

**ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**



ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

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**Feeley & Driscoll, P.C.**  
Certified Public Accountants / Business Consultants

To the Board of Directors  
Rose Fitzgerald Kennedy Greenway Conservancy, Inc.  
Boston, Massachusetts

Independent Auditors' Report

We have audited the accompanying statements of financial position of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (the "Conservancy") as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Conservancy's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

August 24, 2009

*Feeley & Driscoll, P.C.*

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statements of Financial Position

June 30, 2009 and 2008

Assets

	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 2,571,656	\$ 2,570,858
Pledges receivable, short term, net	2,106,580	2,676,000
Total current assets	<u>4,678,236</u>	<u>5,246,858</u>
Property and equipment:		
Leasehold improvements	412,027	-
Office equipment	82,438	67,260
	<u>494,465</u>	<u>67,260</u>
Less accumulated depreciation	<u>(29,331)</u>	<u>(17,691)</u>
	<u>465,134</u>	<u>49,569</u>
Other assets:		
Permanently restricted endowment	12,139,770	10,524,770
Pledges receivable, long term	646,000	1,353,500
Interest receivable	63,218	-
	<u>12,848,988</u>	<u>11,878,270</u>
Total assets	<u>\$ 17,992,358</u>	<u>\$ 17,174,697</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statements of Financial Position - Continued

June 30, 2009 and 2008

Liabilities and Net Assets

	<u>2009</u>	<u>2008</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 92,555	\$ 59,608
Accrued professional fees	20,000	20,000
Total current liabilities	<u>112,555</u>	<u>79,608</u>
Net assets:		
Unrestricted	645,465	585,014
Board restricted	930,000	930,000
Total unrestricted net assets	<u>1,575,465</u>	<u>1,515,014</u>
Temporarily restricted	4,164,568	5,055,305
Permanently restricted	12,139,770	10,524,770
Total net assets	<u>17,879,803</u>	<u>17,095,089</u>
Total liabilities and net assets	<u>\$ 17,992,358</u>	<u>\$ 17,174,697</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statements of Activities

For the years ended June 30, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:								
Government support	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 750,000	\$ -	\$ 750,000
Contributions and donations	12,770	378,974	-	391,744	748,825	1,675,000	1,554,000	3,977,825
Mother's walk revenue	-	261,960	-	261,960	-	708,270	-	708,270
In-kind revenue	561,531	-	-	561,531	514,786	-	-	514,786
Interest and dividends	236,596	-	-	236,596	465,751	-	-	465,751
Event revenue	-	300,066	-	300,066	-	-	-	-
Annual fund	10,894	-	-	10,894	-	-	-	-
Gala revenue	290,250	-	-	290,250	-	-	-	-
Net assets released	2,216,737	(3,831,737)	1,615,000	-	756,199	(2,115,533)	1,359,334	-
Total revenue and support	3,328,778	(890,737)	1,615,000	4,053,041	2,485,561	1,017,737	2,913,334	6,416,632
Expenses:								
Program	2,036,391	-	-	2,036,391	1,652,706	-	-	1,652,706
Administration	633,068	-	-	633,068	336,286	-	-	336,286
Fundraising	598,868	-	-	598,868	453,453	-	-	453,453
Total expenses	3,268,327	-	-	3,268,327	2,442,445	-	-	2,442,445
Change in net assets	60,451	(890,737)	1,615,000	784,714	43,116	1,017,737	2,913,334	3,974,187
Net assets, beginning of year	1,515,014	5,055,305	10,524,770	17,095,089	1,471,898	4,037,568	7,611,436	13,120,902
Net assets, end of year	\$ 1,575,465	\$ 4,164,568	\$ 12,139,770	\$ 17,879,803	\$ 1,515,014	\$ 5,055,305	\$ 10,524,770	\$ 17,095,089

