

## INTRODUCTION

The Boston Groundwater Trust was established by the Boston City Council to monitor groundwater levels in sections of Boston where timber pile building foundations are threatened by lowered groundwater levels and to make recommendations for solving the problem. Fiscal Year 2005 was one of substantial accomplishment for the Trust in advancing those goals.

Using funds from both the Commonwealth's Environmental Bond Bill and from a grant from the U.S. Environmental Protection Agency, we have continued to build our network of groundwater observation wells. That network now includes locations in the Fenway, Back Bay, the South End, Lower Roxbury, Bay Village, Chinatown, and the Flat of Beacon Hill. As the year was ending, committed funds have allowed us to plan to extend the network into the Bulfinch Triangle, North End waterfront, Downtown waterfront, Fort Point Channel section of South Boston, and portions of East Boston. All of these neighborhoods were built on land reclaimed from the waters that surrounded the Town of Boston at its founding and all include many buildings that are supported on wood piling foundations. At the end of FY2005 the network included 545 observation wells; by the end of FY2006, the total will exceed 800. The wells installed during the year were completed on time and under budget.

The information gathered from the expanding well network has allowed the Trust to better understand the extent of lowered groundwater areas in the city. Working with our volunteer committee of technical advisors and with assistance at mapping data from the Boston Water and Sewer Commission, we have been able to better understand the location and extent of some of these depressions and to consider potential causes. More importantly, BWSC has made use of the data that we have generated to repair some leaks in their sewer system. Not only does this raise the groundwater level, but it reduces the amount of water processed by the regional sewage system, ultimately reducing BWSC's operating costs.

We significantly upgraded our website, [www.bostongroundwater.org](http://www.bostongroundwater.org), which includes all of the groundwater level readings that the Trust has taken since 1999. We added Building Information Reports that can help property owners to determine whether their properties are supported on wood pilings and the height at which those pilings were cut off. Groundwater related issues have been much in the news, and we have posted many of the stories that appeared during the year. We also posted copies of the Trust's comment letters on development projects. As the fiscal year ended, additional state grant funds, received with the City's support and coordination, allowed us to contract for a further upgrade, to be online in the fall, that will allow much easier access to well information directly from the well location map.

Organizationally, the Trust took a very important step during the year as increased funding from the City allowed us to hire our first direct employees, including an executive director, and to establish an office. We now have much more ability to participate in review of new developments, to proactively anticipate how changes can

affect the groundwater problem, to communicate with the public, governmental officials, and the media, and to be sure that the groundwater issue is always considered whenever an action that could affect it is contemplated. We have also completed an effort to update our by-laws and our Declaration of Trust to reflect what has been learned in the eight years since Mayor Menino reinvigorated the Trust in 1997.

Solution of the groundwater problem requires far more than the efforts of the Trust. In addition to the efforts of the Boston Water and Sewer Commission noted earlier, the issue has received much attention this year from the Boston Redevelopment Authority, which has made it a much more significant element of its Article 80 project approval process. The Boston Environment Department has also worked with the Trust to make sure that groundwater issues are addressed.

The year saw changes in the personnel designated by both the City and the Commonwealth to oversee groundwater issues. The Mayor named Jim Hunt to be his Cabinet Member for Environment and Energy, a new position in which groundwater issues are an important part of the portfolio. In addition, Andrew Gottlieb replaced Gina McCarthy as Deputy Secretary of the Office of Commonwealth Development, the State's key groundwater related position. We appreciate the efforts and cooperation that both have shown toward the Trust and more importantly, toward groundwater issues.

The Trust met during the year with members of the Boston Delegation to the Legislature and with members of the Boston City Council to update both legislative bodies on our findings and continuing efforts. We appreciate the support that we have received from both bodies in helping to secure necessary funding and in keeping the spotlight on the need to find solutions. We also want to thank Congressman Michael Capuano, who has been able to secure grants from the U.S. EPA both for well installation and, in a second grant to the City, for continuing efforts to solve the problem.

Going forward, the Trust will be working toward the completion of the basic well network installation and working on the analysis of the data, using the resources made available by the City, State, and Federal governments and private sector grants to develop better tools that can help in getting more of the water that rains on Boston into the ground, and encouraging the repair of leaks that drain groundwater away. We look forward to the continued efforts of our dedicated Trustees who serve without compensation, of our agency partners, and of an active citizenry who have been making their voices heard on the issue, including at a Groundwater Educational Forum that drew such a large crowd to the Rabb Auditorium in April that over a hundred people had to be turned away. With the best efforts of all we will overcome this problem that threatens so many of the neighborhoods in this City that we all love and cherish.



