

Boston

Groundwater Trust

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bostongroundwater.org

INTRODUCTION

Board of Trustees

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The Boston Groundwater Trust was established by the Boston City Council to monitor groundwater levels in sections of Boston where timber pile foundations are threatened by lowered groundwater levels and to make recommendations for solving the problem. Working with City and Commonwealth agencies as well as concerned citizens, the Trust made substantial progress toward these goals in Fiscal Year 2006.

The Trust has continued to build out our network of groundwater observation wells, financed by funds from the Commonwealth's Environmental Bond Bill and the U.S. Environmental Protection Agency. By the end of the fiscal year, we were monitoring 749 wells located in the Fenway, Back Bay, South End, Bay Village, Chinatown, Beacon Hill, North End/Waterfront, South Boston, and East Boston neighborhoods. During the year, we installed 204 wells, completing them on time and under budget. The basic network, which will include 801 wells, will be completed in September 2006.

Our operating budget was fully funded through a contract with the City of Boston Environment Department and a grant from the Boston Water and Sewer Commission. Operation costs were held under budget. An additional grant from the Commonwealth, secured through the efforts of the City, allowed us to purchase electronic data logging equipment to more closely monitor those wells that our Technical Advisory Committee determines should be looked at more frequently than on our standard interval. The grant also allowed us to further upgrade our website.

The website, www.bostongroundwater.org, now features an easier to use interactive map. We have received many positive comments about the way that this new feature enables users to find both current and historic data about any wells of interest and to get a clearer picture of the groundwater levels in a given area. We have also posted the readings from our new data loggers and upgraded other information on the site. At the end of the year, we further upgraded our software to allow the automated preparation of maps showing groundwater readings as of any date since we began recording them in 1999. This will allow us to better analyze how conditions have changed over time.

In September, the Trust was one of the signatories to a historic Memorandum of Understanding (MOU) among the City, the

Commonwealth, and those independent authorities that have underground infrastructure in areas of the City where groundwater levels are a concern. This MOU committed all of the signers to work together to understand the causes of lowered groundwater and to repair infrastructure that is likely to be contributing to the problem. It established a City-State Groundwater Working Group that meets quarterly to review progress toward solving the problem. The Trust has served as the source of information on the current groundwater levels and any significant changes that have occurred between meetings. We are pleased that all of the signatories have worked hard to meet their commitments. Every identified low groundwater level "hot spot" has one or more agencies working toward infrastructure repairs that are likely to help raise groundwater levels.

In addition to leaking infrastructure, another cause of lowered groundwater levels is lack of adequate recharge of rainwater into the ground. To address this problem, the City in February adopted a Groundwater Conservation Overlay District that, among its requirements, calls for new construction and substantial renovation projects to include a specified amount of recharge capacity. The Trust worked with the BRA, other City agencies, and citizen groups, including the Citywide Groundwater Emergency Taskforce, to refine the language for the zoning amendment, first proposed by the Neighborhood Association of the Back Bay. Since its adoption, we have testified at many hearings of the Zoning Board of Appeals at which GCOD permits have been considered. We have worked with several proponents to help make sure that their plans would meet the requirements.

The Trust completed a strategic planning process to look at how best to focus its activities after completion of the well network. This led us to request a change, adopted unanimously by the City Council and signed by the Mayor, that expanded the areas in which the Trust could operate to any areas of the City in which the groundwater problem occurs. In recognition of this expansion, our volunteer Board of Trustees was expanded to include representatives from the South End and Chinatown neighborhoods. We have also put in place several committees to help plan our work going forward.

The work of the Trust could not be nearly as effective without the volunteer efforts of our trustees and committee members. We also very much appreciate the efforts of those members of the public who have worked so hard on this issue. Of great importance has been the support of

legislators from the area. Congressman Capuano has worked hard to secure federal funding to help with the problem. In addition to the funds for the well network, Speaker DiMasi and Representatives Rushing and Walz have secured significant state funding for a project to attempt to raise groundwater levels in the area near Back Bay Station, long a groundwater "hot spot". Without all of their efforts, the work of the Trust and, more importantly, efforts to solve the problem would be far less successful. We look forward to continuing to make progress on all of these fronts in Fiscal year 2007.



