



**FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

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DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rose Fitzgerald Kennedy Greenway Conservancy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2019 and 2018, 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 Rose Fitzgerald Kennedy Greenway Conservancy, Inc. as of December 31, 2019 and 2018, 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 accompanying supplementary information shown on pages 21 - 24 is presented for purposes of additional analysis and is 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

AAFCPAs, Inc.

Westborough, Massachusetts
March 24, 2020

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CURRENT ASSETS:						
Cash and cash equivalents	\$ 1,879,891	\$ 286,792	\$ 2,166,683	\$ 1,805,306	\$ 259,180	\$ 2,064,486
Accounts receivable, net	195,093	-	195,093	37,052	-	37,052
Current portion of grants and pledges receivable (Note 5)	124,051	32,200	156,251	234,910	58,600	293,510
Prepaid expenses and other	127,732	-	127,732	91,861	-	91,861
Total current assets	2,326,767	318,992	2,645,759	2,169,129	317,780	2,486,909
RESTRICTED CASH (Note 3)	-	258,908	258,908	-	303,589	303,589
GRANTS AND PLEDGES RECEIVABLE, net of current portion (Note 5)	-	10,000	10,000	-	40,000	40,000
INVESTMENTS (Note 4)	1,002,610	16,153,663	17,156,273	794,158	13,865,534	14,659,692
PROPERTY AND EQUIPMENT, net (Note 8)	5,220,505	-	5,220,505	4,853,724	-	4,853,724
Total assets	<u>\$ 8,549,882</u>	<u>\$ 16,741,563</u>	<u>\$ 25,291,445</u>	<u>\$ 7,817,011</u>	<u>\$ 14,526,903</u>	<u>\$ 22,343,914</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES:						
Accounts payable, accrued expenses and other	<u>\$ 577,993</u>	<u>\$ -</u>	<u>\$ 577,993</u>	<u>\$ 544,503</u>	<u>\$ -</u>	<u>\$ 544,503</u>
NET ASSETS:						
Without donor restrictions (Note 2):						
Operating	1,997,563	-	1,997,563	1,863,956	-	1,863,956
Board Designated	785,431	-	785,431	676,807	-	676,807
Property and equipment	5,188,895	-	5,188,895	4,731,745	-	4,731,745
Total without donor restrictions	7,971,889	-	7,971,889	7,272,508	-	7,272,508
With donor restrictions (Notes 2 and 6)	-	16,741,563	16,741,563	-	14,526,903	14,526,903
Total net assets	<u>7,971,889</u>	<u>16,741,563</u>	<u>24,713,452</u>	<u>7,272,508</u>	<u>14,526,903</u>	<u>21,799,411</u>
Total liabilities and net assets	<u>\$ 8,549,882</u>	<u>\$ 16,741,563</u>	<u>\$ 25,291,445</u>	<u>\$ 7,817,011</u>	<u>\$ 14,526,903</u>	<u>\$ 22,343,914</u>

