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Boston Groundwater Trust

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www.bostongroundwater.org

November 5th, 2020

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Christian Simonelli

ANNUAL REPORT - FISCAL YEAR 2020

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 2020 (7/1/19 through 6/30/20), we continued to make headway on these efforts.

The Trust's primary responsibility is to maintain our approximately 800 observation well network, to measure groundwater elevations, and to distribute the data to the public. While the COVID-19 pandemic temporarily paused measuring groundwater in the early Spring, we resumed in early June and are on schedule to complete our usual number of groundwater elevations for the network.

Our principal means of communication is our website, www.bostongroundwater.org. Traffic on the Trust's website slightly increased this past year. The site includes our interactive map with current and historic groundwater level data on all of our observation wells, as well as updated organization documents, executive director reports, project comment letters, news stories about groundwater issues, building wood piling cutoff information, and Groundwater Conservation Overlay District (GCOD) information. Well readings are posted as soon as they are available, and we continue to read the well network 6-8 times per year.

The Trust is an active participant in the quarterly meetings of the City-State Groundwater Working Group which includes all 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 observation well elevations throughout the areas of concern in the City. Participation continues to be excellent. All agencies respond to the Trusts requests for information, investigation, and, if necessary, repairs in areas where we have low groundwater elevations.

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 Planning and Development Agency (BPDA) has made the evaluation of groundwater impacts a requirement of the Article 80 development review process for all projects. During the year, the Trust formally commented on 8 project submittals.

Public outreach and awareness efforts were continued as the Trust presented the groundwater issue to several residents, city departments and agencies, neighborhood groups, law firms, and real estate brokerages throughout the past year.

The Trust met with members of the City's Climate Action team to discuss the City's coastal resilience planning process. It is critical that any mitigation efforts for sea-level rise do not have a negative impact on the groundwater regime.

Along with representatives from Boston Water & Sewer Commission (BWSC) and Inspectional Services Department (ISD) the Trust conducted site-visits to examine older buildings with deep basements. Moving forward it is critical that if deep basements are found to have groundwater infiltration issues, they be remedied to have only a positive impact on the groundwater regime.

ISD and the Zoning Board of Appeals continue to be diligent in assuring that all qualifying projects comply with the requirements of the GCOD. BWSC has been helpful in determining that the required recharge systems are properly sized and designed. To date over 750 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.

Moving forward the Trust will seek to modify the existing GCOD that was established in 2006. Throughout the year the Trust met with various City departments & agencies to present our proposed modifications which will continue to aid in preserving wood pile supported structures.

The success of the Trust's efforts would not be possible without the support of the Mayor, the City Council and the Department of Environment, Energy and Open Space. Once again in FY20, the Trust's request for operating funds was approved by the City and the Trust also received an annual grant from the BWSC. The Trust's operations for the year were once again conducted within its annual 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 do not cause drawdowns, advocate for porous pavements, and recharge rainwater into the ground so that these buildings, located in the filled land of Boston's neighborhoods, can continue to protect the economic viability of a substantial tax base asset and also help to preserve the historic character of this magnificent city.

Cordially Yours,

A handwritten signature in cursive script that reads "Christian S. Simonelli".

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, 2020 and 2019, 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 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 engagement 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 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 accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

A handwritten signature in cursive script that reads "Raphael and Raphael LLP".

Raphael and Raphael LLP
Certified Public Accountants

Boston, Massachusetts
November 5, 2020

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BOSTON GROUNDWATER TRUST

Statements of Financial Position

As of June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 441,237	\$ 225,571
Interest Receivable	2,454	2,206
Investments Maturing in Less Than a Year	121,425	147,228
TOTAL CURRENT ASSETS	<u>565,116</u>	<u>375,005</u>
LONG TERM ASSETS:		
Investments Maturing in More Than a Year	<u>343,905</u>	<u>454,541</u>
PROPERTY AND EQUIPMENT:		
Equipment	45,900	47,873
Less - Accumulated Depreciation	(32,655)	(23,475)
NET PROPERTY AND EQUIPEMENT	<u>13,245</u>	<u>24,398</u>
TOTAL ASSETS	<u>\$ 922,266</u>	<u>\$ 853,944</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 5,299	\$ 3,862
NET ASSETS:		
Without Donor Restrictions	<u>916,967</u>	<u>850,082</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 922,266</u>	<u>\$ 853,944</u>

