

Boston Groundwater Trust

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August 12, 2013

ANNUAL REPORT INTRODUCTION

The Boston Groundwater Trust was established by the Boston City Council to monitor groundwater levels in sections of the City where the integrity of building foundations is threatened by low groundwater levels and to make recommendations for solving the problem. In Fiscal Year 2013 (7/1/12 through 6/30/13), we continued to make progress on these efforts.

The Trust is an active participant in the quarterly meetings of the City-State Groundwater Working Group. All Working Group meetings open with a review and analysis of the latest readings from our network of more than 800 observation wells that measure groundwater levels throughout the areas of concern in the City.

This year, the data generated from our well network has led to the identification of causes of low water readings and to their repair by our partners in the Working Group. Based on low groundwater readings, which included continuous logging of critical wells, BWSC has made repairs to two drain lines and associated manholes in Dartmouth Street in Back Bay that have caused groundwater levels to increase in that corridor by 1-2 feet. MassDOT continues to pursue additional leaks in the drain line from the Turnpike that could be responsible for some of the low readings found north of that road; previous repairs have led to substantial increases in groundwater levels in sections of Bay Village where they were long depressed. The MBTA has used our data in their planning for an expanded continuous recharge system to raise groundwater levels south of the Southwest Corridor near Back Bay Station that will extend a successful existing system farther to the east.

The Trust's work at addressing the groundwater problem can only be effective with the cooperation of many others. In addition to the Trust's partners on the Working Group, the Boston Redevelopment Authority has made the evaluation of groundwater impacts an important part of the Article 80 development review process for all projects. During the year, the Trust formally commented on 13 project submittals; these, and all of our comment letters, are posted on our website, www.bostongroundwater.org.

The Inspectional Services Department and the Zoning Board of Appeals have been diligent in making sure that all qualifying projects comply with the requirements of the Groundwater Conservation Overlay District. The BWSC has been helpful in determining that the required recharge systems are properly sized and designed. To date nearly 350 recharge systems have been approved through the GCOD process, and more than 200 have been installed and are directing rainfall into the ground rather than the sewer system. During the year, the Trust conducted additional training for ISD plan examiners to help them in their efforts to enforce the GCOD zoning.

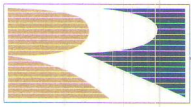
Public communication about groundwater is an important part of the Trust's role. The Trust's primary means of communication is our website, www.bostongroundwater.org, which is used as a resource by many people (we average almost 200 discrete visitors a day) concerned about the issue. The site includes, in addition to an interactive map with current and historic data on all of our observation wells, minutes of trustees' meetings, all reports from the executive director and technical and recharge coordinator, all of our comment letters, news stories about groundwater issues, information about piling cutoffs, recharge information, and other data that can be helpful to anyone interested in or concerned about the topic, whether professional, member of the public, or government official. New information posted to the website, other than new well readings that are posted as soon as they are available, is identified under a "Newest" tab so that visitors can easily find this latest material.

The success of the Trust's efforts would not be possible without the support of the Mayor and the City Council. Once again in FY2013, the Trust's funding request was approved by the City. In addition, the Trust received a \$25,000 grant from the BWSC. The Trust's operations for the year were once again conducted within its operating budget.

The Trust's success is also predicated on the efforts of our 13 Trustees, who serve without compensation. The Trustees meet bimonthly and review all operations of the Trust, setting policy and providing guidance for the staff. Also critical to the Trust's success are the eight volunteer members of the Technical Advisory Committee. The committee meets regularly to help the Trust interpret the results of its well readings and develop strategies for addressing problems.

While important strides have been made in addressing groundwater problems, it is important to remember that the wood piling supported structures that represent so much of Boston's history will always be vulnerable to lowered groundwater levels. All of us who are concerned about Boston 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 in-town neighborhoods, can continue to protect the economic viability of a significant tax base asset and also help to maintain the historic character of this special city.

Elliott Laffer
Executive Director



Independent Accountants' Review Report

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

We have reviewed the accompanying statements of financial position of The Boston Groundwater Trust (a nonprofit organization) as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Trust management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

Respectfully submitted,

Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
August 26, 2013

BOSTON GROUNDWATER TRUST

Statements of Financial Position

As of June 30, 2013 and 2012

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 85,277	\$ 345,888
Investments - Maturing in Less Than a Year	62,007	385,519
Interest Receivable	4,509	2,371
TOTAL CURRENT ASSETS	<u>151,793</u>	<u>733,778</u>
LONG TERM ASSETS:		
Investments - Maturing in More Than a Year	565,241	-
TOTAL LONG TERM ASSETS	<u>565,241</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 717,034</u>	<u>\$ 733,778</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	5,180	3,180
TOTAL CURRENT LIABILITIES	<u>5,180</u>	<u>3,180</u>
NET ASSETS:		
Unrestricted	711,854	730,598
TOTAL NET ASSETS	<u>711,854</u>	<u>730,598</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 717,034</u>	<u>\$ 733,778</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities

