



**FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

CONTENTS
DECEMBER 31, 2022 AND 2021

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT	1 - 1A
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets.....	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 21
SUPPLEMENTAL INFORMATION:	
Supplemental Statements of Functional Expenses and Capital Expenditures – Support from the Massachusetts Department of Transportation Excluding In-Kind	22 - 23
Supplemental Statements of Functional Expenses and Enhancements – Support from the Greenway Business Improvement District	24 - 25

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (a Massachusetts nonprofit corporation) (the Conservancy), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 22 through 25 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The signature is written in a cursive, handwritten style. It reads "AAFCPA, Inc." with a large, stylized "A" at the beginning.

Westborough, Massachusetts
March 28, 2023

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CURRENT ASSETS:						
Cash and cash equivalents	\$ 1,509,837	\$ 617,422	\$ 2,127,259	\$ 2,252,035	\$ 723,950	\$ 2,975,985
Accounts receivable (Note 2)	36,868	-	36,868	15,997	-	15,997
Grants and pledges receivable (Note 5)	61,379	397,624	459,003	332,872	651,081	983,953
Prepaid expenses and other	170,059	-	170,059	184,161	-	184,161
Total current assets	1,778,143	1,015,046	2,793,189	2,785,065	1,375,031	4,160,096
RESTRICTED CASH (Note 3)	-	932,251	932,251	82,500	679,423	761,923
INVESTMENTS (Note 4)	1,642,599	16,159,642	17,802,241	1,448,606	19,508,079	20,956,685
PROPERTY AND EQUIPMENT , net (Note 8)	6,978,748	-	6,978,748	5,565,366	-	5,565,366
Total assets	<u>\$ 10,399,490</u>	<u>\$ 18,106,939</u>	<u>\$ 28,506,429</u>	<u>\$ 9,881,537</u>	<u>\$ 21,562,533</u>	<u>\$ 31,444,070</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable, accrued expenses and other	\$ 677,894	\$ -	\$ 677,894	\$ 632,727	\$ -	\$ 632,727
CONDITIONAL GRANT ADVANCES (Note 19)	82,500	-	82,500	185,500	-	185,500
Total liabilities	760,394	-	760,394	818,227	-	818,227
NET ASSETS:						
Without donor restrictions (Note 2):						
Operating	2,104,598	-	2,104,598	2,614,621	-	2,614,621
Board Designated	580,770	-	580,770	938,258	-	938,258
Property and equipment	6,953,728	-	6,953,728	5,510,431	-	5,510,431
Total without donor restrictions	9,639,096	-	9,639,096	9,063,310	-	9,063,310
With donor restrictions (Notes 2 and 6)	-	18,106,939	18,106,939	-	21,562,533	21,562,533
Total net assets	9,639,096	18,106,939	27,746,035	9,063,310	21,562,533	30,625,843
Total liabilities and net assets	<u>\$ 10,399,490</u>	<u>\$ 18,106,939</u>	<u>\$ 28,506,429</u>	<u>\$ 9,881,537</u>	<u>\$ 21,562,533</u>	<u>\$ 31,444,070</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, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE AND SUPPORT:						
Contributed income	\$ 370,515	\$ 1,037,050	\$ 1,407,565	\$ 422,983	\$ 339,057	\$ 762,040
Contributions, BID	-	1,163,850	1,163,850	-	1,256,257	1,256,257
Earned revenue	1,101,848	-	1,101,848	906,169	-	906,169
Endowment draw for current operations	776,594	-	776,594	740,090	-	740,090
Government support, MassDOT	-	750,000	750,000	-	750,000	750,000
Government support, City of Boston	-	294,927	294,927	-	271,533	271,533
In-kind operating support, MassDOT (see Note 12)	280,942	-	280,942	236,893	-	236,893
In-kind operating support, private (see Note 12)	209,522	-	209,522	123,359	-	123,359
Other income	136,164	-	136,164	14,673	-	14,673
Government support, grants	103,000	24,000	127,000	612,218	2,500	614,718
Net assets released from restrictions:						
Satisfaction of time restrictions	39,167	(39,167)	-	227,329	(227,329)	-
Satisfaction of purpose restrictions	2,875,417	(2,875,417)	-	2,483,192	(2,483,192)	-
Subtotal	<u>5,893,169</u>	<u>355,243</u>	<u>6,248,412</u>	<u>5,766,906</u>	<u>(91,174)</u>	<u>5,675,732</u>
Fundraising event contributions	845,176	-	845,176	469,124	-	469,124
Less - fundraising event expenses	<u>(316,428)</u>	<u>-</u>	<u>(316,428)</u>	<u>(40,815)</u>	<u>-</u>	<u>(40,815)</u>
Fundraising events, net	<u>528,748</u>	<u>-</u>	<u>528,748</u>	<u>428,309</u>	<u>-</u>	<u>428,309</u>
Total operating revenue and support	<u>6,421,917</u>	<u>355,243</u>	<u>6,777,160</u>	<u>6,195,215</u>	<u>(91,174)</u>	<u>6,104,041</u>
OPERATING EXPENSES:						
Programmatic	5,120,905	-	5,120,905	4,261,695	-	4,261,695
Administration	687,199	-	687,199	646,770	-	646,770
Fundraising	718,658	-	718,658	672,079	-	672,079
Total operating expenses before depreciation	<u>6,526,762</u>	<u>-</u>	<u>6,526,762</u>	<u>5,580,544</u>	<u>-</u>	<u>5,580,544</u>