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, 2006 and 2005, 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
October 13, 2006

BOSTON GROUNDWATER TRUST

Statements of Financial Position
As of June 30, 2006 and 2005
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 965,967	\$ 1,245,003
Grants and Contracts Receivable	-	60,500
TOTAL CURRENT ASSETS	<u>965,967</u>	<u>1,305,503</u>
TOTAL ASSETS	<u>\$ 965,967</u>	<u>\$ 1,305,503</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 128,197	\$ 116,331
Deferred Revenue	220,000	757,000
TOTAL CURRENT LIABILITIES	<u>348,197</u>	<u>873,331</u>
NET ASSETS:		
Unrestricted	<u>617,770</u>	<u>432,172</u>
TOTAL NET ASSETS	<u>617,770</u>	<u>432,172</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 965,967</u>	<u>\$ 1,305,503</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities
For the Years ended June 30, 2006 and 2005
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2006</u>	<u>2005</u>
REVENUE:		
Grants and Contracts	\$ 884,528	\$ 633,022
Interest Income	21,621	13,305
TOTAL REVENUE	<u>906,149</u>	<u>646,327</u>
EXPENSES:		
PROGRAM EXPENSES:		
Groundwater Monitoring	37,983	20,889
Contract Labor	-	31,060
Salary	72,797	31,269
Payroll taxes	6,396	7,539
Insurance	10,818	7,102
Well Installation	478,176	296,557
TOTAL PROGRAM EXPENSES:	<u>606,170</u>	<u>394,416</u>
MANAGEMENT AND GENERAL EXPENSES:		
Salary	67,692	46,154
Payroll Taxes	6,092	4,154
Professional Services	12,507	3,915
Rent	8,854	5,030
Website Expense	10,650	1,965
Miscellaneous Expense	8,586	722
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>114,381</u>	<u>61,940</u>
TOTAL EXPENSES	<u>720,551</u>	<u>456,356</u>
CHANGE IN UNRESTRICTED NET ASSETS	185,598	189,971
NET ASSETS, BEGINNING OF YEAR	<u>432,172</u>	<u>242,201</u>
NET ASSETS, END OF YEAR	<u>\$ 617,770</u>	<u>\$ 432,172</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, 2006 and 2005
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Unrestricted Net Assets	\$ 185,598	\$ 189,971
Increase in Net Assets	185,598	189,971
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
Grants and Contracts Receivable	60,500	39,500
Increase (Decrease) in:		
Accrued Expenses	11,866	51,122
Deferred Revenue	(537,000)	613,757
Total Adjustments	(464,634)	704,379
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(279,036)</u>	<u>894,350</u>
NET INCREASE (DECREASE) IN CASH	(279,036)	894,350
CASH AT BEGINNING OF YEAR	<u>1,245,003</u>	<u>350,653</u>
CASH AT END OF YEAR	<u>\$ 965,967</u>	<u>\$ 1,245,003</u>

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2006 and 2005

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, 2006 and 2005 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, 2006 and 2005

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 twelve 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..

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, 2006 and 2005

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 year ended June 30, 2006:

Funding Source	Grant Contract Number	Grant Contract Period	Total Grant/ Contract	Recognized Support
City of Boston:				
Environmental Bond Bill	0014479	07/1/04 – 12/31/04	\$500,000	157,000
	0016494	01/01/05 – 06/30/05	600,000	380,000
The Environment Department			71,000	71,000
The Environment Department	00017478	06/01/05-06/30/06	94,500	84,000
US Environmental Protection Agency	XP-97110401	09/08/04 – 05/20/05	192,900	160,528
Beacon Capital Partners			7,000	7,000
City of Boston Independent Agencies:				
Boston Water and Sewer			25,000	<u>25,000</u>
Total Grants and Contracts				<u>\$884,528</u>

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2006 and 2005

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 year ended June 30, 2005:

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	\$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, 2006 and 2005

SEE ACCOUNTANTS' REVIEW REPORT

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
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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.