For the Years Ended June 30, 2013 and 2012

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

	<u>2013</u>	<u>2012</u>
REVENUE:		
Grants and Contracts	\$ 194,373	\$ 219,373
Interest Income	3,406	8,246
Dividends	10	-
Miscellaneous Revenue	3,500	3,578
TOTAL REVENUE	<u>201,289</u>	<u>231,197</u>
EXPENSES:		
PROGRAM EXPENSES:		
Salary	63,788	66,712
Well Installation	-	26,777
Payroll taxes	5,130	5,452
Insurance	7,431	7,366
Employee Benefits	1,888	1,828
Groundwater Monitoring	1,002	19,306
Website Expense	2,457	10,774
TOTAL PROGRAM EXPENSES	<u>81,696</u>	<u>138,215</u>
MANAGEMENT AND GENERAL EXPENSES:		
Salary	92,457	90,202
Rent and Utilities	10,819	11,237
Payroll Taxes	7,419	7,428
Professional Services	6,820	6,000
Employee Benefits and Reimbursed Expenses	2,651	2,651
Miscellaneous Expense	5,212	10,461
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>125,378</u>	<u>127,979</u>
TOTAL EXPENSES	<u>207,074</u>	<u>266,194</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	(5,785)	(34,997)
CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>(12,959)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(18,744)	(34,997)
NET ASSETS, BEGINNING OF YEAR	<u>730,598</u>	<u>765,595</u>
NET ASSETS, END OF YEAR	<u>\$ 711,854</u>	<u>\$ 730,598</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, 2013 and 2012
SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Unrestricted Net Assets	\$ (18,744)	\$ (34,997)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Unrealized Gains (Losses)	12,959	-
Bond Premium Amortization	2,139	
(Increase) Decrease in:		
Interest Receivable	(2,138)	10,906
Increase (Decrease) in:		
Accrued Expenses	2,000	757
Total Adjustments	<u>14,960</u>	<u>11,663</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,784)</u>	<u>(23,334)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(642,346)	(385,519)
Maturity of Certificates of Deposit	385,519	626,076
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(256,827)</u>	<u>240,557</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(260,611)	217,223
Cash and Cash Equivalents at Beginning of Year	<u>345,888</u>	<u>128,665</u>
Cash and Cash Equivalents at End of Year	<u>\$ 85,277</u>	<u>\$ 345,888</u>

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2013 and 2012

SEE INDEPENDENT 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 in addition to collecting, managing, publishing and analyzing 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 Accounting Standards Codification (FASB ASC) Topic 958, *Not-For-Profit Entities*. Under FASB ASC Topic 958, 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 three months or less.

On March 26, 2009, the Trustees voted to create an unrestricted reserve fund for the following uses: groundwater research; network upgrading; contingency for technical assistance.

Investments

The Foundation adopted FASB ASC 958-320, "Not-for-Profit Entities-Investments-Debt and Equity Securities." Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2013 and 2012

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued:

Investments consist of investments in bonds and CDs and are reflected at fair market value. Generally, management relies on its custodian for securities valuations. Bond premiums and discounts are amortized over the maturity life of the bond.

Accrued Expenses

Accrued expenses include current period labor and website expenses paid after the balance sheet date.

Grants, Contracts and Deferred Revenue

The Boston Groundwater Trust receives substantially all grants and contract revenue from the City of Boston and its independent agencies, the U.S. government, and the Commonwealth of Massachusetts. 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.

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 and Facilities

The thirteen Trustees of The Boston Groundwater Trust contribute their services to assist in maintaining the various programs of the Trust. The Trust received rent free office space and use of business equipment for one of its employees through September 2011. The value of these contributions has not been recorded on the accompanying financial statements since the services do not meet the criteria for recognition.

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. The Trust's tax returns generally remain subject to examination for three years after filing.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2013 and 2012

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

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.

Compensated Absences

Employees of the Trust are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Trust's policy is to recognize the cost of compensated absences when paid to employees.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but that could affect the amounts or disclosures in the financial statements. Management has evaluated subsequent events through the date that the financial statements are available to be issued, which is the date noted at the bottom of the auditor's report.

NOTE 3 – INVESTMENTS:

For the years ended June 30, 2013 and 2012, management has classified all of its securities as held-to-maturity and has unrealized losses of \$12,959 and \$0 respectively.

The marketable securities portfolio is comprised of the following:

	June 30,			
	2013		2012	
	<u>Cost</u>	<u>Value</u>	<u>Cost</u>	<u>Value</u>
Bonds	552,207	540,923	0	0
CDs	88,000	86,325	385,519	385,519
	<u>\$ 640,207</u>	<u>\$ 627,248</u>	<u>\$ 385,519</u>	<u>\$ 385,519</u>