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE AND SUPPORT:						
Earned revenue	\$ 1,643,639	\$ -	\$ 1,643,639	\$ 1,475,286	\$ -	\$ 1,475,286
Contributions, BID	-	1,252,000	1,252,000	-	750,000	750,000
Contributed income	403,727	506,248	909,975	355,536	476,425	831,961
Endowment draw for current operations	697,321	-	697,321	653,022	-	653,022
Government support, MassDOT	-	625,000	625,000	-	1,125,000	1,125,000
In-kind operating support, private (see Note 12)	304,556	-	304,556	132,577	-	132,577
Government support, City of Boston	-	281,741	281,741	-	-	-
In-kind operating support, MassDOT (see Note 12)	252,727	-	252,727	262,878	-	262,878
Other income	123,126	-	123,126	49,006	-	49,006
Government support, grants	-	16,500	16,500	-	6,000	6,000
Net assets released from restrictions:						
Satisfaction of time restrictions	10,000	(10,000)	-	10,000	(10,000)	-
Satisfaction of purpose restrictions	2,677,575	(2,677,575)	-	2,506,508	(2,506,508)	-
Subtotal	<u>6,112,671</u>	<u>(6,086)</u>	<u>6,106,585</u>	<u>5,444,813</u>	<u>(159,083)</u>	<u>5,285,730</u>
Fundraising event contributions	694,854	-	694,854	584,473	-	584,473
Less: fundraising event expenses	(201,962)	-	(201,962)	(180,151)	-	(180,151)
Fundraising events, net	<u>492,892</u>	<u>-</u>	<u>492,892</u>	<u>404,322</u>	<u>-</u>	<u>404,322</u>
Total operating revenue and support	<u>6,605,563</u>	<u>(6,086)</u>	<u>6,599,477</u>	<u>5,849,135</u>	<u>(159,083)</u>	<u>5,690,052</u>
OPERATING EXPENSES:						
Programmatic	4,918,779	-	4,918,779	4,240,225	-	4,240,225
Fundraising	759,341	-	759,341	593,158	-	593,158
Administration	560,232	-	560,232	545,338	-	545,338
Total operating expenses before depreciation	<u>6,238,352</u>	<u>-</u>	<u>6,238,352</u>	<u>5,378,721</u>	<u>-</u>	<u>5,378,721</u>
Changes in net assets from operations before depreciation	367,211	(6,086)	361,125	470,414	(159,083)	311,331
Depreciation	<u>439,116</u>	<u>-</u>	<u>439,116</u>	<u>360,005</u>	<u>-</u>	<u>360,005</u>
Changes in net assets from operations	<u>(71,905)</u>	<u>(6,086)</u>	<u>(77,991)</u>	<u>110,409</u>	<u>(159,083)</u>	<u>(48,674)</u>
NON-OPERATING REVENUE AND SUPPORT:						
Investment income (loss), net of fees	193,311	2,737,690	2,931,001	(36,701)	(1,437,820)	(1,474,521)
Contributions, BID - Enhancements	-	248,000	248,000	-	-	-
Government support, MassDOT - capital	-	243,040	243,040	-	379,410	379,410
Contributed income - capital	-	190,480	190,480	-	-	-
In-kind capital support - private (see Note 12)	104,825	-	104,825	-	-	-
Net assets released from capital restrictions	501,143	(501,143)	-	916,820	(916,820)	-
Loss on disposal of property and equipment	(27,993)	-	(27,993)	-	-	-
Endowment release for current operations	-	(697,321)	(697,321)	-	(653,022)	(653,022)
Total non-operating revenue and support	<u>771,286</u>	<u>2,220,746</u>	<u>2,992,032</u>	<u>880,119</u>	<u>(2,628,252)</u>	<u>(1,748,133)</u>
Changes in net assets	699,381	2,214,660	2,914,041	990,528	(2,787,335)	(1,796,807)
NET ASSETS, beginning of year	<u>7,272,508</u>	<u>14,526,903</u>	<u>21,799,411</u>	<u>6,281,980</u>	<u>17,314,238</u>	<u>23,596,218</u>
NET ASSETS, end of year	<u>\$ 7,971,889</u>	<u>\$ 16,741,563</u>	<u>\$ 24,713,452</u>	<u>\$ 7,272,508</u>	<u>\$ 14,526,903</u>	<u>\$ 21,799,411</u>

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 2,914,041	\$ (1,796,807)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	27,993	-
In-kind capital support - private	(104,825)	-
Net realized and unrealized gains on investments	(2,648,831)	2,724,802
Capital grants	(681,520)	(379,410)
Depreciation	439,116	360,005
Changes in operating assets and liabilities:		
Accounts receivable	(158,041)	(723)
Grants and pledges receivable	60,300	36,649
Prepaid expenses and other	(35,871)	49,598
Accounts payable, accrued expenses and other	123,859	(4,490)
Net cash provided by (used in) operating activities	(63,779)	989,624
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	587,135	704,567
Proceeds from sale of property and equipment	2,000	-
Purchase of investments	(434,885)	(2,050,863)
Acquisition of property and equipment	(821,434)	(1,018,794)
Net cash used in investing activities	(667,184)	(2,365,090)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Endowment pledge receipts	-	650,000
Capital grants	788,479	150,000
Net cash provided by financing activities	788,479	800,000
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	57,516	(575,466)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	2,368,075	2,943,541
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 2,425,591	\$ 2,368,075
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE FINANCIAL STATEMENTS		
Cash and cash equivalents	\$ 2,166,683	\$ 2,064,486
Restricted cash	258,908	303,589
Total cash and cash equivalents and restricted cash	\$ 2,425,591	\$ 2,368,075
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Property and equipment additions included in accounts payable, accrued expenses and other	\$ 31,610	\$ 121,979

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative totals for the year ended December 31, 2018)

	2019							2018	
	PROGRAMMATIC				TOTAL PROGRAMMATIC	ADMIN-ISTRATION	FUNDRAISING	TOTAL	TOTAL
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH					
Salaries and related expenses	\$ 1,373,121	\$ 531,523	\$ 233,576	\$ 191,896	\$ 2,330,116	\$ 407,335	\$ 534,949	\$ 3,272,400	\$ 2,934,530
Direct expense (see Note 12)	444,939	96,942	558,431	96,536	1,196,848	2,912	195,078	1,394,838	1,004,204
Contracted services	876,103	-	-	17,500	893,603	1,440	7,600	902,643	920,486
Legal and accounting (see Note 12)	55,850	39,663	18,174	105,611	219,298	84,443	-	303,741	143,660
Fundraising event expenses	-	-	-	-	-	-	201,962	201,962	180,151
Occupancy (see Note 12)	63,317	28,500	7,621	7,880	107,318	19,526	12,156	139,000	139,000
Insurance	110,687	-	-	-	110,687	13,501	-	124,188	122,327
Office and other	39,969	9,827	5,490	5,623	60,909	31,075	9,558	101,542	114,514
Total expenses before depreciation	2,963,986	706,455	823,292	425,046	4,918,779	560,232	961,303	6,440,314	5,558,872
Less: fundraising event expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(201,962)	(201,962)	(180,151)
Total expenses included in the statement of activities and changes in net assets before depreciation	2,963,986	706,455	823,292	425,046	4,918,779	560,232	759,341	6,238,352	5,378,721
Depreciation	211,189	200,542	6,434	8,537	426,702	2,874	9,540	439,116	360,005
Total expenses included in the statement of activities and changes in net assets after depreciation	<u>\$ 3,175,175</u>	<u>\$ 906,997</u>	<u>\$ 829,726</u>	<u>\$ 433,583</u>	<u>\$ 5,345,481</u>	<u>\$ 563,106</u>	<u>\$ 768,881</u>	<u>\$ 6,677,468</u>	<u>\$ 5,738,726</u>

