

Boston

Groundwater Trust

234 Clarendon St., Third Floor, Boston, MA 02116
617.859.8439 voice • 617.266.8750 fax
bostongroundwater.org

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Elliott Laffer

The Boston Groundwater Trust was established by the Boston City Council to monitor groundwater levels in areas of the City where the integrity of building foundations is threatened by lowered groundwater levels and to make recommendations for solving the problem. In Fiscal 2007, we continued to make progress in these efforts.

We noted a major milestone in September 2006 when we celebrated the completion of our basic 800 observation well network in the South End by reading the final well, which is located there. This was a fitting bookend for the ceremony noting the first observation well, drilled just over three years ago in the Fenway. Among our public official partners speaking at the ceremony were Mayor Menino, Speaker DiMasi, Representatives Rushing and Walz, and Councilor Ross. Many others attended what was a stellar day. Video of the ceremony is posted on our website, www.bostongroundwater.org.

The website has continued to be an effective tool for communicating about groundwater issues. Traffic to the site has increased dramatically, with average daily visits exceeding what was a busy day only a year ago. We are now able to post readings from our observation wells within a day of their being recorded, making the most up-to-date information always available. We continue to refine our website to make the results as useful as possible.

Our well monitoring has revealed several areas that we call "hot spots" where there is a persistence of very low groundwater readings in a zone over an extended period of time. Working through the City-State Groundwater Working Group, we have participated in efforts to discover and to deal with them. There are plans in place for efforts at each of them, and some are starting to bear positive fruit. We appreciate the commitment of all of the agencies involved with the Working Group to helping to solve groundwater problems. We are also attempting to develop a method that will allow tracking of how much groundwater is being removed from major underground infrastructure to help guide repair efforts.

The Trust has continued to play an important advisory role to the Boston Redevelopment Authority in its review of significant projects that can have impacts on groundwater levels. We have worked with the BRA to develop procedures that can streamline the process while assuring that all concerns are properly addressed.

The Groundwater Conservation Overlay District first implemented in 2006 was expanded this year in modified form to sections of the North End and the Fort Point Channel neighborhood of South Boston. The Trust has testified at almost all Board of Appeal hearings in which groundwater is an issue and has had significant input in helping to make sure that the Board has all of the information it needs to make determinations on GCOD issues.

As the fiscal year was ending, the Trust funded its first two research projects. One effort, working with Wentworth Institute of Technology, is to develop and test out a potentially less expensive alternative to underpinning repairs that would be applicable to lighter wood pile supported structures. The other, working with the Center for Subsurface Imaging and Sensing, a National Science Foundation affiliate managed by Northeastern University, is to attempt to develop a practical method of determining pile cut off elevations without digging test pits. Results of both projects are expected in FY2008.

We are pleased that the City once again fully funded our request for operating funds and that we received a grant for operating funds from the Boston Water and Sewer Commission. In addition, we received a Community Benefits grant from the Clarendon project through the BRA, allowing us to pursue the research projects. All well construction was completed under budget, and all Trust operations were completed within our budget.

We could not succeed without the efforts of our trustees, who serve without compensation. We also could not accomplish what we do without the help of our volunteer Technical Advisory Committee which has devoted many hours to helping us to understand what the well readings are telling us and how to use that information to help solve the problem.

Critical to success is the continued support all of the constituent members have given to the City-State Groundwater Working Group. All members have continued to share information and to devote time and resources to identifying and addressing potential causes of groundwater drawdowns.

Support from City and State officials has been critical to enabling the Trust to reach our current status. Unfortunately, this year saw the passing of two of them who had been very helpful to our efforts, City Councilor

James Kelly and mayoral advisor Bo Holland. Their counsel and support was important, and they will be missed.

While we have made significant strides, it is important to remember that these wood piling supported structures that represent so much of Boston's history will always be vulnerable to lowered groundwater levels. We must remain ever vigilant and must continue to monitor levels, repair leaking infrastructure, assure that new projects cannot cause drawdowns, and recharge rainwater into the ground so that these buildings, located in almost all of Boston's intown neighborhoods, can continue to help define this special City.

