

INTRODUCTION

The Boston Groundwater Trust monitors groundwater levels in Boston to safeguard wood foundation supported buildings in historic landfill neighborhoods. Fiscal Year 2004 was a period of important achievement for the Trust.

Funding from the Commonwealth's Environmental Bond Bill enabled us to plan and begin to install a matrix of observation wells to monitor groundwater levels. This is of critical importance in sections of Boston where lowered groundwater levels threaten the stability of timber piles on which thousands of historic houses, churches, and commercial and government buildings depend. During the year we installed 138 wells. When combined with previously existing wells that were found, inventoried, and tested by the Trust, these new wells brought our network of currently monitored sites to over 300. This is a solid start to a master planned network of 1000 wells.

The inauguration of our new well construction program occurred in September in the Fenway neighborhood, where damage to building foundations led to the original proposal for the Trust in the 1980's. Speakers at the hole drilling ceremony included: Mayor Menino, whose support led to the reinvigoration of the Trust 1997; Secretary of Commonwealth Development Doug Foy, representing the state administration that kept the commitment to release the bond funds; State Senator Stephen Tolman; State Representatives Paul Demakis and Byron Rushing; City Councilor Mike Ross; Trustee Tim Mitchell; and former Fenway City Councilor David Scondras. Demonstrating the strong City/State partnership commitment, it was a critical step forward in our ability to understand and overcome the multiple causes of lowered groundwater levels.

Understanding of the importance of the groundwater issue was underscored by increased City commitment of funds for the Trust in the next fiscal year to monitor and report on the well readings. As the fiscal year ended, availability of additional funding empowered the Trust to begin to develop professional staff support for its currently all-volunteer operation and critical programs.

In addition to the new well drilling program, other Trust activities included: expanding and enhancing our website format for public distribution of the water level readings gathered six times per year, as well as other Trust findings; review of proposed real estate developments in the affected neighborhoods for potential impacts on groundwater levels and for potential ways to protect and restore those levels; preparation of new observation well locations and the necessary documentation and processing of construction permits.

The Trust is pleased with the significant cooperation it has received from other public agencies, especially the Boston Water and Sewer Commission. Reducing the flow of storm runoff and pumped groundwater from basements and construction sites into the sewer will reduce BWSC wastewater treatment costs while recharging the underground aquifer on which the wooden pilings depend. Cooperation of the Commonwealth's Executive Office of Environmental Affairs has also been crucial in allowing us to

advance our efforts. Key to the advance of the partnership between the Commonwealth and the City on groundwater issues has been the Office of Commonwealth Development, which has convened regular interagency coordination meetings among the multiple State and City entities with responsibilities for parts of the problem and the solution. We also applaud the announcement by the Boston Redevelopment Authority of its efforts to develop a proposed zoning ordinance amendment to fortify safeguards for groundwater conservation.

We particularly want to acknowledge the personal commitment of Mayor Menino and Secretary Foy in a jointly hosted March meeting to report to neighborhood leaders concerning City and State efforts on groundwater issues. We also appreciate the work of Representative Capuano to secure federal EPA funding for additional wells in the next fiscal year. The ongoing support of members of the Boston delegation in the Legislature and of the City Council has also been deeply appreciated.

As we go forward, it will be crucial to understand the data that we are gathering and to develop ways to use it to help to overcome problems potentially caused by multiple and complex sources. We look forward to the continued support from the City and State agencies, as well as from dedicated Trustees who serve without compensation, an advisory committee of volunteer engineers, and from those who live, work, own and develop property in the central neighborhoods that are a signature component of what makes Boston livable, attractive, and economically strong.



Accountants' Review Report

To the Board of Trustees of
The Boston Groundwater Trust
Boston, Massachusetts

We have reviewed the accompanying statement of financial position of The Boston Groundwater Trust as of June 30, 2004, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The Boston Groundwater Trust.

A review consists principally of inquiries of Trust personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
September 17, 2004

BOSTON GROUNDWATER TRUST

Statement of Financial Position

As of June 30, 2004

SEE ACCOUNTANTS' REVIEW REPORT

ASSETS

CURRENT ASSETS:

Cash	\$	350,653
Grants and Contracts Receivable		100,000
TOTAL CURRENT ASSETS		<u>450,653</u>

TOTAL ASSETS	\$	<u>450,653</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued Expenses	\$	65,209
Deferred Revenue		143,243
TOTAL CURRENT LIABILITIES		<u>208,452</u>

NET ASSETS:

Unrestricted		242,201
TOTAL NET ASSETS		<u>242,201</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>450,653</u>
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The accompanying notes are an integral part of the financial statements.