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

BOSTON GROUNDWATER TRUST

Statements of Activities

For the Years Ended June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	<u>2020</u>	<u>2019</u>
REVENUE:		
Grants and Contracts	\$ 194,373	\$ 194,373
Interest Income	18,471	16,185
TOTAL REVENUE	<u>212,844</u>	<u>210,558</u>
EXPENSES:		
PROGRAM EXPENSES:		
Well Installation	-	21,713
Payroll	51,202	50,612
Payroll Taxes	4,065	3,963
Employee Benefits	6,632	6,123
Rent and Utilities	10,099	10,786
Groundwater Monitoring	5,331	7,090
Depreciation	8,880	8,486
TOTAL PROGRAM EXPENSES	<u>86,209</u>	<u>108,773</u>
MANAGEMENT AND GENERAL EXPENSES:		
Payroll	42,014	44,872
Payroll Taxes	3,271	3,547
Employee Benefits	6,632	6,124
Insurance	878	-
Rent and Utilities	3,367	3,595
Professional Services	7,830	6,000
Office Expense	6,727	5,497
Depreciation	300	301
TOTAL MANAGEMENT AND GENERAL EXPENSES	<u>71,019</u>	<u>69,936</u>
TOTAL EXPENSES	<u>157,228</u>	<u>178,709</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER INCOME	55,616	31,849
OTHER INCOME (LOSS)		
Gain on Sale of Investments	2,196	-
Impairment Loss	(1,973)	-
TOTAL OTHER INCOME (LOSS)	<u>223</u>	<u>-</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	55,839	31,849
CHANGE IN UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>11,046</u>	<u>18,173</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	66,885	50,022
NET ASSETS, BEGINNING OF YEAR	<u>850,082</u>	<u>800,060</u>
NET ASSETS, END OF YEAR	<u>\$ 916,967</u>	<u>\$ 850,082</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, 2020 and 2019
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	<u>\$ 66,885</u>	<u>\$ 50,022</u>
Adjustments to Reconcile Increase in Net Assets To Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	9,180	8,786
Unrealized (Gains) Losses	(11,046)	(18,173)
Gain on Sale of Investments	(2,196)	-
Impairment Loss	1,973	-
Bond Premium Amortization	2,089	3,853
(Increase) Decrease in:		
Interest Receivable	(248)	541
Increase (Decrease) in:		
Accrued Expenses	1,437	(359)
Total Adjustments	<u>1,189</u>	<u>(5,352)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>68,074</u>	<u>44,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	-	(79,373)
Maturity of Certificates of Deposit and Bonds	147,592	40,000
Purchase of Property and Equipment	-	(3,945)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>147,592</u>	<u>(43,318)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,666	1,352
Cash and Cash Equivalents at Beginning of Year	<u>225,571</u>	<u>224,219</u>
Cash and Cash Equivalents at End of Year	<u>\$ 441,237</u>	<u>\$ 225,571</u>

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

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

Contributions, net assets, and changes therein are classified and reported as without donor restrictions and with donor restrictions, based on the existence or absence of donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

Investments

Investments consist of 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. Unrealized gains and losses are included in the change of net assets.

Investment Income

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accrued Expenses

Accrued expenses include current period labor 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.

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.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

Property and Equipment

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.

Functional Expenses

The Trust reports its expenses by their functional expense classification. Expenses related to monitoring of groundwater levels in the City of Boston are classified as program expenses. All other expenses are classified as management and general expenses. Some expenses are allocated between program and management and general. Payroll, payroll taxes and employee benefits are allocated between program and management and general based on time spent on program work versus administrative work. Rent and utilities are allocated based on square footage of space used for program activities versus administrative work. Depreciation expense related to program equipment is classified as a program expense; depreciation expense related to office equipment is classified as a management and general expense.