Changes in net assets from operations before depreciation	(104,845)	355,243	250,398	614,671	(91,174)	523,497
Depreciation	<u>744,238</u>	<u>-</u>	<u>744,238</u>	<u>552,313</u>	<u>-</u>	<u>552,313</u>
Changes in net assets from operations	<u>(849,083)</u>	<u>355,243</u>	<u>(493,840)</u>	<u>62,358</u>	<u>(91,174)</u>	<u>(28,816)</u>
NON-OPERATING REVENUE AND SUPPORT:						
Government support, MassDOT - capital	-	740,078	740,078	-	268,686	268,686
Contributed income - capital	-	485,454	485,454	-	868,071	868,071
Contributions, BID - Enhancements	-	336,150	336,150	-	243,743	243,743
Net assets released from capital restrictions	1,705,535	(1,705,535)	-	761,994	(761,994)	-
Endowment release for current operations	-	(776,594)	(776,594)	-	(740,090)	(740,090)
Investment income (loss), net of fees	<u>(280,666)</u>	<u>(2,890,390)</u>	<u>(3,171,056)</u>	<u>217,753</u>	<u>2,450,788</u>	<u>2,668,541</u>
Total non-operating revenue and support	<u>1,424,869</u>	<u>(3,810,837)</u>	<u>(2,385,968)</u>	<u>979,747</u>	<u>2,329,204</u>	<u>3,308,951</u>
Changes in net assets	575,786	(3,455,594)	(2,879,808)	1,042,105	2,238,030	3,280,135
NET ASSETS, beginning of year	<u>9,063,310</u>	<u>21,562,533</u>	<u>30,625,843</u>	<u>8,021,205</u>	<u>19,324,503</u>	<u>27,345,708</u>
NET ASSETS, end of year	<u>\$ 9,639,096</u>	<u>\$ 18,106,939</u>	<u>\$ 27,746,035</u>	<u>\$ 9,063,310</u>	<u>\$ 21,562,533</u>	<u>\$ 30,625,843</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (2,879,808)	\$ 3,280,135
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	3,322,384	(2,422,103)
Capital grants	(1,561,682)	(1,380,500)
Depreciation	744,238	552,313
Changes in operating assets and liabilities:		
Accounts receivable	(20,871)	172,412
Grants and pledges receivable	(40,783)	(393,520)
Prepaid expenses and other	14,102	(86,124)
Accounts payable, accrued expenses and other	100,102	103,085
Conditional grant advance	(103,000)	185,500
Net cash provided by (used in) operating activities	<u>(425,318)</u>	<u>11,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	16,748,649	695,771
Purchase of investments	(16,916,589)	(238,205)
Acquisition of property and equipment	(2,212,555)	(779,999)
Net cash used in investing activities	<u>(2,380,495)</u>	<u>(322,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital grants	<u>2,127,415</u>	<u>1,123,978</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(678,398)	812,743
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>3,737,908</u>	<u>2,925,165</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u><u>\$ 3,059,510</u></u>	<u><u>\$ 3,737,908</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH REPORTED WITHIN THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 2,127,259	\$ 2,975,985
Restricted cash	<u>932,251</u>	<u>761,923</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 3,059,510</u></u>	<u><u>\$ 3,737,908</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Property and equipment additions included in accounts payable, accrued expenses and other	<u><u>\$ 25,020</u></u>	<u><u>\$ 54,935</u></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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022							2021
	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 1,459,255	\$ 452,797	\$ 240,134	\$ 172,042	\$ 2,324,228	\$ 458,948	\$ 579,759	\$ 3,362,935
Direct expense (see Note 12)	659,374	89,535	521,557	20,841	1,291,307	-	114,305	1,405,612
Contracted services	962,288	131,155	-	19,347	1,112,790	9,313	-	1,122,103
Fundraising event expenses	-	-	-	-	-	-	316,428	316,428
Legal and accounting (see Note 12)	54,050	15,473	13,370	-	82,893	142,260	-	225,153
Insurance	130,965	3,634	141	141	134,881	15,114	196	150,191
Occupancy (see Note 12)	64,677	22,824	9,132	9,132	105,765	20,503	12,732	139,000
Office and other	42,694	14,078	6,063	6,206	69,041	41,061	11,666	121,768
Total expenses before depreciation	3,373,303	729,496	790,397	227,709	5,120,905	687,199	1,035,086	6,843,190
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(316,428)	(316,428)
Total expenses included in the statement of activities and changes in net assets before depreciation	3,373,303	729,496	790,397	227,709	5,120,905	687,199	718,658	6,526,762
Depreciation	693,463	12,091	6,517	12,448	724,519	6,689	13,030	744,238
Total expenses included in the statement of activities and changes in net assets after depreciation	<u>\$ 4,066,766</u>	<u>\$ 741,587</u>	<u>\$ 796,914</u>	<u>\$ 240,157</u>	<u>\$ 5,845,424</u>	<u>\$ 693,888</u>	<u>\$ 731,688</u>	<u>\$ 7,271,000</u>
								<u>\$ 6,132,857</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, 2021