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAMMATIC							TOTAL
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAMMATIC	ADMIN- ISTRATION	FUNDRAISING	
Salaries and related expenses	\$ 1,358,343	\$ 469,677	\$ 210,469	\$ 162,362	\$ 2,200,851	\$ 312,965	\$ 420,714	\$ 2,934,530
Direct expense (see Note 12)	393,764	100,444	333,720	61,092	889,020	4,123	111,061	1,004,204
Contracted services	781,468	600	-	29,561	811,629	68,544	40,313	920,486
Legal and accounting (see Note 12)	2,323	29,400	5,494	-	37,217	106,443	-	143,660
Fundraising event expenses	-	-	-	-	-	-	180,151	180,151
Occupancy (see Note 12)	67,545	28,266	7,557	7,067	110,435	17,821	10,744	139,000
Insurance	112,288	482	80	80	112,930	9,156	241	122,327
Office and other	39,744	27,844	5,466	5,089	78,143	26,286	10,085	114,514
Total expenses before depreciation	2,755,475	656,713	562,786	265,251	4,240,225	545,338	773,309	5,558,872
Less: fundraising event expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(180,151)	(180,151)
Total expenses included in the statement of activities and changes in net assets before depreciation	2,755,475	656,713	562,786	265,251	4,240,225	545,338	593,158	5,378,721
Depreciation	150,074	196,873	2,018	828	349,793	1,252	8,960	360,005
Total expenses included in the statement of activities and changes in net net assets after depreciation	<u>\$ 2,905,549</u>	<u>\$ 853,586</u>	<u>\$ 564,804</u>	<u>\$ 266,079</u>	<u>\$ 4,590,018</u>	<u>\$ 546,590</u>	<u>\$ 602,118</u>	<u>\$ 5,738,726</u>

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 1 - OPERATIONS AND NONPROFIT STATUS

Operations

Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (the Conservancy) is the non-profit responsible for the management and care of The Greenway. The Greenway is the 17-acre contemporary public park in the heart of Boston, stretching 1.5 miles from Chinatown through the Financial and Wharf districts, to the North End. The Greenway welcomes millions of visitors annually to gather, play, unwind, and explore.

The Conservancy's Maintenance, Horticulture and Rangers departments maintain the hardscape, furnishings, and special features; use organic practices to care for the lawns, beds, and trees; and interface with the public, ensuring a safe and welcoming park experience for all visitors. The Programs Department provides operational support to hundreds of free events annually, including markets, concerts and, festivals; additionally, the department oversees the food truck program, the beer gardens, and The Greenway Carousel at The Tiffany & Co. Foundation Grove. The Public Art Department is led by a curator, who selects and oversees installation of rotating exhibitions of contemporary public art. The Outreach Department serves as liaison to stakeholders and community members while coordinating communication, marketing, owned media, and branding. The Fundraising Department works to cultivate donors and raise funding support for the Conservancy, and Administration includes finance, accounting, human resources, and information technology.

Nonprofit Status

The Conservancy is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from Federal and state income taxes pursuant to Section 501(a) of the Code. Donors may deduct contributions made to the Conservancy within the requirements of the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the management of the Conservancy in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting

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

Adoption of New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 1, 2019, the Conservancy adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019, (the practical expedient elected). Results for reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Conservancy's historic accounting under Topic 605.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards (Continued)

Revenue from Contracts with Customers (Continued)

There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions. The Conservancy does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

Contributions Received and Contributions Made

During 2019, the Conservancy adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Conservancy adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019. There were no material changes to the recognition of contribution revenue during 2019.

Restricted Cash

During 2019, the Conservancy adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash and cash equivalents within the statement of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the statements of cash flows. This ASU has been applied retrospectively to all periods presented.

The adoption of ASU 2016-18 resulted in the following changes to the Conservancy's cash flow classification for the year ended December 31, 2018:

	2018		
	As Previously	Effect of	2018
	Reported	Adoption	As Adjusted
<u>Statement of Cash Flows</u>			
Operating activities	\$ 989,624	\$ -	\$ 989,624
Investing activities	(1,875,704)	(489,386)	(2,365,090)
Financing activities	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Net change in cash and cash equivalents and restricted cash	<u>\$ (86,080)</u>	<u>\$ (489,386)</u>	<u>\$ (575,466)</u>

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue and support includes investment, capital and endowment activity.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations which the Conservancy may use at its discretion. The Conservancy has grouped its net assets without donor restrictions into the following categories:

Operating net assets - represent funds available to carry on the operations of the Conservancy.

