Ended September 30, 2012 (As Restated)

	Blue Cities® Initiative	Policy & Regulation	Advocacy & Education	Stormwater Pollution Trading Program	Water Quality	Climate Change - Energy Efficiency	Special Events	Total
Salaries and related benefits and taxes	\$ 89,015	\$ 71,288	\$ 254,390	\$ 43,093	\$ 56,799	\$ 4,523	\$ 17,388	\$ 536,496
Accounting and audit	1,666	1,334	4,761	807	1,063	85	325	10,041
Advertising and promotion	6	5	17	3	4	-	17,501	17,536
Awards and prizes	-	-	-	-	-	-	4,625	4,625
Conferences and meetings	1,105	984	4,939	390	974	41	1,090	9,523
Contract services	195,761	38,415	2,500	-	58,861	1,020,390	34,937	#####
Depreciation and amortization	2,007	1,607	7,845	971	1,280	102	392	14,204
Dues, fees and permits	743	594	3,189	359	683	7,351	3,019	15,938
Equipment ( <i>Note 18</i> )	927	416	1,483	251	331	26	3,729	7,163
Insurance	1,117	895	3,193	541	713	57	1,473	7,989
Legal expense	78	564	1,492	38	50	4	15	2,241
Postage and delivery	119	95	339	57	114	6	1,151	1,881
Printing and reproduction	191	153	2,985	93	602	10	5,048	9,082
Rent ( <i>Note 18</i> )	100	80	286	48	64	5	20	603
Repairs and maintenance	658	527	1,882	319	420	33	129	3,968
Supplies	1,600	203	1,201	123	1,433	13	46,302	50,875
Training and education	180	25	198	15	60	2	6	486
Travel and entertainment	740	686	5,721	66	1,340	3	146	8,702
Utilities and telephone	1,160	934	3,316	562	740	59	227	6,998
<b>Total Expenses</b>	<b>\$ 297,173</b>	<b>\$ 118,805</b>	<b>\$ 299,737</b>	<b>\$ 47,736</b>	<b>\$ 125,531</b>	<b>\$ 1,032,710</b>	<b>\$ 137,523</b>	<b>\$ 2,059,215</b>

The accompanying notes are an integral part of these financial statements.

**CHARLES RIVER WATERSHED ASSOCIATION, INC.**

**SCHEDULE II - FUNCTIONAL EXPENSES**

For the Year Ended September 30, 2012 (As Restated)

	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total Support Services</u>	<u>Total Program Services</u>	<u>Total – All Functions</u>
Salaries and related benefits and taxes	\$ 115,893	\$ 117,444	\$ 233,337	\$ 536,496	\$ 769,833
Accounting and audit	7,761	2,198	9,959	10,041	20,000
Advertising and promotion	26	37,368	37,394	17,536	54,930
Awards and prizes	-	-	-	4,625	4,625
Conferences and meetings	3,750	4,728	8,478	9,523	18,001
Contract services	-	606	606	1,350,864	1,351,470
Depreciation and amortization	9,346	2,648	11,994	14,204	26,198
Dues, fees and permits	3,457	2,102	5,559	15,938	21,497
Equipment ( <i>Note 18</i> )	2,417	685	3,102	7,163	10,265
Insurance	5,204	1,474	6,678	7,989	14,667
Legal expense	366	103	469	2,241	2,710
Postage and delivery	552	3,258	3,810	1,881	5,691
Printing and reproduction	890	2,786	3,676	9,082	12,758
Rent ( <i>Note 18</i> )	466	132	598	603	1,201
Repairs and maintenance	3,067	869	3,936	3,968	7,904
Supplies	1,180	1,042	2,222	50,875	53,097
Training and education	143	40	183	486	669
Travel and entertainment	261	3,212	3,473	8,702	12,175
Utilities and telephone	5,404	1,531	6,935	6,998	13,933
<b>Total Expenses</b>	<b>\$ 160,183</b>	<b>\$ 182,226</b>	<b>\$ 342,409</b>	<b>\$ 2,059,215</b>	<b>\$ 2,401,624</b>

The accompanying notes are an integral part of these financial statements.