	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 1,265,498	\$ 411,584	\$ 209,147	\$ 207,905	\$ 2,094,134	\$ 398,026	\$ 565,753	\$ 3,057,913
Direct expense (see Note 12)	357,331	54,835	382,351	26,080	820,597	771	77,288	898,656
Contracted services	879,123	107,576	-	1,865	988,564	29,188	-	1,017,752
Fundraising event expenses	-	-	-	-	-	-	40,815	40,815
Legal and accounting (see Note 12)	46,560	11,298	692	616	59,166	130,097	3,215	192,478
Insurance	126,441	2,827	-	-	129,268	12,376	-	141,644
Occupancy (see Note 12)	63,545	21,531	6,749	10,432	102,257	21,538	15,205	139,000
Office and other	39,662	16,734	4,555	6,758	67,709	54,774	10,618	133,101
Total expenses before depreciation	2,778,160	626,385	603,494	253,656	4,261,695	646,770	712,894	5,621,359
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(40,815)	(40,815)
Total expenses included in the statement of activities and changes in net assets before depreciation	2,778,160	626,385	603,494	253,656	4,261,695	646,770	672,079	5,580,544
Depreciation	510,059	9,790	4,994	9,445	534,288	5,962	12,063	552,313
Total expenses included in the statement of activities and changes in net assets after depreciation	<u>\$ 3,288,219</u>	<u>\$ 636,175</u>	<u>\$ 608,488</u>	<u>\$ 263,101</u>	<u>\$ 4,795,983</u>	<u>\$ 652,732</u>	<u>\$ 684,142</u>	<u>\$ 6,132,857</u>

The accompanying notes are an integral part of these statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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).

Recently Adopted Accounting Pronouncement

During 2022 the Conservancy adopted Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (*Topic 958*): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU will not change the recognition and measurement requirements of in-kind goods and services.

The adoption of this ASU did not impact the Conservancy's net asset classes, results of operations, or cash flows for the year ended December 31, 2022. This ASU has been applied retrospectively to all periods presented.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash equivalents held by investment managers (see above). The statements of cash flows include restricted cash (see Note 3).