Board Designated net assets - represent net assets without donor restrictions whose use is subject to designation for specific purposes either as a capital reserve or by action of the Conservancy's Board of Directors.

Property and equipment net assets - represent the amounts expended for property and equipment, net of related liabilities.

Net assets with donor restrictions include net assets whose use is limited by state law or donor-imposed stipulations that may or will be met with the passage of time and/or by the actions of the Conservancy (see Notes 6 and 7). Transfers are made to net assets without donor restrictions from net assets with donor restrictions as costs are incurred or time restrictions have lapsed (see Note 6). Net appreciation (depreciation) of long-term investments with donor restrictions is recognized within net assets with donor restrictions until such funds are available to be spent under the Conservancy's spending policy (see Notes 6 and 7).

Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that they be maintained in perpetuity by the Conservancy. Generally, donors of these assets allow the Conservancy to use all or part of the income, and the realized or unrealized gain, if any, on related investments for general or specific purposes (see Notes 6 and 7).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 vary from the estimates that were used.

Cash and Cash Equivalents

The Conservancy considers highly liquid investments with maturities of three (3) months or less at the date of purchase to be cash equivalents. Cash not subjected to either donor-imposed stipulations or restrictions under state law is included in the accompanying financial statements as cash without donor restrictions; all other cash is treated as cash with donor restrictions (see Note 3).

Cash equivalents held by investment managers are considered part of investments and are categorized according to any donor-imposed restrictions or as required by state law.

For the purposes of the statements of cash flows, cash and cash equivalents does not include restricted cash (see Note 3) or cash equivalents held by investment managers (see above).

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Management estimates the allowance for doubtful accounts based on historical collections together with a review of the current status of the existing accounts receivable. As of December 31, 2019, there was no allowance for uncollectible accounts receivable deemed necessary. As of December 31, 2018, there was an allowance for uncollectible accounts receivable of \$8,005.

Grants and Pledges Receivable and Allowance for Uncollectible Pledges

When an unconditional promise to give is received or the condition has been fulfilled for a conditional promise to give, the corresponding pledges receivable are recorded as revenue at the present value of expected proceeds. Management estimates the allowance for doubtful pledges (see Note 5) based on historical collections together with a review of the current status of the existing pledges receivable.

Revenue Recognition

The Conservancy generally measures revenue based on the amount of consideration the Conservancy expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Conservancy satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Conservancy evaluates its revenue contracts with customers (i.e. earned revenue) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contributed income is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of restrictions on net assets due to either the Conservancy fulfilling donor-imposed restrictions or the passage of time, are reported as net assets released from restrictions (see Note 6).

Contributed income may include gifts of cash, collection items, or promises to give. Contributions, grants, and government support, including unconditional promises to give, are recognized as revenues in the period received and recorded in the appropriate net asset category in accordance with donor imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. Contributions of assets other than cash are reported at their estimated fair value. When considered material, contributions and grants to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

Earned revenue is recognized as services are provided. Other income is recognized as it is earned.

The Conservancy recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation (see Note 12).

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, the Conservancy must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Conservancy should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Property and Equipment

All property and equipment (see Note 8) are stated at cost or, if donated, at the fair market value at the date of receipt. Major renewals, additions and betterments are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred.

Once property and equipment are acquired and placed into service, depreciation is provided for by using the straight-line method over the estimated useful lives of the related assets, as follows:

	<u>Depreciable Life</u>
Greenway improvements and Greenway Carousel	4 - 20 years
Motor vehicles	4 - 7 years
Office equipment	5 - 7 years

Investments and Spending Policy

Investments are reported at their fair value. The realized and unrealized appreciation (depreciation) in the fair market value of such investments is included in the statements of activities and changes in net assets in the appropriate net asset categories. Dividends and interest are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period.

- As increases in net assets with donor restrictions, if the donor-imposed stipulation requires that they be added to the corpus of an endowment fund with donor restrictions.
- As increases (decreases) in net assets with donor restrictions, net of related investment fees, if the terms of the contribution or relevant state law impose restrictions of current use of income or net gains.
- As increases (decreases) in net assets without donor restrictions, net of related investment fees, in all other cases.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Spending Policy (Continued)

The Conservancy adheres to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, an institution may appropriate for expenditure or accumulate so much of an endowment fund with donor restrictions as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund with donor restrictions is established. The assets in an endowment fund with donor restrictions are donor-restricted assets until appropriated according to the donor stipulation for expenditure by the Conservancy.

The Conservancy has adopted an investment and spending policy for its endowment assets and for any Board Designated net assets that are designed to preserve capital through downside risk management while providing a level of support for the Conservancy and its programs in accordance with UPMIFA. Under its investment policy, the endowment assets are to be invested to provide a total rate of return commensurate with prudent diversification and moderate risk. Risk and diversification parameters have been established and the endowment is maintained and rebalanced accordingly.