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statements of Cash Flows

For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 784,714	\$ 3,974,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,640	9,608
Increase (decrease) in cash resulting from changes in:		
Pledges receivable, short term	569,420	(1,069,166)
Pledges receivable, long term	707,500	432,500
Interest receivable	(63,218)	-
Accounts payable and accrued expenses	32,947	(3,751)
Accrued professional fees	-	(205)
Net cash provided by operating activities	<u>2,043,003</u>	<u>3,343,173</u>
Cash flows from investing activities -		
Purchases of property and equipment	(427,205)	(34,878)
Net cash used in investing activities	<u>(427,205)</u>	<u>(34,878)</u>
Cash flows from financing activities -		
Permanently restricted endowment	(1,615,000)	(2,913,334)
Net cash used in financing activities	<u>(1,615,000)</u>	<u>(2,913,334)</u>
Net increase in cash and cash equivalents	798	394,961
Cash and cash equivalents, beginning of year	<u>2,570,858</u>	<u>2,175,897</u>
Cash and cash equivalents, end of year	<u>\$ 2,571,656</u>	<u>\$ 2,570,858</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statement of Functional Expenses

For the year ended June 30, 2009

	Program				Total	Administrative	Fundraising	Total
	Park Operations	Education Outreach	Public Events	Total				
Salaries	\$ 384,097	\$ 54,709	\$ 164,862	\$ 603,668	\$ 337,536	\$ 82,183	\$ 1,023,387	
Consultants	164,999	495	122,769	288,263	40,117	224,695	553,075	
Events and entertainment	-	-	278,233	278,233	-	153,631	431,864	
Rent expense	81,135	8,100	94,240	183,475	52,550	53,975	290,000	
Employee benefits	85,859	12,229	36,853	134,941	75,451	18,371	228,763	
Legal and accounting	40,939	4,058	47,220	92,217	26,331	27,045	145,593	
Sales and marketing	-	4,307	110,638	114,945	12,400	-	127,345	
Engraving and installation	-	-	122,700	122,700	-	-	122,700	
Office expense	26,810	2,658	30,923	60,391	17,244	17,711	95,346	
Insurance	14,279	1,416	16,469	32,164	9,184	9,433	50,781	
Bad debt expense	-	-	-	-	50,000	-	50,000	
Service providers	42,820	-	-	42,820	-	-	42,820	
Maintenance and horticulture	37,269	-	-	37,269	-	-	37,269	
Travel and entertainment	8,767	869	10,112	19,748	5,639	5,792	31,179	
Printing and reproduction	7,876	781	9,085	17,742	5,066	5,203	28,011	
Planning/Design services	4,055	-	-	4,055	-	-	4,055	
Recruiting	896	89	1,033	2,018	576	592	3,186	
Payroll expense	1,108	158	476	1,742	974	237	2,953	
	<u>\$ 900,909</u>	<u>\$ 89,869</u>	<u>\$ 1,045,613</u>	<u>\$ 2,036,391</u>	<u>\$ 633,068</u>	<u>\$ 598,868</u>	<u>\$ 3,268,327</u>	

See accompanying notes to financial statements.



ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Statement of Functional Expenses

For the year ended June 30, 2008

	Program				Total	Administrative	Fundraising	Total
	Park Operations	Education Outreach	Public Events	Total				
Salaries	\$ 302,957	\$ 49,682	\$ 127,425	\$ 480,064	\$ 152,685	\$ 112,266	\$ 745,015	
Consultants	42,848	37,252	18,097	98,197	23,843	182,801	304,841	
Sales and marketing	30,762	30,762	164,447	225,971	30,762	30,762	287,495	
Employee benefits	79,880	13,278	37,364	130,522	53,117	46,260	229,899	
Planning/Design services	175,007	-	-	175,007	-	-	175,007	
Service providers	92,699	-	49,088	141,787	-	-	141,787	
Legal and accounting	26,799	26,799	26,799	80,397	26,800	26,799	133,996	
Rent expense	23,091	23,091	23,091	69,273	23,091	23,091	115,455	
Events and entertainment	-	-	95,347	95,347	-	5,486	100,833	
Office expense	18,643	18,643	18,643	55,929	18,642	18,643	93,214	
Printing and reproduction	-	-	54,201	54,201	-	-	54,201	
Engraving and installation	-	-	23,970	23,970	-	-	23,970	
Travel and entertainment	3,442	3,442	3,442	10,326	3,443	3,442	17,211	
Insurance	1,791	1,791	1,791	5,373	1,790	1,790	8,953	
Recruiting	1,511	1,511	1,511	4,533	1,510	1,510	7,553	
Payroll expense	603	603	603	1,809	603	603	3,015	
	<u>\$ 800,033</u>	<u>\$ 206,854</u>	<u>\$ 645,819</u>	<u>\$ 1,652,706</u>	<u>\$ 336,286</u>	<u>\$ 453,453</u>	<u>\$ 2,442,445</u>	