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 grants and pledges receivable are recorded as revenue at the present value of expected proceeds. Management estimates the allowance for doubtful grants and pledges (see Note 5) based on historical collections together with a review of the current status of the existing pledges receivable.

Revenue Recognition

Contributed income is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and reported under ASC Topic 958, *Not-For-Profit Entities*. 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. Interest and other income are recognized as earned.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earned Revenue

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 from contracts with customers (i.e. earned revenue) based on the five-step model under ASC Topic 606, *Revenue from Contracts with Customers*: (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.

The Conservancy recognizes revenue when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of promised goods or services are transferred to customers. Revenue is measured as the amount that reflects the consideration the Conservancy expects to be entitled to in exchange for those goods or services ("transaction price"). To the extent the transaction price includes variable consideration, the Conservancy estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which the Conservancy expects to be entitled. Variable consideration is included in the transaction price if, in the Conservancy's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and the determination of whether to include such estimated amounts in the transaction price are based largely on an assessment of the Conservancy's anticipated performance and all information that is reasonably available. The Conservancy accounts for taxes collected from customers and remitted to governmental authorities on a net basis and excludes these amounts from revenues.

Earned revenue is primarily comprised of a beer garden, city winery, food trucks and a carousel. The Conservancy has contracts with customers that contain multiple performance obligations. Payment terms for such arrangements can vary by contract, but payments are generally due in installments throughout the contractual term. The performance obligation included in each agreement vary and may include rental costs for usage of the space, license fees and revenue sharing based on the number of units sold.

The timing of revenue recognition for each performance obligation is dependent upon the facts and circumstances surrounding the Conservancy's satisfaction of its respective performance obligation. The Conservancy allocates the transaction price for such arrangements to each performance obligation within the arrangement based on the estimated relative standalone selling price of the performance obligation. The Conservancy's process for determining its estimated standalone selling prices involves management's judgment and considers multiple factors including Conservancy specific and market specific factors that may vary depending upon the unique facts and circumstances related to each performance obligation. Key factors considered by the Conservancy in developing an estimated standalone selling price for its performance obligations include, but are not limited to, the Conservancy's ongoing pricing strategy and policies, and consideration of pricing of similar performance obligations sold in other arrangements with multiple performance obligations.

The Conservancy may incur costs such as commissions to obtain its multi-year agreements. The Conservancy assesses such costs for capitalization on a contract by contract basis. Commission costs were immaterial in relation to the contract and were expensed as incurred.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earned Revenue (Continued)

Carousel revenue is derived principally from ticket sales which are recognized as the ride occurs. The Conservancy's revenues also include revenue from license fees associated with the food truck vendors. License and usage fees are recognized at the later of when (a) the subsequent sale of the product or usage occurs, or (b) the performance obligation to which some or all of the sales or usage-based fees have been allocated and are satisfied. In addition, the Conservancy recognizes a percentage of gross proceeds up to \$1,500,000 and an additional percentage over \$1,500,000 of gross revenue for the beer garden according to thresholds specified in the contract.

The Conservancy's earned revenue consists of revenue from contracts with customers and are recognized as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Point in time (carousel)	\$ 499,130	\$ 475,899
Point in time (other)	224,411	124,831
Over time (beer garden and city winery)	161,384	111,745
Over time (food trucks)	132,163	110,765
Over time (other)	<u>84,760</u>	<u>82,929</u>
Total earned revenue	<u>\$ 1,101,848</u>	<u>\$ 906,169</u>

The timing of revenue recognition, billings and cash collections results in billed accounts receivables. The beginning and ending accounts receivables balances were as follows:

	<u>January 1, 2021</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Receivables	<u>\$ 188,409</u>	<u>\$ 15,997</u>	<u>\$ 36,868</u>

In accordance with ASC Subtopic 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 (see Note 19). 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.

In-Kind Operating Support

In-kind contributions are recognized as in-kind operating support at their fair value at the date of donation and are reported as unrestricted support and revenue unless explicit donor stipulations specify how the donated assets must be used. The Conservancy benefited from donated space at \$139,000 during the years ended December 31, 2022 and 2021. These amounts have been included in occupancy in the related statements of functional expenses.

