



**FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

CHARLES RIVER CONSERVANCY, INC.

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SEPTEMBER 30, 2013 AND 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Charles River Conservancy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Charles River Conservancy, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits 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 Conservancy, Inc. as of September 30, 2013 and 2012, 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.

Alexander, Aronson, Finning & Co., P.C.
Boston, Massachusetts
February 6, 2014

CHARLES RIVER CONSERVANCY, INC.

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012**

<u>ASSETS</u>	<u>2013</u>			<u>2012</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CURRENT ASSETS:						
Cash and cash equivalents	\$ 320,535	\$ 1,082,020	\$ 1,402,555	\$ 266,359	\$ 812,718	\$ 1,079,077
Grants and pledges receivable	250	100,000	100,250	10,750	100,000	110,750
Prepaid expenses and other	8,410	-	8,410	7,149	-	7,149
Certificates of deposit	-	-	-	-	356,392	356,392
Total current assets	329,195	1,182,020	1,511,215	284,258	1,269,110	1,553,368
SKATEPARK CONSTRUCTION	1,384,739	-	1,384,739	1,022,267	-	1,022,267
FIXED ASSETS, net	34,531	-	34,531	13,797	-	13,797
Total assets	<u>\$ 1,748,465</u>	<u>\$ 1,182,020</u>	<u>\$ 2,930,485</u>	<u>\$ 1,320,322</u>	<u>\$ 1,269,110</u>	<u>\$ 2,589,432</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 28,944	\$ -	\$ 28,944	\$ 22,712	\$ -	\$ 22,712
NET ASSETS:						
Unrestricted:						
Operating	292,175	-	292,175	267,676	-	267,676
Board Designated	10,000	-	10,000	-	-	-
Skatepark	1,382,815	-	1,382,815	1,016,137	-	1,016,137
Fixed assets	34,531	-	34,531	13,797	-	13,797
Total unrestricted	1,719,521	-	1,719,521	1,297,610	-	1,297,610
Temporarily restricted	-	1,182,020	1,182,020	-	1,269,110	1,269,110
Total net assets	1,719,521	1,182,020	2,901,541	1,297,610	1,269,110	2,566,720
Total liabilities and net assets	<u>\$ 1,748,465</u>	<u>\$ 1,182,020</u>	<u>\$ 2,930,485</u>	<u>\$ 1,320,322</u>	<u>\$ 1,269,110</u>	<u>\$ 2,589,432</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013			2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
OPERATING REVENUE AND SUPPORT:						
Grants and contributions	\$ 431,334	\$ -	\$ 431,334	\$ 408,891	\$ 45,841	\$ 454,732
Donated goods and services	78,669	-	78,669	82,469	-	82,469
Program revenue	17,930	-	17,930	-	-	-
Investment and other income	5,189	-	5,189	16,086	-	16,086
Net assets released from restrictions:						
Satisfaction of purpose restrictions	45,841	(45,841)	-	65,889	(65,889)	-
Satisfaction of time restrictions	-	-	-	2,500	(2,500)	-
Total operating revenue and support	<u>578,963</u>	<u>(45,841)</u>	<u>533,122</u>	<u>575,835</u>	<u>(22,548)</u>	<u>553,287</u>
OPERATING EXPENSES:						
Program services	373,311	-	373,311	273,631	-	273,631
General and administrative	102,872	-	102,872	89,465	-	89,465
Fundraising	87,488	-	87,488	91,811	-	91,811
Total operating expenses	<u>563,671</u>	<u>-</u>	<u>563,671</u>	<u>454,907</u>	<u>-</u>	<u>454,907</u>
Changes in net assets from operations	<u>15,292</u>	<u>(45,841)</u>	<u>(30,549)</u>	<u>120,928</u>	<u>(22,548)</u>	<u>98,380</u>
NON-OPERATING REVENUE AND SUPPORT:						
Capital grants	235,570	-	235,570	-	-	-
Donated legal services for Skatepark construction	110,823	-	110,823	119,926	-	119,926
Donated services for website re-design and other	18,977	-	18,977	-	-	-
Net assets released from capital restrictions for Skatepark construction	41,249	(41,249)	-	103,511	(103,511)	-
Total non-operating revenue and support	<u>406,619</u>	<u>(41,249)</u>	<u>365,370</u>	<u>223,437</u>	<u>(103,511)</u>	<u>119,926</u>
Changes in net assets	421,911	(87,090)	334,821	344,365	(126,059)	218,306
NET ASSETS, beginning of year	<u>1,297,610</u>	<u>1,269,110</u>	<u>2,566,720</u>	<u>953,245</u>	<u>1,395,169</u>	<u>2,348,414</u>
NET ASSETS, end of year	<u>\$ 1,719,521</u>	<u>\$ 1,182,020</u>	<u>\$ 2,901,541</u>	<u>\$ 1,297,610</u>	<u>\$ 1,269,110</u>	<u>\$ 2,566,720</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 334,821	\$ 218,306
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Capital grants	(235,570)	-
Depreciation	19,736	14,237
Donated services for website re-design and other	(18,977)	-
Donated legal services for Skatepark construction	(110,823)	(119,926)
Changes in operating assets and liabilities:		
Grants and pledges receivable	10,500	13,040
Prepaid expenses and other	(1,261)	(153)
Accounts payable and accrued expenses	10,438	(1,730)
	<u>8,864</u>	<u>123,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from redemption of certificates of deposit	356,392	814,755
Acquisition of fixed assets	(21,493)	-
Amounts paid for Skatepark construction	(255,855)	(97,381)
	<u>79,044</u>	<u>717,374</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital grants	235,570	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	323,478	841,148
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,079,077</u>	<u>237,929</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,402,555</u>	<u>\$ 1,079,077</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Skatepark construction in accounts payable at year-end	<u>\$ 1,924</u>	<u>\$ 6,130</u>
Fixed assets disposed of	<u>\$ 51,033</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

