

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

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012



ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position June 30, 2013 and 2012	3
Statements of Activities For the years ended June 30, 2013 and 2012	5
Statement of Functional Expenses For the year ended June 30, 2013	6
Statement of Functional Expenses For the year ended June 30, 2012	7
Statements of Cash Flows For the years ended June 30, 2013 and 2012	8
Notes to Financial Statements June 30, 2013 and 2012	9
Supplemental Information -	
Schedule of Functional Expenses and Expenditures - Massachusetts Department of Transportation (excluding in-kind support) For the year ended June 30, 2013	19
Schedule of Functional Expenses and Expenditures - Massachusetts Department of Transportation (excluding in-kind support) For the year ended June 30, 2012	20





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

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

Independent Auditor's Report

We have audited the accompanying financial statements of Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report - Continued

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and expenditures, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Boston, Massachusetts
September 9, 2013

Feeley & Discoll, P.C.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statements of Financial Position

June 30, 2013 and 2012

Assets

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 1,461,545	\$ 1,049,538
Accounts receivable	10,364	16,205
Pledges receivable, short term	62,980	198,730
Current portion of assets whose use is limited or restricted	1,855,626	1,695,041
Prepays and other current assets	6,221	4,300
Total current assets	<u>3,396,736</u>	<u>2,963,814</u>
Assets whose use is limited or restricted:		
Pledges receivable	82,000	130,500
Board designated	628,445	659,699
Donor restricted	14,052,514	13,879,779
	<u>14,762,959</u>	<u>14,669,978</u>
Property and equipment:		
Greenway improvements	3,105,895	1,492,845
Vehicles	113,003	113,003
Office equipment	10,563	13,363
	<u>3,229,461</u>	<u>1,619,211</u>
Less accumulated depreciation	(299,083)	(205,075)
	<u>2,930,378</u>	<u>1,414,136</u>
Total assets	<u>\$ 21,090,073</u>	<u>\$ 19,047,928</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statements of Financial Position - Continued

June 30, 2013 and 2012

Liabilities and Net Assets

	<u>2013</u>	<u>2012</u>
Current liabilities -		
Accounts payable and accrued expenses	\$ 802,383	\$ 342,940
Net assets:		
Unrestricted	3,606,125	2,141,239
Board designated funds	628,445	659,699
Total unrestricted net assets	<u>4,234,570</u>	<u>2,800,938</u>
Temporarily restricted	2,548,350	2,399,280
Permanently restricted	13,504,770	13,504,770
Total net assets	<u>20,287,690</u>	<u>18,704,988</u>
Total liabilities and net assets	<u>\$ 21,090,073</u>	<u>\$ 19,047,928</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statements of Activities

For the years ended June 30, 2013 and 2012

	2013			2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and support:							
Government support	\$ -	\$ 2,149,888	\$ -	\$ -	\$ 1,840,069	\$ -	\$ 1,840,069
In-kind support - public	235,047	-	-	224,047	-	-	224,047
In-kind support - private	111,604	-	-	200,260	-	-	200,260
Contributions and donations	89,278	2,008,721	-	124,627	1,225,543	-	1,350,170
Gala revenue, net	252,271	-	-	402,350	30,000	-	432,350
Earned revenue	206,301	-	-	168,766	-	-	168,766
Interest and dividends	22,486	287,647	-	16,198	295,885	-	312,083
Realized and unrealized gains	1,934	398,734	-	18,915	229,056	-	247,971
Insurance and other recoveries	59,158	-	-	9,205	-	-	9,205
Net assets released - endowment	581,007	(581,007)	-	547,922	(547,922)	-	-
Net assets released - other	4,114,913	(4,114,913)	-	2,677,064	(2,677,064)	-	-
Total revenue and support	5,673,999	149,070	-	4,389,354	395,567	-	4,784,921
Expenses:							
Programmatic	3,318,324	-	-	3,462,022	-	-	3,462,022
Administration	528,190	-	-	627,028	-	-	627,028
Fundraising	393,853	-	-	481,789	-	-	481,789
Total expenses	4,240,367	-	-	4,570,839	-	-	4,570,839
Change in net assets	1,433,632	149,070	-	(181,485)	395,567	-	214,082
Net assets, beginning of year	2,800,938	2,399,280	13,504,770	2,982,423	2,003,713	13,504,770	18,490,906
Net assets, end of year	\$ 4,234,570	\$ 2,548,350	\$ 13,504,770	\$ 2,800,938	\$ 2,399,280	\$ 13,504,770	\$ 18,704,988