BOSTON GROUNDWATER TRUST

Statement of Activities
For the Year ended June 30, 2004
SEE ACCOUNTANTS' REVIEW REPORT

REVENUE:		
Grants and Contracts	\$	530,757
Contributions of Cash		2,500
Contributed Services		1,767
Interest Income		3,225
TOTAL REVENUE		<u>538,249</u>
EXPENSES:		
PROGRAM EXPENSES:		
Groundwater Monitoring		50,552
Contract Labor		29,198
Insurance		2,781
Well Installation		268,937
TOTAL PROGRAM EXPENSES:		<u>351,468</u>
MANAGEMENT AND GENERAL EXPENSES:		
Professional Services		1,767
Miscellaneous Expense		372
TOTAL MANAGEMENT AND GENERAL EXPENSES:		<u>2,139</u>
TOTAL EXPENSES		<u>353,607</u>
CHANGE IN UNRESTRICTED NET ASSETS		184,642
NET ASSETS, BEGINNING OF YEAR		<u>57,559</u>
NET ASSETS, END OF YEAR	\$	<u>242,201</u>

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

BOSTON GROUNDWATER TRUST

Statement of Cash Flows
For the Year ended June 30, 2004
SEE ACCOUNTANTS' REVIEW REPORT

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Unrestricted Net Assets	\$ 184,642
Increase in Net Assets	<u>184,642</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in:	
Grants and Contracts Receivable	(100,000)
Increase (Decrease) in:	
Accrued Expenses	65,209
Deferred Revenue	<u>143,243</u>
Total Adjustments	<u>108,452</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>293,094</u>
NET INCREASE (DECREASE) IN CASH	293,094
CASH AT BEGINNING OF YEAR	<u>57,559</u>
CASH AT END OF YEAR	<u>\$ 350,653</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY:	
Contributed Services	1,767

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2004

SEE ACCOUNTANTS' REVIEW REPORT

Note 1 - ORGANIZATION:

The Boston Groundwater Trust was established as a trust in Massachusetts on July 18, 1986 under the custodianship of the City of Boston. The Trust's mission is to serve the public interest by re-establishing and maintaining a system for monitoring groundwater levels in parts of the City of Boston. It achieves this by engaging engineers, contractors and other professionals to reactivate existing wells and install new observation wells as well as collect, manage, publish and analyze data derived from old and new observation wells.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Trust are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. This is different from the cash basis of accounting, under which revenues are recognized when cash is received and expenses are recognized when cash is disbursed.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accrued Expenses

Accrued expenses include current period labor, installation and monitoring expenses paid after the balance sheet date.

Grants, Contracts and Deferred Revenue

The Boston Groundwater Trust receives substantially all grant and contract revenue from The City of Boston and its independent agencies. The Trust records grant/contract revenue as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in deferred revenue at June 30, 2004 represents amounts allocable to incomplete contracted well installations due to inclement winter weather. The revenue recognized in the current period was based on completion of 132 wells installed during the year divided by 185 total wells agreed to in the grant. Management intends to complete the project after year end.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2004

SEE ACCOUNTANTS' REVIEW REPORT

Note 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Boston Groundwater Trust has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Contributed Services

The ten Trustees of The Boston Groundwater Trust contribute their services to assist in maintaining the various programs of the Trust. The value of these services has not been recorded on the books. However, the value of donated professional services has been recorded as an expense and contribution received.

Other Revenues

Interest income is recognized when earned.

Income Taxes

The Trust is a not-for-profit organization that is exempt from income taxes under section 501(c)3 of the Internal Revenue Code.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported revenues, gains, support, expenses and losses. Actual results could differ from those estimates.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2004

SEE ACCOUNTANTS' REVIEW REPORT

Note 3 - SUMMARY OF GRANTS/CONTRACTS FUNDING:

The Boston Groundwater Trust was primarily funded through the following grants and contracts for the period July 1, 2003 to June 30, 2004:

Funding Source	Grant Contract Number	Grant Contract Period	Total Grant/ Contract	Recognized Support
City of Boston:				
Environmental Bond Bill	013202	06/09/03-06/08/04	\$500,000	\$356,757
The Environment Department		05/01/04-06/30/05	100,000	100,000
The Environment Department	013262	07/01/03-06/30/04	25,000	25,000
City of Boston Independent Agencies:				
Boston Water and Sewer			25,000	25,000
Boston Redevelopment Authority			24,000	24,000
Total Grants and Contracts			<u>\$674,000</u>	<u>\$530,757</u>

NOTE 4 - ACCOUNTS RECEIVABLE - GRANTS AND CONTRACTS:

As of June 30, 2004, accounts receivable from grants and contracts was composed of:

City of Boston:

The Environment Department \$100,000

NOTE 5 - CONCENTRATION OF CREDIT RISK:

The Boston Groundwater Trust maintains several bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded Federally insured limits.