The Conservancy relies on a total rate of return strategy that targets 4.5% plus the rate of inflation over a full seven year business cycle. Investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). While it is understood that the endowment assets are to be managed with a long-term focus, endowment performance is monitored quarterly in relation to several appropriate benchmarks.

The Conservancy has a policy of appropriating for operations each year up to 4.5% of the rolling average of the prior twelve quarter-end fair values. These amounts are reflected as endowment draw for current operations in the accompanying statements of activities and changes in net assets. In establishing this policy, the Conservancy considered the expected returns plus an adjustment for inflation. This is consistent with the stated goal of enhancing the purchasing power of the endowment over time, while providing necessary funds for operations. In the event of a significant market decline, the Conservancy will consider all factors relevant to the stated goal in determining any change to the appropriation as allowed by UPMIFA.

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Conservancy has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law (see Note 7).

Functional Allocation of Expenses

The costs of providing the Conservancy's various programs and activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, expenses related directly to a function are distributed to that function. Certain categories of non-specific expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related expenses, which are allocated on the basis of estimates of time and effort; occupancy costs, office equipment and supplies, processing fees, IT costs and depreciation, which are allocated based on headcount.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Conservancy accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Conservancy has determined that there are no uncertain tax positions which qualify for recognition or disclosure in the financial statements at December 31, 2019 and 2018. The Conservancy's information returns are subject to examination by the Federal and state jurisdictions.

Fair Value Measurements

The Conservancy determines the fair value of investments and other assets using a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three (3) levels of the fair value hierarchy under US GAAP are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that is observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See Note 4.

Subsequent Events

The Conservancy has evaluated events and transactions subsequent to December 31, 2019, for potential recognition or disclosure in the financial statements through March 24, 2020, which is the date the financial statements were available for issuance. Events that met the criteria for subsequent event disclosure are described in Note 19. There were no other events that met the criteria for recognition or disclosure in the financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 3 - RESTRICTED CASH

Restricted cash is restricted for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Capital projects	\$ 258,908	\$ 198,771
Endowment	-	104,818
	<u>\$ 258,908</u>	<u>\$ 303,589</u>

NOTE 4 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy (see Note 2), the Conservancy's invested assets at fair value as of December 31:

<u>Investment Type</u>	<u>2019</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds - stock funds	<u>\$ 7,703,811</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 7,703,811
Other investments:				
TIFF Multi Asset Fund*				<u>9,452,462</u>
Total investments				<u>\$ 17,156,273</u>

<u>Investment Type</u>	<u>2018</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds - stock funds	<u>\$ 6,170,795</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 6,170,795
Other investments:				
TIFF Multi Asset Fund*				<u>8,488,897</u>
Total investments				<u>\$ 14,659,692</u>

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds: Valued at the daily closing prices as reported by the funds. The funds held by the Conservancy are deemed to be actively traded and are valued using Level 1 inputs (see Note 2).

***TIFF Multi Asset Fund (the Fund):** The provisions of ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* allow the Conservancy to measure the fair value of these investments using the value per share of the investments. For the Fund, this is valued at the monthly closing price as reported by the Fund, a cooperative style investment organization that supports non-profit organizations by using an asset mix that seeks to achieve long-term returns that exceeds inflation plus 5% per annum through a globally diversified portfolio that includes domestic and foreign equities and fixed income instruments as well as hedging and futures vehicles. Shares in the Fund may be redeemed by the Conservancy at its request. However, the shares held by the Conservancy are deemed not to be actively traded. The fair value amounts presented in the investment tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 4 - INVESTMENTS (Continued)

Investment income (loss), net of fees consists of the following for the years ended December 31:

	2019	2018
Net unrealized gains (losses) on investments	\$ 2,706,380	\$ (2,732,822)
Interest and dividends	282,236	1,250,314
Investment fees	(66)	(33)
Net realized gains (losses) on sale of investments	(57,549)	8,020
	\$ 2,931,001	\$ (1,474,521)

Substantially all investments are components of the Conservancy's endowment (see Note 7). Accordingly, these investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity of the individual securities held. Investments are not insured and are subject to ongoing market fluctuations.

NOTE 5 - GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are due as follows as of December 31:

	2019	2018
Due in one year	\$ 156,251	\$ 293,510
Due in two to five years	10,000	40,000
	\$ 166,251	\$ 333,510

As of December 31, 2019 and 2018, all grants and pledges receivable are deemed to be fully collectible and, as a result, no allowance has been recorded. The Conservancy has not recorded a discount on long-term grants and pledges receivable as the amount is not material.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following as of December 31:

	2019	2018
General endowment - corpus	\$ 12,319,020	\$ 12,319,020
Appreciation on endowment (underwater endowment)	1,731,871	(265,924)
Park specific endowment - corpus	1,487,000	1,487,000
Capital projects	429,239	198,771
Education endowment - corpus	348,750	348,750
Public art	224,687	326,843
Maintenance, Horticulture and Rangers	180,939	81,506
General operations - time restricted	20,000	30,000
Programs	57	937
	\$ 16,741,563	\$ 14,526,903