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statement of Functional Expenses

For the year ended June 30, 2013

	Programmatic				Total	Administrative	Fundraising	Total
	Maintenance & Horticulture	Public Events	Education/ Green & Grow	Planning & Design				
Salaries and benefits	\$ 832,966	\$ 270,860	\$ 180,512	\$ 191,059	\$ 1,475,397	\$ 447,683	\$ 269,489	\$ 2,192,569
Contracted services	729,242	-	2,298	3,378	734,918	11,874	6,645	753,437
Direct program expense	466,187	113,882	12,506	3,961	596,536	-	52,302	648,838
Legal and accounting	87,206	17,499	9,259	8,240	122,204	21,809	20,795	164,808
Occupancy expense	70,888	15,290	8,340	6,950	101,468	19,463	18,069	139,000
Insurance	113,359	745	406	339	114,849	948	881	116,678
Depreciation	49,372	10,649	5,808	4,840	70,669	13,553	12,586	96,808
Office expense	45,284	7,872	4,229	4,558	61,943	10,106	9,969	82,018
Public outreach	8,925	15,959	1,050	875	26,809	2,450	2,275	31,534
Professional development	12,423	387	613	108	13,531	304	842	14,677
	<u>\$ 2,415,852</u>	<u>\$ 453,143</u>	<u>\$ 225,021</u>	<u>\$ 224,308</u>	<u>\$ 3,318,324</u>	<u>\$ 528,190</u>	<u>\$ 393,853</u>	<u>\$ 4,240,367</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statement of Functional Expenses

For the year ended June 30, 2012

	Programmatic							
	Maintenance & Horticulture	Public Events	Education/ Green & Grow	Planning & Design	Total	Administrative	Fundraising	Total
Salaries and benefits	\$ 754,792	\$ 211,967	\$ 176,305	\$ 185,115	\$ 1,328,179	\$ 497,251	\$ 329,047	\$ 2,154,477
Contracted services	670,222	-	-	-	670,222	25,316	4,900	700,438
Direct program expense	449,799	180,856	12,508	2,120	645,283	-	41,616	686,899
Legal and accounting	189,212	42,047	17,520	17,520	266,299	42,047	42,047	350,393
Public outreach	53,060	70,558	4,913	4,913	133,444	11,791	11,790	157,025
Occupancy expense	75,058	16,680	6,950	6,950	105,638	16,680	16,680	138,998
Depreciation	74,855	16,634	6,931	6,931	105,351	16,634	16,634	138,619
Office expense	63,146	17,656	5,607	7,903	94,312	16,566	17,163	128,041
Insurance	95,624	743	309	309	96,985	743	743	98,471
Professional development	14,316	798	996	199	16,309	-	1,169	17,478
	<u>\$ 2,440,084</u>	<u>\$ 557,939</u>	<u>\$ 232,039</u>	<u>\$ 231,960</u>	<u>\$ 3,462,022</u>	<u>\$ 627,028</u>	<u>\$ 481,789</u>	<u>\$ 4,570,839</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,582,702	\$ 214,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,808	138,619
Realized and unrealized gains on investments	(400,668)	(229,056)
Increase (decrease) in cash resulting from changes in:		
Restricted cash	137,627	84,652
Pledges receivable	79,250	102,750
Accounts receivable	5,841	(5,561)
Prepays and other current assets	(1,921)	(4,300)
Accounts payable and accrued expenses	459,443	153,295
Net cash provided by operating activities	<u>1,959,082</u>	<u>454,481</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,613,050)	(441,420)
Contributions restricted for property and equipment	(1,783,136)	(982,941)
Purchases of investments	(353,073)	(500,884)
Endowment draw	581,007	547,922
Net cash used in investing activities	<u>(3,168,252)</u>	<u>(1,377,323)</u>
Cash flows from financing activities:		
Proceeds from board designated funds	31,254	112,053
Contributions restricted for property and equipment	1,484,923	411,990
Contributions restricted for greenway improvements	35,000	(37,500)
Contributions collected for endowment	70,000	205,000
Net cash provided by financing activities	<u>1,621,177</u>	<u>691,543</u>
Net increase (decrease) in cash and cash equivalents	412,007	(231,299)
Cash and cash equivalents, beginning of year	<u>1,049,538</u>	<u>1,280,837</u>
Cash and cash equivalents, end of year	<u>\$ 1,461,545</u>	<u>\$ 1,049,538</u>

See accompanying notes to financial statements.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Note 1 - Conservancy

Rose Fitzgerald Kennedy Greenway Conservancy, Inc. (the "Conservancy") is a private, non-profit corporation dedicated to raising broad-based support to ensure standards of excellence in the design, sustainability, and use of the Rose Fitzgerald Kennedy Greenway. To secure the Conservancy's future as one of America's foremost urban parks, the Conservancy advocates for standards of consistency and excellence in design; manages its operations working collaboratively to create, finance, promote, and coordinate public programs and events for the general public to enjoy; and raises adequate and stable funding in support of long-range public uses.