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). In-kind contributions are not monetized.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	3 - 20 years
Motor vehicles	7 years
Website, office and computer equipment	5 - 7 years

Investments and Spending Policy

Investments are reported at their fair value. The realized and unrealized appreciation in the fair market value of such investments is included in the accompanying 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.

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.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Spending Policy (Continued)

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, information technology (IT) costs and depreciation, which are allocated based on headcount.

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, 2022 and 2021. 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 U.S. 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.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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; and
- 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, 2022, for potential recognition or disclosure in the financial statements through March 28, 2023, which is the date the financial statements were available for issuance. There were no events that met the criteria for recognition or disclosure in the financial statements.

NOTE 3 - RESTRICTED CASH

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

	<u>2022</u>	<u>2021</u>
Capital projects	\$ 932,251	\$ 395,767
Endowment	<u>-</u>	<u>366,156</u>
	<u>\$ 932,251</u>	<u>\$ 761,923</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>2022</u>			
<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,167,152	\$ -	\$ -	\$ 2,167,152
Mutual Funds:				
Domestic equity funds	8,057,086	-	-	8,057,086
International equity funds	4,004,048	-	-	4,004,048
Domestic bond funds	<u>3,573,955</u>	<u>-</u>	<u>-</u>	<u>3,573,955</u>
Total investments	<u>\$ 17,802,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,802,241</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 4 - INVESTMENTS (Continued)

Investment Type	2021			Total
	Level 1	Level 2	Level 3	
Mutual funds - stock funds	\$ 10,267,901	\$ -	\$ -	\$ 10,267,901
Other investments: TIFF Multi Asset Fund*				10,688,784
Total investments				\$ 20,956,685

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

Cash and cash equivalents: Cash equivalents include money market accounts with original maturity of three months or less and are considered Level 1 in the fair value hierarchy (see Note 2).

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 accompanying statements of financial position. The Conservancy no longer holds these types of funds as of December 31, 2022.

Investment income (loss), net of fees, for the years ended December 31, 2022 and 2021, is \$(3,171,056) and \$2,668,541, respectively.

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 due in one year are \$459,003 and \$983,953 of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, all grants and pledges receivable are deemed to be fully collectible and, as a result, no allowance has been recorded.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
General endowment - corpus	\$ 12,319,020	\$ 12,319,020
Appreciation on endowment	1,759,437	5,380,079
Park specific endowment – corpus	1,487,000	1,487,000
Capital projects	1,479,354	1,597,950
Education endowment – corpus	348,750	348,750
Public art	247,389	204,986
Maintenance, Horticulture and Rangers Programs	202,075	193,686
	178,081	6,062
General operations - time restricted	<u>85,833</u>	<u>25,000</u>
	<u>\$ 18,106,939</u>	<u>\$ 21,562,533</u>

During the years ended December 31, 2022 and 2021, net assets were released from restrictions for the following programs and purposes and other restrictions:

	<u>2022</u>	<u>2021</u>
Maintenance, Horticulture and Rangers	\$ 2,351,927	\$ 2,387,479
Capital projects	1,705,535	761,994
Endowment draw for current operations	776,594	740,090
Public art	406,847	32,500
Programs	116,643	56,438
General operations - time restricted	39,167	227,329
Administration	<u>-</u>	<u>6,775</u>
	<u>\$ 5,396,713</u>	<u>\$ 4,212,605</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, 2022 and 2021:

	<u>With Donor Restrictions</u>		
	<u>Appreciation on Endowment</u>	<u>Endowment</u>	<u>Total</u>
Endowment net assets, December 31, 2020	\$ 3,721,575	\$ 14,154,770	\$ 17,876,345
Investment return	2,398,594	-	2,398,594
Endowment draw for current operations	<u>(740,090)</u>	<u>-</u>	<u>(740,090)</u>
Endowment net assets, December 31, 2021	5,380,079	14,154,770	19,534,849
Investment loss	(2,844,048)	-	(2,844,048)
Endowment draw for current operations	<u>(776,594)</u>	<u>-</u>	<u>(776,594)</u>
Endowment net assets, December 31, 2022	<u>\$ 1,759,437</u>	<u>\$ 14,154,770</u>	<u>\$ 15,914,207</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