**Accountants' Review Report**

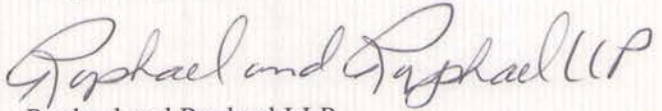
To the Board of Trustees of  
The Boston Groundwater Trust  
Boston, Massachusetts

We have reviewed the accompanying statement of financial position of The Boston Groundwater Trust as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years 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 16, 2005

BOSTON GROUNDWATER TRUST

Statements of Financial Position

As of June 30, 2005 and 2004

SEE ACCOUNTANTS' REVIEW REPORT

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,245,003	\$ 350,653
Grants and Contracts Receivable	60,500	100,000
TOTAL CURRENT ASSETS	<u>1,305,503</u>	<u>450,653</u>
TOTAL ASSETS	<u>\$ 1,305,503</u>	<u>\$ 450,653</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 116,331	\$ 65,209
Deferred Revenue	757,000	143,243
TOTAL CURRENT LIABILITIES	<u>873,331</u>	<u>208,452</u>
NET ASSETS:		
Unrestricted	<u>432,172</u>	<u>242,201</u>
TOTAL NET ASSETS	<u>432,172</u>	<u>242,201</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,305,503</u>	<u>\$ 450,653</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities  
For the Years ended June 30, 2005 and 2004  
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2005</u>	<u>2004</u>
REVENUE:		
Grants and Contracts	\$ 633,022	\$ 530,757
Contributions of Cash	-	2,500
Contributed Services	-	1,767
Interest Income	13,305	3,225
TOTAL REVENUE	<u>646,327</u>	<u>538,249</u>
EXPENSES:		
PROGRAM EXPENSES:		
Groundwater Monitoring	20,889	50,552
Contract Labor	31,060	29,198
Salary	31,269	-
Payroll taxes	7,539	-
Insurance	7,102	2,781
Well Installation	296,557	268,937
TOTAL PROGRAM EXPENSES:	<u>394,416</u>	<u>351,468</u>
MANAGEMENT AND GENERAL EXPENSES:		
Salary	46,154	-
Payroll Taxes	4,154	-
Professional Services	3,915	1,767
Rent	5,030	-
Website Expense	1,965	-
Miscellaneous Expense	722	372
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>61,940</u>	<u>2,139</u>
TOTAL EXPENSES	<u>456,356</u>	<u>353,607</u>
CHANGE IN UNRESTRICTED NET ASSETS	189,971	184,642
NET ASSETS, BEGINNING OF YEAR	<u>242,201</u>	<u>57,559</u>
NET ASSETS, END OF YEAR	<u>\$ 432,172</u>	<u>\$ 242,201</u>

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

BOSTON GROUNDWATER TRUST

Statements of Cash Flows  
For the Years ended June 30, 2005 and 2004  
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Unrestricted Net Assets	\$ 189,971	\$ 184,642
Increase in Net Assets	<u>189,971</u>	<u>184,642</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
Grants and Contracts Receivable	39,500	(100,000)
Increase (Decrease) in:		
Accrued Expenses	51,122	65,209
Deferred Revenue	<u>613,757</u>	<u>143,243</u>
Total Adjustments	<u>704,379</u>	<u>108,452</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>894,350</u>	<u>293,094</u>
NET INCREASE IN CASH	894,350	293,094
CASH AT BEGINNING OF YEAR	<u>350,653</u>	<u>57,559</u>
CASH AT END OF YEAR	<u>\$ 1,245,003</u>	<u>\$ 350,653</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Contributed Services	-	1,767

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2005 and 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 U.S. government, and the Commonwealth of MA. 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, 2005 and 2004 represents amounts allocable to incomplete contracted well installations. Management intends to complete the projects after year end.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements  
June 30, 2005 and 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, 2005 and 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, 2004 to June 30, 2005:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Grant Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
City of Boston:				
Environmental Bond Bill	013202	06/09/03-06/08/04	\$500,000	\$143,243
	0014479	07/1/04 – 12/31/04	500,000	343,000
	0016494	01/01/05 – 06/30/05	600,000	0
The Environment Department			50,000	50,000
The Environment Department	00017478	06/01/05-06/30/06	94,500	10,500
The Environment Department			36,500	36,500
US Environmental Protection Agency	XP-97110401	09/08/04 – 05/20/05	192,900	24,779
City of Boston Independent Agencies:				
Boston Water and Sewer			25,000	<u>25,000</u>
Total Grants and Contracts				<u>\$633,022</u>

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2005 and 2004

SEE ACCOUNTANTS' REVIEW REPORT

Note 3 - SUMMARY OF GRANTS/CONTRACTS FUNDING - Continued:

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	<u>24,000</u>
Total Grants and Contracts				<u>\$530,757</u>

NOTE 4 - ACCOUNTS RECEIVABLE - GRANTS AND CONTRACTS:

As of June 30, 2005, accounts receivable from grants and contracts was composed of:

City of Boston:

The Environment Department \$60,500

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.