The Conservancy works to achieve its public mission in a public/private partnership with the Commonwealth of Massachusetts as described in the Conservancy's enabling legislation.

The Maintenance and Horticulture Department maintains the hardscape, furnishings, and special features, and uses organic practices to care for the lawns, beds, and trees. The Planning and Design Department plans and leads park improvements such as furniture, way finding signage, art planning, and the design and construction of the Greenway Carousel and site. Green & Grow is the youth workforce development and education program that the Conservancy runs to help young Bostonians become effective and reliable employees through working and learning in an urban park. The Public Events Department brings hundreds of free annual events including farmers markets, concerts, festivals, community celebrations, and art installations. The Fundraising department works to cultivate donors and raise private support for the Conservancy, and Administration includes finance, human resources and information technology.

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 Designated Funds - 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.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies - Continued

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.

Accounts Receivable - Accounts receivable from vendor fees are based on invoice balances due. The Conservancy provides an allowance for doubtful accounts equal to estimated bad debt losses. The estimated losses are based on historical collection experience, together with a review of the current status of the existing receivables. No allowance was considered necessary as of June 30, 2013 and 2012.

Assets Whose Use Is Limited or Restricted - Assets whose use is limited or restricted include assets set aside by the board of directors over which the board retains control and may, at its discretion, use for various purposes, and assets specified by donors or grantors for specific purposes.

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 \$45,520 and \$50,000 at June 30, 2013 and 2012, respectively.

Property and Equipment - All property and equipment are stated at cost or, if donated, at the fair market value at the date of receipt. 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>
Greenway improvements	3-20
Vehicles	4-7
Office equipment	7

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies - Continued

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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.

Contributions, Gifts and Grants - 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 and recorded in the appropriate net asset category in accordance with donor imposed restrictions. 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 (1) 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. Gifts-in-kind are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

Contributed Services - Contributions of services are recognized in accordance with applicable accounting standards if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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.

Income Taxes - The Conservancy is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Tax years from 2009 through the current year remain open for examination by Federal and state tax authorities.

Subsequent Events - The Conservancy has evaluated events and transactions subsequent to year end for potential recognition or disclosure in the financial statements through September 9, 2013, which is the date the financial statements were available for issuance.

Note 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three (3) levels of the fair value hierarchy under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) are described as follows:

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 3 - Fair Value Measurements - Continued

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.
---------	--

Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
---------	---

Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
---------	---

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Exchange Traded Funds: Valued at the daily closing price as reported by the fund. Funds held by the Conservancy are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Conservancy are deemed to be actively traded.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 3 - Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, the Conservancy's invested assets at fair value as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds:				
U.S. fixed income funds	\$ 5,196,599	\$ -	\$ -	\$ 5,196,599
U.S. equities funds	3,949,617	-	-	3,949,617
Non-U.S. equities funds	2,926,236	-	-	2,926,236
Cash and equivalents	966,226	-	-	966,226
Commodities and precious metals funds	933,126	-	-	933,126
Real estate funds	554,929	-	-	554,929
Currencies funds	196,549	-	-	196,549
Non-U.S. fixed income funds	164,565	-	-	164,565
	<u>\$ 14,887,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,887,847</u>
Total	<u>\$ 14,887,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,887,847</u>

The following table sets forth by level, within the fair value hierarchy, the Conservancy's invested assets at fair value as of June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds:				
U.S. fixed income funds	\$ 6,521,161	\$ -	\$ -	\$ 6,521,161
U.S. equities funds	3,216,084	-	-	3,216,084
Commodities and precious metals funds	1,696,378	-	-	1,696,378
Real estate funds	1,700,417	-	-	1,700,417
Non-U.S. equities funds	749,979	-	-	749,979
Cash and equivalents	492,801	-	-	492,801
Currencies funds	299,592	-	-	299,592
Non-U.S. fixed income funds	174,608	-	-	174,608
	<u>\$ 14,851,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,851,020</u>
Total	<u>\$ 14,851,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,851,020</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 3 - Fair Value Measurements - Continued