NOTE 8 - PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Greenway Carousel at The Tiffany & Co. Foundation Grove	\$ 3,987,117	\$ 3,740,498
Greenway improvements and capital repairs	6,253,639	4,380,412
Motor vehicles	359,011	359,011
Website, office and computer equipment	<u>358,987</u>	<u>321,213</u>
	10,958,754	8,801,134
Less - accumulated depreciation	<u>3,980,006</u>	<u>3,235,768</u>
	<u>\$ 6,978,748</u>	<u>\$ 5,565,366</u>

NOTE 9 - AGREEMENT WITH THE 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 13) for care of the public park under an agreement that currently ends on June 30, 2023. The Conservancy recognized revenue of \$1,440,232 (\$750,000 operating and \$690,232 capital) and \$1,018,686 (\$750,000 operating and \$268,686 capital) in 2022 and 2021, respectively. During 2022, the Conservancy also received \$49,846 towards capital improvements in addition to funds in accordance with the agreement. As of December 31, 2022, \$28,861 is included in net assets with donor restrictions. The Conservancy anticipates that it will receive an additional \$781,188 (\$375,000 operating and \$406,188 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, 2022 and 2021, and has been reported in the accompanying financial statements as both in-kind revenue and expense. For the years ended December 31, 2022 and 2021, in-kind support and occupancy expenses 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).

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 2022, the BID recognized revenue of \$1,163,850 for maintenance, horticultural and programs and \$336,150 for enhancements. As of December 31, 2022, \$28,861 remains in net assets with donor restrictions. In 2021, the Conservancy recognized revenue of \$1,250,000 for maintenance and horticultural care and \$250,000 for enhancements (including \$6,257 used for Enhancements project management). The Conservancy anticipates that it will receive an additional \$500,000 for maintenance and horticultural care, plus \$250,000 for enhancements, in accordance with the current funding agreement through June 30, 2023. This future funding is conditional on certain factors.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

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 \$1,249,892 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. The Conservancy recognized revenue of \$294,927 and \$271,533 in 2022 and 2021, respectively, from the City of Boston under this agreement. Remaining payments per the funding agreement total approximately \$155,005 through June 30, 2023.

As of December 31, 2022, the Conservancy has a signed Memorandum of Understanding to extend the agreements listed above and in Notes 9 and 10 for another five years.

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

The Conservancy receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising. The Conservancy recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Donated occupancy is valued at the fair value of similar properties available in commercial real estate listings. Donated utilities are valued at the fair value of services provided as charged by the servicing agency. Donated legal services and private services included in administration and programmatic are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products.

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

	<u>2022</u>	<u>2021</u>
Direct expense, utilities - MassDOT	\$ 141,942	\$ 97,893
Occupancy - MassDOT (see Note 9)	<u>139,000</u>	<u>139,000</u>
Total in-kind operating support - MassDOT	<u>\$ 280,942</u>	<u>\$ 236,893</u>
Legal - private	\$ 153,323	\$ 112,845
Other direct expense - private goods	29,219	-
Other direct expense - private services	<u>26,980</u>	<u>10,514</u>
Total in-kind operating support - private	<u>\$ 209,522</u>	<u>\$ 123,359</u>

NOTE 13 - CONCENTRATIONS

For the years ended December 31, 2022 and 2021, MassDOT (see Note 9) provided \$1,490,078 and \$1,018,686, respectively, in government support and an additional \$280,942 and \$236,893, 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, 2022 and 2021, the BID (see Note 10) provided \$1,500,000 in support in each year, 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.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

NOTE 13 - CONCENTRATIONS (Continued)

MassDOT comprised 20% and 26% of the balance in grants and pledges receivable as of December 31, 2022 and 2021, respectively, related to funding of capital repairs. Two and three funders made up an additional 46% and 65% of the balance in grants and pledges receivable as of December 31, 2022 and 2021, respectively.

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. 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, which was renewed in 2021 (see below). During 2022 and 2021, the Conservancy paid this vendor an average of \$63,479 and \$61,643 per month for basic services, respectively. The Conservancy pays additional amounts for additional services on an as-needed basis. Total expenses for basic services under this agreement were \$769,189 and \$739,718 for the years ended December 31, 2022 and 2021, respectively, which are included in contracted services in the accompanying statements of functional expenses.