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the years ended December 31, 2019 and 2018, net assets were released from restrictions for the following programs and purposes and other restrictions:

	2019	2018
Maintenance, Horticulture and Rangers	\$ 2,261,678	\$ 1,997,189
Endowment draw for current operations	697,321	653,022
Capital projects	501,143	916,820
Public art	330,657	292,707
Programs	60,240	102,465
Outreach	25,000	114,147
General operations - time restricted	10,000	10,000
	<u>\$ 3,886,039</u>	<u>\$ 4,086,350</u>

NOTE 7 - ENDOWMENTS

The composition of endowment net assets and the changes in endowment net assets by class are as follows for the years ended December 31, 2019 and 2018:

	With Donor Restrictions		
	Appreciation on Endowment (Underwater Endowment)	Endowment	Total
Endowment net assets, December 31, 2017	<u>\$ 1,824,918</u>	<u>\$ 14,154,770</u>	<u>\$ 15,979,688</u>
Investment return:			
Investment income	1,161,413	-	1,161,413
Realized gains	8,020	-	8,020
Unrealized losses	(2,607,253)	-	(2,607,253)
Total investment return	(1,437,820)	-	(1,437,820)
Endowment draw for current operations	(653,022)	-	(653,022)
Endowment net assets, December 31, 2018	(265,924)	14,154,770	13,888,846
Investment return:			
Unrealized gains	2,523,349	-	2,523,349
Investment income	229,316	-	229,316
Realized losses	(57,549)	-	(57,549)
Total investment return	2,695,116	-	2,695,116
Endowment draw for current operations	(697,321)	-	(697,321)
Endowment net assets, December 31, 2019	<u>\$ 1,731,871</u>	<u>\$ 14,154,770</u>	<u>\$ 15,886,641</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 7 - ENDOWMENTS (Continued)

As of December 31, 2018, endowment funds with an original gift value of \$14,154,770 had a fair value of \$13,888,846, and deficiencies of \$265,924 were reported in net assets with donor restrictions. During 2018, the Conservancy appropriated \$164,580 from underwater endowment funds. As of December 31, 2019, the endowment is no longer underwater due to favorable market fluctuations.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2019	2018
Greenway Carousel at The Tiffany & Co. Foundation Grove	\$ 3,684,723	\$ 3,635,198
Greenway improvements and capital repairs	3,181,118	2,669,887
Motor vehicles	279,432	209,120
Website, office and computer equipment	267,999	94,354
	7,413,272	6,608,559
Less - accumulated depreciation	2,192,767	1,754,835
	\$ 5,220,505	\$ 4,853,724

NOTE 9 - AGREEMENT WITH MASSACHUSETTS DEPARTMENT OF TRANSPORTATION

The Greenway is owned by the Massachusetts Department of Transportation (Mass DOT), the successor of the Massachusetts Turnpike Authority (MTA). Chapter 306 of the Acts of 2008, as amended, authorizes the Conservancy to lease The Greenway from the MTA, and under that lease, to operate, preserve, maintain, program, manage, and improve The Greenway.

The Conservancy's management and care of The Greenway, through agreements with MassDOT, began on February 9, 2009, and will continue through June 30, 2027, with two follow-on renewal options of ten years each. In conjunction with the agreement, MassDOT provides funding to the Conservancy (see Note 12) for care of the public park under an agreement that currently ends on June 30, 2023. The Conservancy received \$868,040 (\$625,000 operating and \$243,040 capital) and \$1,504,410 (\$1,125,000 operating and \$379,410 capital) in 2019 and 2018, respectively, and anticipates that it will receive an additional \$4,202,550 (\$2,625,000 operating and \$1,577,550 capital) for maintenance and horticultural care, in accordance with the current funding agreement through June 30, 2023. This future funding is conditional on certain factors.

The Conservancy has its offices within a building operated by MassDOT. The Conservancy is not required to pay rent for use of the premises during the term of the agreement. The estimated fair market value of the occupancy was \$11,583 per month for the years ended December 31, 2019 and 2018, and has been reported in the accompanying financial statements as both in-kind revenue and expense. For the years ended December 31, 2019 and 2018, in-kind support and occupancy expense related to the offices was \$139,000 in each year (see Note 12). The subsidy agreement also provides for other continued in-kind support (see Note 12).

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 10 - AGREEMENT WITH THE GREENWAY BUSINESS IMPROVEMENT DISTRICT (BID)

Through an agreement with the Greenway Business Improvement District (BID) dated November 6, 2018, and ending on June 30, 2023, the Conservancy receives funding for The Greenway. In 2019, the Conservancy received \$1,250,000 for maintenance and horticultural care and \$250,000 for Enhancements (including \$2,000 used for Enhancements project management). In 2018, the BID funded \$750,000 for maintenance and horticulture care. The Conservancy anticipates that it will receive an additional \$3,500,000 for maintenance and horticultural care, plus \$1,750,000 for Enhancements, in accordance with the current funding agreement through June 30, 2023. This future funding is conditional on certain factors.