(With Summarized Comparative Totals for the Year Ended September 30, 2012)

	2013							2012	
	PROGRAM SERVICES					GENERAL AND ADMINIS- TRATIVE	FUNDRAISING	TOTAL	TOTAL
	CONSERVANCY VOLUNTEERS	ACTIVE PARKLANDS	OUTREACH AND ADVOCACY	SKATEPARK	TOTAL PROGRAM SERVICES				
PAYROLL AND RELATED:									
Salaries	\$ 48,323	\$ 41,423	\$ 67,483	\$ 74,392	\$ 231,621	\$ 29,939	\$ 40,733	\$ 302,293	\$ 221,123
Payroll taxes and fringe benefits	9,248	4,001	7,891	7,639	28,779	7,132	5,321	41,232	29,110
Total payroll and related	57,571	45,424	75,374	82,031	260,400	37,071	46,054	343,525	250,233
OTHER:									
Consulting	-	12,287	22,258	-	34,545	19,075	5,000	58,620	50,903
Occupancy	10,202	4,897	8,978	6,937	31,014	2,040	7,754	40,808	40,770
Supplies and postage	13,557	2,508	1,955	766	18,786	9,390	8,358	36,534	32,244
Depreciation	1,530	1,020	1,020	1,020	4,590	15,146	-	19,736	14,237
Printing and publications	49	167	61	67	344	531	16,254	17,129	18,830
Professional fees	-	-	1,504	-	1,504	12,506	-	14,010	11,976
Insurance	3,107	1,491	2,734	2,113	9,445	621	2,361	12,427	11,618
Dues and subscriptions	-	254	4,618	-	4,872	1,811	374	7,057	4,575
Equipment and repairs	1,560	-	-	-	1,560	2,732	-	4,292	5,562
Telephone	858	412	755	584	2,609	172	652	3,433	3,248
Miscellaneous	75	1,369	-	-	1,444	700	-	2,144	1,298
Training and workshops	305	205	524	124	1,158	460	300	1,918	430
Travel and meetings	19	55	345	312	731	617	40	1,388	5,998
Events	-	-	-	309	309	-	341	650	2,985
Total expenses	<u>\$ 88,833</u>	<u>\$ 70,089</u>	<u>\$ 120,126</u>	<u>\$ 94,263</u>	<u>\$ 373,311</u>	<u>\$ 102,872</u>	<u>\$ 87,488</u>	<u>\$ 563,671</u>	<u>\$ 454,907</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	PROGRAM SERVICES					GENERAL AND ADMINIS- TRATIVE	FUNDRAISING	TOTAL
	CONSERVANCY VOLUNTEERS	ACTIVE PARKLANDS	OUTREACH AND ADVOCACY	SKATEPARK	TOTAL PROGRAM SERVICES			
PAYROLL AND RELATED:								
Salaries	\$ 46,874	\$ 25,951	\$ 46,706	\$ 47,378	\$ 166,909	\$ 28,488	\$ 25,726	\$ 221,123
Payroll taxes and fringe benefits	8,512	2,534	3,853	4,119	19,018	6,418	3,674	29,110
Total payroll and related	55,386	28,485	50,559	51,497	185,927	34,906	29,400	250,233
OTHER:								
Consulting	-	6,980	484	-	7,464	15,525	27,914	50,903
Occupancy	10,193	4,892	8,969	6,931	30,985	2,039	7,746	40,770
Supplies and postage	13,539	2,960	937	665	18,101	9,505	4,638	32,244
Depreciation	3,040	2,027	2,027	2,027	9,121	5,116	-	14,237
Printing and publications	24	1,543	304	1,079	2,950	179	15,701	18,830
Professional fees	-	-	-	-	-	11,976	-	11,976
Insurance	2,905	1,394	2,556	1,975	8,830	581	2,207	11,618
Dues and subscriptions	45	270	2,741	-	3,056	1,064	455	4,575
Equipment and repairs	552	-	-	-	552	5,010	-	5,562
Telephone	812	390	715	552	2,469	162	617	3,248