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2009 and 2008

Note 1 - Conservancy

Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (the "Conservancy") is a private not-for-profit Conservancy dedicated to raising broad-based support to ensure standards of excellence in the design, sustainability and use of the Rose Fitzgerald Kennedy Greenway (the "Greenway"). To secure the Greenway's future as one of America's foremost urban parks, the Conservancy will advocate for standards of consistency and excellence in design; manage its operations; working collaboratively to create, finance, promote and coordinate public programs and events; and raise adequate and stable funding to support the long-term sustainability of its public uses.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Conservancy in the preparation of the accompanying financial statements is set forth below:

Basis of Presentation - The accounts of the Conservancy are maintained on the accrual basis of accounting. Net assets are classified into unrestricted, temporarily restricted and permanently restricted net assets, when appropriate, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives as follows:

*Unrestricted* - Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Directors.

*Board Restricted* - Unrestricted net assets whose use is designated for specific purposes by action of the board of directors.

*Temporarily Restricted* - Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled by the actions of the Conservancy. Included in this category are pledges receivable that will be reclassified to permanently restricted net assets upon receipt in conjunction with donor stipulations.

*Permanently Restricted* - Reflects the historical cost of gifts subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Conservancy considers highly liquid investments with an initial maturity of three (3) months or less to be cash equivalents.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 2 - Summary of Significant Accounting Policies - Continued

Contributions - Contributions are recognized as revenues and expenses in the year received or made, at their fair value. Gifts-in-kind are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Pledges are recorded at fair value according to FAS 157 at initial recognition.

Allowance for Doubtful Pledges - An allowance for doubtful pledges is recorded to report pledges receivable at their net realizable value. Estimates for doubtful accounts are based on past collection experience together with a review of the current status of the existing receivables. The allowance for doubtful pledges was \$50,000 and \$-0- at June 30, 2009 and 2008.

Property and Equipment - All property and equipment are stated at cost. Major renewals, additions and betterments are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred.

Depreciation - Depreciation is computed using the straight-line method over the estimated useful lives of the related asset as follows:

<u>Asset</u>	<u>Life in Years</u>
Leasehold improvements	15
Office equipment	5-7

Contributions, Gifts and Grants - The Conservancy follows Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." SFAS No. 116 requires that contributions be recorded as receivables and revenues and requires the Conservancy to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. When considered material, contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

Functional Allocation of Expenses - The costs of providing the Conservancy's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 2 - Summary of Significant Accounting Policies - Continued

Income Taxes - The Conservancy is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

In accordance with FASB Staff Position (FSP) 48-3, the Conservancy has elected to defer the application of FASB Interpretation (FIN) 48 to fiscal years beginning after December 15, 2008. The Conservancy will evaluate its tax positions in accordance with FIN 48 when FASB releases guidance and will determine its effect at that time. The current tax positions have been evaluated using FASB 5, Accounting for Contingencies.

Reclassification of Prior Year's Balances - Certain account balances as of June 30, 2008 have been reclassified to enhance financial statement comparability (State and federal revenue has been reclassified out of Contributions and donations on the Statement of Activities).

Fair Value Measurements - In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Note 3 - Pledges Receivable

Pledges receivable consisted of the following as of June 30:

	<u>2009</u>	<u>2008</u>
Total unconditional promises to give	\$ 2,752,580	\$ 4,029,500
Less amount due in one year	<u>2,106,580</u>	<u>2,676,000</u>
Long term pledges receivable	<u>\$ 646,000</u>	<u>\$ 1,353,500</u>

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 3 - Pledges Receivable - Continued

The contribution payments to be received were as follows for the years ending after June 30, 2009:

Less than one year	\$	2,106,580
One to five years		<u>646,000</u>
	\$	<u>2,752,580</u>

The allowance for doubtful pledges of \$50,000 as of June 30, 2009 was included in the amounts due in less than one year.

