

Report of

Boston Groundwater Trust

June 30, 2016



Boston Groundwater Trust

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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, especially those supported by wood pilings, is threatened by low groundwater levels and to make recommendations for solving the problem. In Fiscal Year 2016 (7/1/15 through 6/30/16), 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 which includes all of the public bodies that have significant underground infrastructure in areas where many buildings are supported on wood pilings. 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.

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 11 project submittals; these, and all of our comment letters, are posted on our website <http://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 over 400 recharge systems have been approved and installed through the GCOD process, directing rainfall into the ground rather than the sewer system. We have worked with ISD and other City agencies to streamline the GCOD process which has reduced project delays without losing the benefits gained through the process.

Executive Director

Christian Simonelli

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 those people who are 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, 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. All well readings are posted as soon as they are available. All other new information posted to the website is identified under a "Latest News" 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 FY2016, the Trust's funding request was approved by the City. In addition, the Trust received their annual 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 executive director. Also critical to the Trust's success are the nine volunteer members of the Technical Advisory Committee, all local engineers and scientists who are identified on our website. 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 magnificent city.



Christian Simonelli, Executive Director

Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Boston Groundwater Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

Respectfully submitted,



Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
September 27, 2016

BOSTON GROUNDWATER TRUST

Statements of Financial Position

As of June 30, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 108,657	\$ 70,518
Investments - Maturing in Less Than a Year	119,377	121,559
Interest Receivable	8,195	6,372
TOTAL CURRENT ASSETS	<u>236,229</u>	<u>198,449</u>
LONG TERM ASSETS:		
Investments - Maturing in More Than a Year	<u>511,505</u>	<u>501,790</u>
PROPERTY AND EQUIPMENT:		
Equipment	27,229	-
Less - Accumulated Depreciation	(227)	-
NET PROPERTY AND EQUIPEMENT	<u>27,002</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 774,736</u>	<u>\$ 700,239</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 3,482	\$ 4,641
NET ASSETS:		
Unrestricted	<u>771,254</u>	<u>695,598</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 774,736</u>	<u>\$ 700,239</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities

For the Years Ended June 30, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	<u>2016</u>	<u>2015</u>
REVENUE:		
Grants and Contracts	\$ 194,373	\$ 194,373
Interest Income	13,152	10,593
Miscellaneous Revenue	2,000	-
TOTAL REVENUE	<u>209,525</u>	<u>204,966</u>
EXPENSES:		
PROGRAM EXPENSES:		
Salary	7,413	59,054
Well Installation	-	20,107
Payroll Taxes	608	4,483
Insurance	8,004	6,426
Employee Benefits	-	1,540
Groundwater Monitoring	1,510	976
Website Expense	607	834
Depreciation	227	-
TOTAL PROGRAM EXPENSES	<u>18,369</u>	<u>93,420</u>
MANAGEMENT AND GENERAL EXPENSES:		
Salary	87,096	88,092
Rent and Utilities	15,490	13,143
Payroll Taxes	6,224	6,754
Professional Services	6,000	6,000
Employee Benefits	3,942	4,531
Miscellaneous Expense	5,055	6,377
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>123,807</u>	<u>124,897</u>
TOTAL EXPENSES	<u>142,176</u>	<u>218,317</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE OTHER INCOME	67,349	(13,351)
OTHER INCOME		
Loss on Sale of Investments	<u>(2,428)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	64,921	(13,351)
CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>10,735</u>	<u>(594)</u>
INCREASE (DECREASE) IN NET ASSETS	75,656	(13,945)
NET ASSETS, BEGINNING OF YEAR	<u>695,598</u>	<u>709,543</u>
NET ASSETS, END OF YEAR	<u>\$ 771,254</u>	<u>\$ 695,598</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, 2016 and 2015
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 75,656	\$ (13,945)
Adjustments to Reconcile Increase (Decrease) in Net Assets To Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	227	-
Unrealized (Gains) Losses	(10,735)	594
Loss on Disposition of Assets	2,428	-
Bond Premium Amortization	10,796	12,905
(Increase) Decrease in:		
Interest Receivable	(1,823)	(1,406)
Increase (Decrease) in:		
Accrued Expenses	(1,160)	(1,445)
Total Adjustments	<u>(267)</u>	<u>10,648</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>75,389</u>	<u>(3,297)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(142,212)	(102,856)
Proceeds from Sale of Investment	12,191	-
Maturity of Certificates of Deposit and Bonds	120,000	80,000
Purchase of Property and Equipment	(27,229)	-
NET CASH USED IN INVESTING ACTIVITIES ACTIVITIES	<u>(37,250)</u>	<u>(22,856)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,139	(26,153)
Cash and Cash Equivalents at Beginning of Year	<u>70,518</u>	<u>96,671</u>
Cash and Cash Equivalents at End of Year	<u>\$ 108,657</u>	<u>\$ 70,518</u>

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 1 - ORGANIZATION:

The Boston Groundwater Trust (the "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; and a contingency for technical assistance.