Miscellaneous	63	35	-	35	133	1,165	-	1,298
Training and workshops	-	75	60	-	135	-	295	430
Travel and meetings	41	59	1,062	2,525	3,687	2,237	74	5,998
Events	70	151	-	-	221	-	2,764	2,985
Total expenses	<u>\$ 86,670</u>	<u>\$ 49,261</u>	<u>\$ 70,414</u>	<u>\$ 67,286</u>	<u>\$ 273,631</u>	<u>\$ 89,465</u>	<u>\$ 91,811</u>	<u>\$ 454,907</u>

The accompanying notes are an integral part of these statements.

CHARLES RIVER CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Founded in 2000, the Charles River Conservancy, Inc. (the Conservancy) is a nonprofit corporation that promotes the active and innovative use of the 400 acres of urban public parklands along the Charles River from Boston Harbor to the Watertown Dam. The Conservancy and its partners - the Commonwealth of Massachusetts and many other community groups - organize volunteers to beautify the parklands and preserve the landscape, advocate for land uses that advance healthy living, public access, and physical parkland improvements, and build awareness about the Charles River. The Conservancy's mission is to be dedicated to the stewardship, renewal, and enhancement of the urban parklands along the Charles River for the enjoyment of all. The Conservancy promotes the active use and vitality of the parklands, increases recreational and cultural opportunities, and works to ensure the beauty and integrity of this extraordinary public resource.

The Conservancy is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Conservancy is also exempt from state income taxes. Donors may deduct contributions made to the Conservancy within the requirements of the IRC.

SIGNIFICANT ACCOUNTING POLICIES

The Conservancy prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Revenue Recognition

Unrestricted grants and contributions are recorded as revenue and support when received or unconditionally committed. Restricted grants and contributions are recorded as temporarily restricted revenues and support and net assets when received or unconditionally committed. Transfers are made to unrestricted net assets from temporarily restricted net assets as costs are incurred or time restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets. Program revenue is recognized as services are provided. Investment and other income is recognized when earned.

Estimates

The preparation of financial statements in accordance with U.S. 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 reported period. Actual results could differ from those estimates.

CHARLES RIVER CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Cash and Cash Equivalents

The Conservancy considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents for the purpose of the statements of cash flows.