During 2021, the Conservancy renewed the agreement, and the agreement ends on March 31, 2024. This agreement will 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. During 2022, the Conservancy added an additional extension through March 31, 2025. Future payments in accordance with this agreement are as follows:

2023	\$ 833,956
2024	\$ 886,831
2025	\$ 225,547

NOTE 15 - CONTINGENCIES

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, 2022.

NOTE 16 - RELATED PARTY TRANSACTIONS

A member of the Conservancy's Board of Directors is also a partner in an organization that provides legal services to the Conservancy. Payments to this organization totaled approximately \$42,000 and \$22,000 for the years ended December 31, 2022 and 2021, respectively. This organization also provides in-kind services to the Conservancy (see Note 12).

A member of the Conservancy's Board of Directors is also a Board member for an organization that held approximately half of the Conservancy's investments. These investments were transferred to a new investment advisor as of the end of November 2022. The value of these investments prior to the transfer was \$8,313,611. This member was voted into the Board of Directors during 2021. As of December 2022, no investments were held with this organization.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)**

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, 2022 and 2021, the Conservancy made matching contributions to the Plan totaling \$34,986 and \$43,680, respectively.

NOTE 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,127,259	\$ 2,975,985
Accounts receivable	36,868	15,997
Grants and pledges receivable	459,003	983,953
Expected subsequent year endowment draw for current operations	<u>725,000</u>	<u>759,500</u>
Total financial assets	3,348,130	4,735,435
Contractual or donor-imposed restrictions:		
Funds restricted by donors	<u>(1,015,046)</u>	<u>(1,375,031)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,333,084</u>	<u>\$ 3,360,404</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 - CONDITIONAL GRANT ADVANCES

In 2021, the Conservancy applied for and was awarded a second loan of \$603,000 from Paycheck Protection Program (PPP) established by the CARES Act. These funds were used to pay for certain payroll costs, including benefits during a covered period as defined in the CARES Act. The Conservancy accounted for the loan as a conditional grant under ASC Subtopic 958-605 with \$103,000 included in conditional grant advances in the accompanying statement of financial position for the year ended December 31, 2021, and the remaining \$500,000 recorded as government support, grants revenue during 2021. Amounts received are recognized as revenue when the Conservancy has incurred expenditures in compliance with the loan application and CARES Act requirements. As of May 20, 2022, the Conservancy received full forgiveness of the second PPP loan and the \$103,000 was recognized as government support, grants revenue in the accompanying statement of activities for the year ended December 31, 2022.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Continued)

NOTE 19 - CONDITIONAL GRANT ADVANCES (Continued)

The Employee Retention Tax Credit (ERTC) was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Conservancy must meet certain conditions as described in applicable laws and regulations.

The Conservancy has determined that it qualifies for the 2020 ERTC and therefore is accounting for the 2020 ERTC as a conditional grant under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of December 31, 2021, and therefore, the entire refund of \$112,218 that the Conservancy expects to receive is included in grants and pledges receivable and government support, grants without donor restrictions in the accompanying financial statements. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of the Conservancy as of December 31, 2021, and on the changes in its net assets for the year then ended. As of December 31, 2022, \$23,641 is included in grants and pledges receivable.

During 2022 and 2021, the Conservancy was awarded a government contract totaling \$250,000 that contained funder-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. Amounts awarded are due back to the government agency if the property is sold at any time before 2036. If the property is sold, the following portions of the grant are due back to the government agency:

Prior to year 5	100%
Prior to year 10	75%
Prior to year 15	50%

As of December 31, 2022 and 2021, \$82,500 was advanced on this conditional grant and is included in restricted cash and conditional grant advances in the accompanying 2021 statement of financial position.

During 2021, the Conservancy was awarded a conditional grant totaling \$400,000 from a donor, of which \$200,000 was recorded during 2021. The portion of the grant that was recognized during 2021 is included in contributed income with donor restrictions in the accompanying 2021 statement of activities and changes in net assets. The remaining balance of the grant award is conditional upon the Conservancy incurring and reporting qualifying expenditures as required by the grant agreement and, accordingly, is not reflected in the accompanying financial statements, as these conditions were not met as of December 31, 2022 and 2021.