NOTE 11 - AGREEMENT WITH THE CITY OF BOSTON

Through an agreement with the City of Boston executed on January 30, 2019, and ending on June 30, 2023, the Conservancy estimates that it will receive \$1,167,000 for The Greenway. This future funding is conditional on certain factors and is based on the balance of a \$5,000,000 investment fund held by the City of Boston. In 2019, the Conservancy received \$281,741 from the City of Boston under this agreement. Remaining payments per the funding agreement total approximately \$885,000 through June 30, 2023.

NOTE 12 - IN-KIND SUPPORT - GOODS, SERVICES AND USE OF FACILITIES

Organizations may contribute goods, services and use of facilities to the Conservancy in support of its programs. These goods, services and use of facilities are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donors, agencies or by management.

The value of these goods and services is as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Occupancy - MassDOT (see Note 9)	\$ 139,000	\$ 139,000
Direct expense, utilities - MassDOT	<u>113,727</u>	<u>123,878</u>
Total in-kind operating support - MassDOT	<u>252,727</u>	<u>262,878</u>
Legal – private	206,863	88,726
Other direct expense – private	<u>97,693</u>	<u>43,851</u>
Total in-kind operating support - private	304,556	132,577
In-kind capital support - private	<u>104,825</u>	<u>-</u>
Total	<u>\$ 662,108</u>	<u>\$ 395,455</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)**

NOTE 13 - CONCENTRATIONS

For the years ended December 31, 2019 and 2018, MassDOT (see Note 9) provided \$868,040 and \$1,504,410, respectively, in government support and an additional \$252,727 and \$262,878, respectively, of in-kind support (see Note 12). Government support is recorded as contributions with donor restrictions and the funds are released to net assets without donor restrictions as the Conservancy expends the funds as stipulated by MassDOT. In-kind support is recorded as revenue without donor restrictions (see Note 12).

For the years ended December 31, 2019 and 2018, the BID (see Note 10) provided \$1,500,000 and \$750,000, respectively, in support which was recorded as contributions with donor restrictions. The funds are released to net assets without donor restrictions as the Conservancy expends the funds as stipulated by the BID.

MassDOT comprised 34% and 62% of the balance in accounts, grants and pledges receivable as of December 31, 2019 and 2018 respectively, related to funding of capital repairs. Two other individuals made up an additional 37% of the balance in accounts, grants and pledges receivable as of December 31, 2019. One other individual made up an additional 12% of the balance in accounts, grants and pledges receivable as of December 31, 2018.

The Conservancy has a potential concentration of credit risk in that it sometimes maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount is \$250,000 per depositor at each bank after aggregating both non-interest and interest bearing accounts. At times, cash and cash equivalents and restricted cash exceeded the insured limits. 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 cash equivalents and restricted cash.

NOTE 14 - COMMITMENT

In 2019, an agreement was reached with a vendor to provide basic care services (e.g., lawn mowing and trash removal) on The Greenway from October 1, 2019 through March 31, 2021, with one three-year renewal option. During 2019, the Conservancy paid this vendor \$59,827 per month for basic services. The Conservancy pays additional amounts for additional services on an as-needed basis. Total expenses for basic services under this agreement were \$179,481 for three months of the year ended December 31, 2019, which is included in contracted services in the accompanying statement of functional expenses. Remaining minimum payments for basic services under the current agreement ending on March 30, 2021, total \$897,407. This agreement would terminate automatically should the Conservancy's agreement with MassDOT (see Note 9) terminate, and the agreement may be terminated by either party with thirty days written notice.

NOTE 15 - CONTINGENCY

In the ordinary course of its business, the Conservancy is, from time-to-time, involved in disputes; the Conservancy denies any wrongdoing in these cases and is taking the appropriate legal steps in defense of these disputes. It is management's opinion that any potential settlement would not be material to the accompanying financial statements as of December 31, 2019.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

NOTE 16 - RELATED PARTY TRANSACTION

A not-for-profit organization (the Organization) has a park that is adjacent to the Conservancy's space on The Greenway. A member of the Organization is also on the Conservancy's Board of Directors. Based on a contract executed before this person became a member of the Conservancy's Board of Directors, the Organization pays the Conservancy for maintenance, horticulture, snow removal, and related work done at the park. When the contract was renewed on June 30, 2016, the member recused himself from discussions. These payments totaled approximately \$72,000 and \$76,000 for the years ended December 31, 2019 and 2018, respectively.

NOTE 17 - RETIREMENT PLAN

The Conservancy maintains a defined contribution retirement plan (the Plan) under Section 403(b) of the IRC. The Conservancy matches certain employee contributions for eligible employees, as defined in the Plan. For the years ended December 31, 2019 and 2018, the Conservancy made matching contributions to the Plan totaling \$38,221 and \$37,037, respectively.