Certificates of Deposit

Certificates of deposit at September 30, 2012, had original maturity dates ranging from ten to twelve months and matured at various dates through September, 2013.

Fixed Assets and Depreciation

Fixed assets are recorded at cost, if purchased, or at fair market value, if donated. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Fixed assets are depreciated using the straight-line method over the following estimated useful lives and consist of the following:

	<u>Estimated Useful Lives</u>	<u>2013</u>	<u>2012</u>
Computers, software and website	3 - 5 years	\$ 66,816	\$ 81,916
Vehicle	5 years	25,170	20,633
Furniture and equipment	5 - 7 years	<u>16,687</u>	<u>16,687</u>
		108,673	119,236
Less - accumulated depreciation		<u>74,142</u>	<u>105,439</u>
Net fixed assets		<u>\$ 34,531</u>	<u>\$ 13,797</u>

Skatepark Construction

Skatepark construction relates to the design and other costs to build a world-class skatepark under the ramps leading to the Zakim/Bunker Hill Bridge in Boston, Massachusetts. Final design and construction will be completed in partnership with the State Department of Conservation and Recreation and is anticipated to take place in fiscal years 2014 and 2015. These assets are not depreciated until they are placed in service. The Conservancy has incurred \$1,384,739 and \$1,022,267 in pre-development costs, including donated services of \$457,144 and \$346,321 as of September 30, 2013 and 2012, respectively.

CHARLES RIVER CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Conservancy. The Conservancy has grouped its unrestricted net assets into the following categories:

Operating represents funds available to carry on the operations of the Conservancy.

Board-designated represents funds set aside by the Board of Directors for future initiatives.

Skatepark represents funds set aside by the Conservancy for the Skatepark project (see page 8), net of related liabilities.

Fixed assets reflect and account for the activities relating to the Conservancy's fixed assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions which are designated by donors for specific purposes or time periods. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or until the time restrictions lapse.

Temporarily restricted net assets are restricted for the following as of September 30:

	<u>2013</u>	<u>2012</u>
Purpose restricted:		
Skatepark design and construction	\$1,152,020	\$1,193,269
Shoreline Reclamation Demonstration Project	30,000	30,000
Charles River Advocacy for Underpasses	-	37,080
Swimmable Charles Initiative	-	8,283
Active Seniors	-	478
	<hr/>	<hr/>
Total	<u>\$1,182,020</u>	<u>\$1,269,110</u>

CHARLES RIVER CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets were released from the following restrictions for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Purpose:		
Charles River Advocacy for Underpasses	\$37,080	\$ -
Swimmable Charles Initiative	8,283	10,716
Active Seniors	478	-
Skatepark non-capital expenditures	-	54,296
Herter Park	-	<u>877</u>
Net assets released from purpose restrictions	45,841	65,889
Net assets released from time restrictions	-	2,500
Net assets released from capital restrictions:		
Skatepark design and construction	<u>41,249</u>	<u>103,511</u>
Total	<u>\$87,090</u>	<u>\$171,900</u>

Grants and Pledges Receivable

Unconditional grants and pledges are recorded at their net present value when pledged. Grants and pledges receivable at September 30, 2013 and 2012, are to be collected in the following fiscal year.

Allowance for Uncollectible Grants and Pledges

An allowance for uncollectible grants and pledges is recorded based on management's review of grants and pledges receivable and their estimate of amounts that may become uncollectible. Amounts are written off as they are determined to be uncollectible. There was no allowance deemed necessary as of September 30, 2013 and 2012.

Donated Goods and Services

The Conservancy receives donated goods and professional services in support of various aspects of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by management and the donors.

CHARLES RIVER CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

Donated goods and services consist of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Capitalized Skatepark legal services	\$110,823	\$119,926
Donated salaries	75,000	75,000
Capitalized website redesign costs and other	18,977	-
Program supplies	<u>3,669</u>	<u>7,469</u>
	<u>\$208,469</u>	<u>\$202,395</u>

The Conservancy also receives services of volunteers in various aspects of its programs. The Conservancy Volunteers program engages thousands of volunteers each year to perform valuable landscaping, maintenance and clean-up tasks along the banks of the Charles River. In fiscal year 2013 alone, 1,810 volunteers donated \$201,123 worth of labor. Since the program's inception in 2002, over 18,000 volunteers have invested \$1,608,542 worth of donated labor to benefit the public parklands. The value of these services is not reflected in the accompanying financial statements, since it does not meet the criteria for recognition of contributions received.