The following is a summary of the classification of investments on the statement of financial position at June 30:

	<u>2013</u>	<u>2012</u>
Donor restricted	\$ 14,052,514	\$ 13,909,779
Board designated	628,445	659,699
Current portion of assets whose use is limited or restricted	<u>206,888</u>	<u>281,542</u>
	<u>\$ 14,887,847</u>	<u>\$ 14,851,020</u>

Note 4 - Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted are reported in the statements of financial position at fair value as follows at June 30:

	<u>2013</u>	<u>2012</u>
Pledges receivable:		
Current portion	\$ 62,980	\$ 198,730
Non-current portion	<u>82,000</u>	<u>130,500</u>
Total pledges receivable	<u>\$ 144,980</u>	<u>\$ 329,230</u>
Board designated	<u>\$ 628,445</u>	<u>\$ 659,699</u>
Donor restricted:		
Current portion	\$ 1,855,626	\$ 1,695,041
Non-current portion	<u>14,052,514</u>	<u>13,879,779</u>
Total donor restricted	<u>\$ 15,908,140</u>	<u>\$ 15,574,820</u>

All long term pledges are scheduled to be received within the next five (5) fiscal years.

The allowance for doubtful pledges of \$45,520 and \$50,000 as of June 30, 2013 and 2012, respectively, was included in the amounts due in less than one (1) year.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 5 - Contributions, Gifts and Grants

During the years ended June 30, 2013 and 2012, net assets were released from restriction for the following programs and purposes:

	<u>2013</u>	<u>2012</u>
Maintenance and Horticulture	\$ 1,946,586	\$ 1,817,943
Capital Projects	1,605,781	432,931
General Operations	769,851	602,922
Education/Green & Grow	251,657	258,197
Public Art	97,033	87,820
Public Events	25,012	25,173
	<u>\$ 4,695,920</u>	<u>\$ 3,224,986</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.

Note 6 - Temporarily and Permanently Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Capital Projects	\$ 1,709,830	\$ 1,454,322
Appreciation on permanently restricted net assets	647,224	540,009
Maintenance and Horticulture	98,159	51,675
Education/Green & Grow	79,637	270,137
General Operations	13,000	30,000
Public Events	500	30,907
Public Art	-	22,230
	<u>\$ 2,548,350</u>	<u>\$ 2,399,280</u>

Permanently restricted net assets were available for the following at June 30, 2013 and 2012:

Endowment - general	\$ 11,854,020
Park specific	837,000
Education/Green & Grow	813,750
	<u>\$ 13,504,770</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 6 - Temporarily and Permanently Restricted Net Assets - Continued

Permanently restricted net assets at June 30, 2013 and 2012 are restricted for investment in perpetuity, the income from which is available to support the park operations, education program and other outreach programs.

Note 7 - Endowments

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2013 and 2012 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets - Beginning of year	\$ 540,009	\$ 13,504,770	\$ 14,044,779
Investment income	289,488	-	289,488
Realized gains	838,144	-	838,144
Unrealized losses	(439,410)	-	(439,410)
Total investment return	688,222	-	688,222
Withdrawals	(581,007)	-	(581,007)
Endowment assets, end of year	<u>\$ 647,224</u>	<u>\$ 13,504,770</u>	<u>\$ 14,151,994</u>

The Conservancy's Board of Directors has an investment policy which governs investments and the spending policy for its investment portfolio. Under this policy, as approved by the Conservancy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relevant market indexes while assuming a moderate level of investment risk. Under this policy, up to four and one-half percent (4.5%) of the average market value of these assets, may be used for operations. The Conservancy believes a spending policy is necessary to carry out the statutorily prescribed standard of ordinary business care and prudence and uses a spending rate of four and one-half percent (4.5%) in order to maintain the purchasing power of the endowment. In accordance with Generally Accepted Accounting Principles and Massachusetts State Law, appreciation (depreciation) on permanently restricted investments is included in temporarily restricted net assets until appropriated for expenditure.

State law allows the board to appropriate so much of the net appreciation and current income as is prudent considering the Conservancy's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 8 - Lease with Massachusetts Department of Transportation

The Greenway is a 1.3 mile stretch of public land in downtown Boston reclaimed by the suppression of the Central Artery. It includes approximately 15 acres of public park land. The Greenway is owned by the Massachusetts Department of Transportation ("MassDOT"), the successor of the Massachusetts Turnpike Authority ("MTA"). Chapter 306 of the Acts of 2008 authorizes the Conservancy to lease the Greenway from the MTA, and under that lease to operate, preserve, maintain, program, manage and improve the Greenway. The Conservancy and the MTA finalized such a lease on February 9, 2009, effective December 1, 2008. The lease term commenced on the effective date and ends on the fifth anniversary of the effective date, and is subject to any extensions as permitted under the lease. Each extension is not to exceed ten (10) years in duration and cumulatively not to exceed fifty-five (55) years in duration.