Note 4 - Contributions, Gifts and Grants

During the years ended June 30, 2009 and 2008, contributions were released from restriction for the following programs and purposes:

	<u>2009</u>	<u>2008</u>
Permanently restricted	\$ 1,615,000	\$ 1,359,334
Public events	1,107,701	322,980
Park operations	755,125	288,689
Operations	261,474	59,000
Outreach and education	<u>92,437</u>	<u>85,530</u>
	<u>\$ 3,831,737</u>	<u>\$ 2,115,533</u>

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 5 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following at June 30:

	<u>2009</u>	<u>2008</u>
Maintenance and horticulture	\$ 1,621,326	\$ -
Endowment	1,387,500	2,942,500
Education and outreach	899,834	891,898
Planning and design	105,908	-
Operations	90,000	412,351
Park specific	60,000	120,000
Public event	-	563,675
Park operations	-	124,881
	<u>\$ 4,164,568</u>	<u>\$ 5,055,305</u>

Permanently restricted net assets were available for the following at June 30:

	<u>2009</u>	<u>2008</u>
Endowment - general	\$ 11,362,770	\$ 9,807,770
Park specific	<u>777,000</u>	<u>717,000</u>
	<u>\$ 12,139,770</u>	<u>\$ 10,524,770</u>

Permanently restricted net assets at June 30, 2009 and 2008 are restricted for investment in perpetuity, the income from which is available to support the park operations and other outreach programs.

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 6 - Operating Lease

The Conservancy occupied certain premises with The Chiafaro Company during the period September 16, 2006 through June 30, 2009. The Conservancy is not obligated to pay rent with respect to the premises during the terms of the leases. The estimated fair market value of the occupancies was \$24,167 and \$9,621 per month during the years ended June 30, 2009 and 2008, respectively, and has been reported as both contribution revenue and rent expense for the years ended June 30, 2009 and 2008. The terms of the leases is month to month and automatically renews until terminated by either party with written notice. For the years ended June 30, 2009 and 2008, contribution revenue and rent expense relating to these leases was \$290,000 and \$115,455, respectively. See Note 7.

Note 7 - Donated Goods, Services and Use of Facilities

Donated goods, services and facilities included in the financial statements include the following:

	<u>2009</u>	<u>2008</u>
Office space	\$ 290,000	\$ 115,455
Architectural design services	174,362	109,486
Advertising space and services	72,250	177,707
Legal services	17,314	74,488
Meals	4,225	4,420
Furniture	3,380	1,355
Printing and office expenses	-	25,699
Software	-	4,492
Utilities	-	1,684
	<u>\$ 561,531</u>	<u>\$ 514,786</u>

ROSE FITZGERALD KENNEDY  
GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2009 and 2008

Note 8 - Consulting and Service Provider Agreements

During the years ended June 30, 2009 and 2008, the Conservancy entered into twenty-three (23) and eleven (11) consulting and service provider agreements, respectively. The expense relating to these agreements was approximately \$651,754 and \$446,600 for the years ended June 30, 2009 and 2008, respectively.

The anticipated future minimum consulting payment is as follows:

Period ended June 30:

2010	<u>\$ 172,303</u>
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Note 9 - Concentrations

Contributions from one (1) and three (3) donors accounted for approximately fifty-two percent (52%) and seventy-nine percent (79%) of the Conservancy's revenues for the years ended June 30, 2009 and 2008, respectively.

Transactions with two (2) and one (1) donors accounted for approximately forty-nine percent (49%) and twenty-five percent (25%) of the Conservancy's pledges receivable for the years ended June 30, 2009 and 2008, respectively.

The Conservancy has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, the FDIC formally approved an increased insurance limit of \$250,000 per banking institution per account owner for interest bearing accounts from its previous limit of \$100,000. The temporary increase is in effect until December 31, 2013. As of June 30, 2009, the Conservancy had \$4,884,459 in excess of the FDIC limit.