Fair Value Measurements

The Conservancy follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The Conservancy values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Subsequent Events

Subsequent events have been evaluated through February 6, 2014, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Income Taxes

The Conservancy has adopted the *Accounting for Uncertainty in Income Taxes* standard, which requires the Conservancy to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of September 30, 2013 and 2012, the Conservancy determined that there are no material unrecognized tax benefits to report.

CHARLES RIVER CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Information returns filed for fiscal years prior to 2010 are no longer subject to examination by the Internal Revenue Service and the Commonwealth of Massachusetts tax authorities. The Conservancy does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

(2) **CONDITIONAL GRANTS**

In prior years, the Conservancy was awarded three conditional grants totaling \$300,000. These grants were conditional upon progress on Skatepark project (see Note 1). The grants were paid by the funders in fiscal year 2013 and, as such, are reflected as capital grants in the accompanying financial statements for the year ended September 30, 2013.

(3) **LEASE AGREEMENT**

The Conservancy leases its main office facility under an agreement which expires in December, 2015. The lease requires the Conservancy to maintain certain insurance coverage and to pay for its proportionate share of operating expenses. Rent expense under the lease was approximately \$41,000 in each of the years ended September 30, 2013 and 2012, and is included in occupancy in the accompanying statements of functional expenses.

Future minimum lease payments under this agreement are as follows for the fiscal years ended September 30:

2014	\$40,662
2015	\$41,004
2016	\$10,251

(4) **LINE OF CREDIT**

The Conservancy has a \$5,000 line of credit agreement with a bank. The line of credit is used to meet short-term working capital needs and amounts outstanding are payable on demand and collateralized by all assets of the Conservancy. Interest on any outstanding balance is payable monthly at the bank's base lending rate (3.25% at September, 2013 and 2012), plus 5%. There was no outstanding balance at September 30, 2013 or 2012.

(5) **CONCENTRATIONS**

The Conservancy maintains its cash balances and certificates of deposit in banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash and certificates of deposit balances exceeded the insured amounts. The Conservancy has not experienced any losses in these accounts. The Conservancy believes it is not exposed to any significant credit risk on cash and certificates of deposits.

As of September 30, 2013 and 2012, 99% and 90%, respectively, of grants and pledges receivable are due from one donor.

CHARLES RIVER CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012
(Continued)**

(6) DESIGNATED FUND

Several donors have made contributions to the Boston Foundation (the Foundation) to establish a designated fund for the sole benefit of the Conservancy. The Conservancy is entitled to receive distributions from this designated fund, subject to the Foundation's approval and calculated by the Foundation using a spending rate of approximately 5.4%. These distributions are used by the Conservancy to support operations. The Conservancy received distributions of approximately \$1,800 and \$1,400 for the years ended September 30, 2013 and 2012, respectively. The designated fund value at the Foundation is approximately \$64,000 and \$55,000 at September 30, 2013 and 2012, respectively. The Foundation retains variance power over the designated fund and, accordingly, these funds have not been recorded in the accompanying financial statements.

(7) RETIREMENT PLAN

The Conservancy maintains a defined contribution retirement plan under Section 403(b) of the IRC. All employees are eligible to contribute to the plan. The Conservancy matches 25% of the employees' contributions for those employees that have completed three years of service or 50% for those employees that have completed five years of service. The matching contribution for any year cannot exceed \$5,000 per employee. There were no matching contributions made by the Conservancy in fiscal years 2013 and 2012, as there were no employees who had completed the required years of service.

(8) RECLASSIFICATION

Certain amounts in the fiscal year 2012 financial statements have been reclassified to conform with the fiscal year 2013 presentation.