Elliott Laffer
Executive Director



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, 2007 and 2006, 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
August 17, 2007

BOSTON GROUNDWATER TRUST

Statements of Financial Position
As of June 30, 2007 and 2006
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 774,917	\$ 965,967
Grants and Contracts Receivable	7,000	-
Prepaid Expenses	830	-
TOTAL CURRENT ASSETS	<u>782,747</u>	<u>965,967</u>
TOTAL ASSETS	<u>\$ 782,747</u>	<u>\$ 965,967</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 5,486	\$ 128,197
Deferred Revenue	-	220,000
TOTAL CURRENT LIABILITIES	<u>5,486</u>	<u>348,197</u>
NET ASSETS:		
Unrestricted	<u>777,261</u>	<u>617,770</u>
TOTAL NET ASSETS	<u>777,261</u>	<u>617,770</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 782,747</u>	<u>\$ 965,967</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities
For the Years ended June 30, 2007 and 2006
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2007</u>	<u>2006</u>
REVENUE:		
Grants and Contracts	\$ 486,650	\$ 884,528
Interest Income	38,928	21,621
TOTAL REVENUE	<u>525,578</u>	<u>906,149</u>
EXPENSES:		
PROGRAM EXPENSES:		
Groundwater Monitoring	-	37,983
Salary	65,388	72,797
Payroll taxes	6,353	6,396
Insurance	5,819	10,818
Well Installation	133,972	478,176
Research	44,500	-
TOTAL PROGRAM EXPENSES:	<u>256,032</u>	<u>606,170</u>
MANAGEMENT AND GENERAL EXPENSES:		
Salary	76,923	67,692
Payroll Taxes	6,887	6,092
Employee Benefits and Reimbursed Expenses	7,484	4,322
Professional Services	5,800	12,507
Rent and Utilities	10,242	8,854
Website Expense	628	10,650
Miscellaneous Expense	2,091	4,264
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>110,055</u>	<u>114,381</u>
TOTAL EXPENSES	<u>366,087</u>	<u>720,551</u>
CHANGE IN UNRESTRICTED NET ASSETS	159,491	185,598
NET ASSETS, BEGINNING OF YEAR	<u>617,770</u>	<u>432,172</u>
NET ASSETS, END OF YEAR	<u>\$ 777,261</u>	<u>\$ 617,770</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, 2007 and 2006
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Unrestricted Net Assets	\$ 159,491	\$ 185,598
Increase in Net Assets	159,491	185,598
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in:		
Grants and Contracts Receivable	(7,000)	60,500
Prepaid Expenses	(830)	-
Increase (Decrease) in:		
Accrued Expenses	(122,711)	11,866
Deferred Revenue	(220,000)	(537,000)
Total Adjustments	(350,541)	(464,634)
NET CASH USED BY OPERATING ACTIVITIES	<u>(191,050)</u>	<u>(279,036)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,050)	(279,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>965,967</u>	<u>1,245,003</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 774,917</u>	<u>\$ 965,967</u>

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements June 30, 2007 and 2006 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.

Cash and Cash Equivalents

Cash and cash equivalents are held in banks and money market mutual funds, and consist of highly liquid investments with a maturity when purchased of twelve months or less.

Accrued Expenses

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements June 30, 2007 and 2006 SEE ACCOUNTANTS' REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

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 represents amounts allocable to incomplete contracted well installations.

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, 2007 and 2006
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, 2007:

<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	0016494	01/01/05-06/30/05	\$600,000	\$220,000
The Environment Department		09/01/06-06/30/07	159,650	159,650
MBTA Well Reimbursement			7,000	7,000
City of Boston Independent Agencies:				
Boston Redevelopment Authority			75,000	75,000
Boston Water and Sewer			25,000	<u>25,000</u>
Total Grants and Contracts				<u>\$ 486,650</u>

BOSTON GROUNDWATER TRUST

Notes to Financial Statements
June 30, 2007 and 2006
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, 2006:

<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	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, 2007 and 2006
SEE ACCOUNTANTS' REVIEW REPORT

NOTE 4 - ACCOUNTS RECEIVABLE - GRANTS AND CONTRACTS:

As of June 30, 2007, accounts receivable from grants and contracts was composed of:

MBTA Well Reimbursement	\$7,000
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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.

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.

NOTE 6 - RETIREMENT PLAN

In 2007, the Trust established a discretionary retirement plan under Section 408(K) of the Internal Revenue Code. Under the plan and at its discretion, the Trust contributes 3% of gross earnings to eligible employees who are at least twenty-one years old and have completed at least 3 years of service in the preceding five years. Employees are 100% vested upon participation. The Trust's contribution to the plan totaled \$2,152 as of June 30, 2007.