Investments

The Trust adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, 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, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

Investments consist of investments in bonds and certificates of deposit 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.

Depreciation

Property and Equipment is valued at cost and is being depreciated over 5 years on the straight line method. Maintenance and repairs are charged to expense when incurred. Upon retirement or disposition, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations.

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, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S 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, 2016 and 2015, management has classified all of the securities held by the Trust as held-to-maturity. In 2016 and 2015 the Trust had unrealized gains/(losses) of \$10,735 and (\$594) respectively.

The marketable securities portfolio is comprised of the following:

	June 30,			
	2016		2015	
	<u>Cost</u>	<u>Value</u>	<u>Cost</u>	<u>Value</u>
Bonds	\$ 442,127	\$ 446,352	\$ 465,330	\$ 461,053
CDs	182,000	184,530	162,000	162,296
	<u>\$ 624,127</u>	<u>\$ 630,882</u>	<u>\$ 627,330</u>	<u>\$ 623,349</u>

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 3 – INVESTMENTS - Continued:

The maturities of the investments in bonds and CDs for each of the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>	<u>CDs</u>	<u>Total</u>
2017	\$ 41,106	\$ 78,270	\$ 119,376
2018	84,689	44,183	128,872
2019	83,978	0	83,978
2020	111,052	41,289	152,341
2021	105,227	0	105,227
Thereafter	20,301	20,788	41,089
Total	<u>\$ 446,353</u>	<u>\$ 184,530</u>	<u>\$ 630,883</u>

NOTE 4 - FAIR VALUE MEASUREMENTS:

The Trust uses a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of the Trust's investments. The three levels are defined as follows:

- Level 1 - Valuations based on quoted prices for identical securities in active markets
- Level 2 - Prices determined using other significant observable inputs
- Level 3 - Valuations based on inputs that are unobservable and significant

The following is a summary of the inputs used as of June 30, 2016 in valuing the Trust's investments:

<u>Asset Valuation Inputs</u>	<u>Trading Securities</u>
Level 1 - Quoted Prices	\$ 630,882
Level 2 - Other Significant Observable Inputs	
Level 3 - Significant Unobservable Inputs	

The Trust relies on its custodian for valuations of its trading securities.

The following is a summary of the inputs used as of June 30, 2015 in valuing the Trust's investments:

<u>Asset Valuation Inputs</u>	<u>Trading Securities</u>
Level 1 - Quoted Prices	\$ 623,349
Level 2 - Other Significant Observable Inputs	
Level 3 - Significant Unobservable Inputs	

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2016 and 2015

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 5 - SUMMARY OF GRANTS/CONTRACTS FUNDING:

The Boston Groundwater Trust was primarily funded through the following grants and contracts for the year ended June 30, 2016:

Funding Source	Grant Period	Contract	Total Grant/Contract	Recognized Support
<hr/>				
City of Boston:				
The Environmental Department	6/30/15-6/30/16		\$169,373	\$169,373
City of Boston Independent Agencies:				
Boston Water and Sewer Commission			<u>25,000</u>	<u>25,000</u>
Total Grants and Contracts			<u>\$194,373</u>	<u>\$194,373</u>

NOTE 5 - 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, 2015:

Funding Source	Grant Period	Contract	Total Grant/Contract	Recognized Support
<hr/>				
City of Boston:				
The Environmental Department	6/30/14-6/30/15		\$169,373	\$169,373
City of Boston Independent Agencies:				
Boston Water and Sewer Commission			<u>25,000</u>	<u>25,000</u>
Total Grants and Contracts			<u>\$194,373</u>	<u>\$194,373</u>

NOTE 6 - CONCENTRATION OF CREDIT RISK:

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.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2016 and 2015

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NOTE 7 - RETIREMENT PLAN:

The Trust has a discretionary retirement plan under Section 408(k) of the Internal Revenue Code. Under the plan and at its discretion, the Trust has contributed 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 contributions to the plan were \$3,942 and \$4,934 for the years ended June 30, 2016 and 2015, respectively.

NOTE 8 - LEASES:

The Trust sub-leases its facilities from the Back Bay Association. The operating lease was effective June 1, 2010, and is automatically renewable if not canceled. The lease is cancelable at any time by either party on one month's notice with no penalty.

Rent expense paid by the Trust was \$15,490 and \$13,041 for the years ended June 30, 2016 and 2015, respectively.