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. Unused paid time off does not carry over from year to year; therefore, 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.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued:

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, 2020 and 2019, management has classified all of the securities held by the Trust as held-to-maturity. In 2020 and 2019 the Trust had unrealized gains or (losses) of \$11,046 and \$18,173, respectively.

The marketable securities portfolio is comprised of the following:

	June 30,			
	2020		2019	
	<u>Cost</u>	<u>Value</u>	<u>Cost</u>	<u>Value</u>
Bonds	\$ 427,600	\$ 444,688	\$ 535,086	\$ 541,673
CDs	20,000	20,642	60,000	60,096
	<u>\$ 447,600</u>	<u>\$ 465,330</u>	<u>\$ 595,086</u>	<u>\$ 601,769</u>

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>
2021	\$ 121,425	\$ -	\$ 121,425
2022	20,898	20,642	41,540
2023	152,158	-	152,158
2024	21,977	-	21,977
2025	85,025	-	85,025
Thereafter	43,205	-	43,205
Total	<u>\$ 444,688</u>	<u>\$ 20,642</u>	<u>\$ 465,330</u>

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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, 2020 in valuing the Trust's investments:

<u>Asset Valuation Inputs</u>	<u>Trading Securities</u>
Level 1 - Quoted Prices	\$ 465,330
Level 2 - Other Significant Observable Inputs	-
Level 3 - Significant Unobservable Inputs	-

The following is a summary of the inputs used as of June 30, 2019 in valuing the Trust's investments:

<u>Asset Valuation Inputs</u>	<u>Trading Securities</u>
Level 1 - Quoted Prices	\$ 601,769
Level 2 - Other Significant Observable Inputs	-
Level 3 - Significant Unobservable Inputs	-

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

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

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, 2020:

Funding Source	Grant Period	Contract	Total Grant/ Contract	Recognized Support
City of Boston:				
The Environmental Department	6/30/19-6/30/20		\$169,373	\$169,373
City of Boston Independent Agencies:				
Boston Water and Sewer Commission			25,000	25,000
			\$194,373	\$194,373
Total Grants and Contracts			\$194,373	\$194,373

The Boston Groundwater Trust was primarily funded through the following grants and contracts for the year ended June 30, 2019:

Funding Source	Grant Period	Contract	Total Grant/ Contract	Recognized Support
City of Boston:				
The Environmental Department	6/30/18-6/30/19		\$169,373	\$169,373
City of Boston Independent Agencies:				
Boston Water and Sewer Commission			25,000	25,000
			\$194,373	\$194,373
Total Grants and Contracts			\$194,373	\$194,373

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.

The Trust maintains its cash accounts in Massachusetts financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, the Trust's cash balances were in excess of federally insured limits. The Trust has not experienced any losses in these accounts.

BOSTON GROUNDWATER TRUST

Notes to Financial Statements

June 30, 2020 and 2019

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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 5% 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 \$4,350 and \$4,325 for the years ended June 30, 2020 and 2019, 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 \$13,466 and \$14,381 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 - IMPAIRMENT LOSS:

In February and April, 2019, the Trust purchased equipment with a total cost of \$3,945. As of the date of this review report, this equipment has not been placed in service and it is unclear whether it will be placed in service in the future. Management has determined that the value of this equipment has declined by approximately half since the purchase date and as a result, the Trust has recognized impairment loss in the amount of \$1,973.

Note 10 - LIQUIDITY:

The Trust regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds.

The following reflects the Trust's financial assets as of the statement of financial position date:

Cash and Cash Equivalents	\$	441,237
Interest Receivable		2,454
Investments		465,330
Financial Assets Available to Meet General Expenditures within One Year	\$	<u>909,021</u>