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022							2021
	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 350,004	\$ -	\$ -	\$ -	\$ 350,004	\$ -	\$ -	\$ 350,004
Contracted services	295,812	-	-	-	295,812	-	-	295,812
Direct expense	56,321	-	-	-	56,321	-	-	56,321
Insurance	47,529	-	-	-	47,529	-	-	47,529
Professional development	334	-	-	-	334	-	-	334
Total expenses	750,000	-	-	-	750,000	-	-	750,000
Capital Plan	690,232	-	-	-	690,232	-	-	690,232
Other capital	49,846	-	-	-	49,846	-	-	49,846
Total capital expenditures	740,078	-	-	-	740,078	-	-	740,078
Total expenses and capital expenditures	\$ 1,490,078	\$ -	\$ -	\$ -	\$ 1,490,078	\$ -	\$ -	\$ 1,490,078
								\$ 1,057,107

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, 2021**

	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 379,460	\$ -	\$ -	\$ -	\$ 379,460	\$ -	\$ -	\$ 379,460
Contracted services	333,135	-	-	-	333,135	-	-	333,135
Direct expense	24,581	-	-	-	24,581	-	-	24,581
Insurance	50,542	-	-	-	50,542	-	-	50,542
Professional development	703	-	-	-	703	-	-	703
Total expenses	<u>788,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,421</u>	<u>-</u>	<u>-</u>	<u>788,421</u>
Capital Plan	<u>268,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,686</u>	<u>-</u>	<u>-</u>	<u>268,686</u>
Total capital expenditures	<u>268,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,686</u>	<u>-</u>	<u>-</u>	<u>268,686</u>
Total expenses and capital expenditures	<u><u>\$ 1,057,107</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,057,107</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,057,107</u></u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES AND ENHANCEMENTS -
SUPPORT FROM THE GREENWAY BUSINESS IMPROVEMENT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022							2021
	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 494,699	\$ -	\$ -	\$ -	\$ 494,699	\$ -	\$ -	\$ 494,699
Contracted services	377,846	-	-	-	377,846	-	-	377,846
Direct expense	66,501	-	-	-	66,501	-	-	66,501
Insurance	60,536	-	-	-	60,536	-	-	60,536
Professional development	418	-	-	-	418	-	-	418
Total expenses	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Enhancements - Capital	307,289	-	-	-	307,289	-	-	307,289
Enhancements - Operating	163,850	-	-	-	163,850	-	-	163,850
Total enhancements	471,139	-	-	-	471,139	-	-	471,139
Total expenses	<u>\$ 1,471,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,471,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,471,139</u>
								<u>\$ 1,421,600</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

**SUPPLEMENTAL STATEMENT OF FUNCTIONAL EXPENSES AND ENHANCEMENTS -
SUPPORT FROM THE GREENWAY BUSINESS IMPROVEMENT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2021**

	PROGRAMMATIC							
	MAINTENANCE, HORTICULTURE AND RANGERS	PROGRAMS	PUBLIC ART	OUTREACH	TOTAL PROGRAM- MATIC	ADMIN- ISTRATION	FUND- RAISING	TOTAL
Salaries and related expenses	\$ 546,660	\$ -	\$ -	\$ -	\$ 546,660	\$ -	\$ -	\$ 546,660
Contracted services	416,559	-	-	-	416,559	-	-	416,559
Direct expense	30,666	-	-	-	30,666	-	-	30,666
Insurance	63,176	-	-	-	63,176	-	-	63,176
Professional development	879	-	-	-	879	-	-	879
Total expenses	<u>1,057,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,057,940</u>	<u>-</u>	<u>-</u>	<u>1,057,940</u>
Enhancements - Capital	107,403	-	-	-	107,403	-	-	107,403
Enhancements - Operating	256,257	-	-	-	256,257	-	-	256,257
Total enhancements	<u>363,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,660</u>	<u>-</u>	<u>-</u>	<u>363,660</u>
Total expenses	<u><u>\$ 1,421,600</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,421,600</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,421,600</u></u>