NOTE 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Conservancy's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,166,683	\$ 2,064,486
Accounts receivable, net	195,093	37,052
Grants and pledges receivable	156,251	293,510
Expected subsequent year endowment draw for current operations	<u>697,321</u>	<u>653,022</u>
Total financial assets	3,215,348	3,048,070
Contractual or donor-imposed restrictions:		
Funds restricted by donors	<u>(318,992)</u>	<u>(317,780)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,896,356</u>	<u>\$ 2,730,290</u>

The Conservancy receives restricted contributions, which require resources to be used in a particular manner or in a future period, therefore, the Conservancy must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Conservancy'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. Occasionally, the Board designates a portion of any operating surplus to reserves.

NOTE 19 - SUBSEQUENT EVENT

The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Conservancy's operations and financial position. Any financial impact to the Conservancy cannot be reasonably estimated at this time.

NOTE 20 - RECLASSIFICATION

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

SUPPLEMENTAL INFORMATION

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES AND CAPITAL EXPENDITURES -
SUPPORT FROM THE MASSACHUSETTS DEPARTMENT OF TRANSPORTATION
EXCLUDING IN-KIND
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative totals for the year ended December 31, 2018)

	2019							2018	
	PROGRAMMATIC								
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAMMATIC	ADMIN- ISTRATION	FUNDRAISING	TOTAL	TOTAL
Contracted services	\$ 261,021	\$ -	\$ -	\$ -	\$ 261,021	\$ -	\$ -	\$ 261,021	\$ 477,101
Salaries and related expenses	259,851	-	-	-	259,851	-	-	259,851	444,519
Direct expense	65,682	-	-	-	65,682	-	-	65,682	123,269
Insurance	30,101	-	-	-	30,101	-	-	30,101	80,111
Professional development	369	-	-	-	369	-	-	369	-
Total expenses	617,024	-	-	-	617,024	-	-	617,024	1,125,000
Capital Plan	243,040	-	-	-	243,040	-	-	243,040	379,410
Other capital	16,811	-	-	-	16,811	-	-	16,811	9,432
Total capital expenditures	259,851	-	-	-	259,851	-	-	259,851	388,842
Total expenses and capital expenditures	<u>\$ 876,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 876,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 876,875</u>	<u>\$ 1,513,842</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES AND CAPITAL EXPENDITURES -
SUPPORT FROM THE MASSACHUSETTS DEPARTMENT OF TRANSPORTATION
EXCLUDING IN-KIND
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAMMATIC							
	<u>MAINTENANCE, HORTICULTURE AND RANGERS</u>	<u>PROGRAMS</u>	<u>PUBLIC ART</u>	<u>OUTREACH</u>	<u>TOTAL PROGRAMMATIC</u>	<u>ADMIN- ISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Contracted services	\$ 477,101	\$ -	\$ -	\$ -	\$ 477,101	\$ -	\$ -	\$ 477,101
Salaries and related expenses	444,519	-	-	-	444,519	-	-	444,519
Direct expense	123,269	-	-	-	123,269	-	-	123,269
Insurance	80,111	-	-	-	80,111	-	-	80,111
Total expenses	1,125,000	-	-	-	1,125,000	-	-	1,125,000
Capital Plan	379,410	-	-	-	379,410	-	-	379,410
Other capital	9,432	-	-	-	9,432	-	-	9,432
Total capital expenditures	388,842	-	-	-	388,842	-	-	388,842
Total expenses and capital expenditures	<u>\$ 1,513,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513,842</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES -
SUPPORT FROM THE GREENWAY BUSINESS IMPROVEMENT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative totals for the year ended December 31, 2018)

	2019							2018	
	PROGRAMMATIC								
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAMMATIC	ADMIN- ISTRATION	FUNDRAISING	TOTAL	TOTAL
Salaries and related expenses	\$ 573,663	\$ -	\$ -	\$ -	\$ 573,663	\$ -	\$ -	\$ 573,663	\$ 422,588
Contracted services	458,299	-	-	-	458,299	-	-	458,299	228,746
Direct expense	137,229	-	-	-	137,229	-	-	137,229	70,159
Insurance	66,222	-	-	-	66,222	-	-	66,222	28,507
Professional development	924	-	-	-	924	-	-	924	-
Total expenses	1,236,337	-	-	-	1,236,337	-	-	1,236,337	750,000
Enhancements	27,131	-	-	-	27,131	-	-	27,131	-
Other capital	15,663	-	-	-	15,663	-	-	15,663	-
Total capital expenditures	42,794	-	-	-	42,794	-	-	42,794	-
Total expenses	<u>\$ 1,279,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,279,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,279,131</u>	<u>\$ 750,000</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES -
SUPPORT FROM THE GREENWAY BUSINESS IMPROVEMENT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAMMATIC							
	<u>MAINTENANCE, HORTICULTURE AND RANGERS</u>	<u>PROGRAMS</u>	<u>PUBLIC ART</u>	<u>OUTREACH</u>	<u>TOTAL PROGRAMMATIC</u>	<u>ADMIN- ISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 422,588	\$ -	\$ -	\$ -	\$ 422,588	\$ -	\$ -	\$ 422,588
Contracted services	228,746	-	-	-	228,746	-	-	228,746
Direct expense	70,159	-	-	-	70,159	-	-	70,159
Insurance	28,507	-	-	-	28,507	-	-	28,507
Total expenses	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>