Note 9 - Operating Lease

The Conservancy's offices occupied the premises with the Massachusetts Department of Transportation during the years ended June 30, 2013 and 2012. The Conservancy is not required to pay rent for use of the premises during the term of the lease. The estimated fair market value of the occupancy was \$11,583 per month during the years ended June 30, 2013 and 2012 and has been reported as both contribution revenue and rent expense for the years ended June 30, 2013 and 2012. For the years ended June 30, 2013 and 2012, in-kind support and occupancy expense relating to the lease were \$139,000 and \$138,998, respectively. See Note 10.

Note 10 - Donated Goods, Services and Use of Facilities

Organizations contribute goods and services to the Conservancy in support of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donors, agencies or by management. The value of these goods and services are as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Office space (see Note 9)	\$ 139,000	\$ 138,998
Utilities	96,047	74,945
Legal services	95,479	156,342
Other goods and services	16,125	23,510
Public outreach	-	10,412
Vehicles	-	10,100
Architectural design services	-	10,000
	<u>\$ 346,651</u>	<u>\$ 424,307</u>

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Notes to Financial Statements - Continued

June 30, 2013 and 2012

Note 11 - Concentrations

For the year ended June 30, 2013, government support and in-kind support - public included \$1,887,870 and \$235,047, respectively, from the Massachusetts Department of Transportation. For the year ended June 30, 2012, government support and in-kind support - public included \$1,838,750 and \$224,047 from the Massachusetts Department of Transportation, respectively. These amounts were recorded as temporarily restricted contributions.

Additionally, one other donor provided approximately twenty-six percent (26%) of total revenue and support for the year ended June 30, 2013.

The Conservancy has a potential concentration of credit risk in that it sometimes maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount was \$250,000 for interest bearing accounts, which was applied per depositor, per insured bank for each account ownership category. Noninterest-bearing accounts were provided unlimited insurance coverage through June 30, 2012. Effective January 1, 2013, noninterest-bearing accounts were no longer insured separately from depositors' other accounts at the same bank. Instead, noninterest-bearing accounts were added to any of a depositors' other accounts in the applicable ownership category, and the aggregate balance was insured up to the amount of \$250,000, per depositor at each bank. As of June 30, 2013, the Conservancy had \$2,851,710 in excess of FDIC limits.

SUPPLEMENTAL INFORMATION

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Schedule of Functional Expenses and Expenditures -
 Massachusetts Department of Transportation
 (excluding in-kind support)

For the year ended June 30, 2013

	Programmatic				Total	Administrative	Fundraising	Total
	Maintenance & Horticulture	Public Events	Education/ Green & Grow	Planning & Design				
Salaries and benefits	\$ 774,067	\$ -	\$ -	\$ -	\$ 774,067	\$ -	\$ -	\$ 774,067
Contracted services	685,287	-	-	-	685,287	-	-	685,287
Direct program expense	319,455	-	-	-	319,455	-	-	319,455
Legal and accounting	14,521	-	-	-	14,521	-	-	14,521
Insurance	107,148	-	-	-	107,148	-	-	107,148
Office expense	29,033	-	-	-	29,033	-	-	29,033
Professional development	10,034	-	-	-	10,034	-	-	10,034
Total MassDOT	\$ 1,939,545	\$ -	\$ -	\$ -	\$ 1,939,545	\$ -	\$ -	\$ 1,939,545

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.

Schedule of Functional Expenses and Expenditures -
 Massachusetts Department of Transportation
 (excluding in-kind support)

For the year ended June 30, 2012

	Programmatic				Total	Administrative	Fundraising	Total
	Maintenance & Horticulture	Public Events	Education/ Green & Grow	Planning & Design				
Salaries and benefits	\$ 640,307	\$ -	\$ -	\$ -	\$ 640,307	\$ -	\$ -	\$ 640,307
Contracted services	629,386	-	-	-	629,386	-	-	629,386
Direct program expense	317,979	-	-	-	317,979	-	-	317,979
Legal and accounting	59,167	-	-	-	59,167	-	-	59,167
Insurance	92,282	-	-	-	92,282	-	-	92,282
Office expense	35,833	-	-	-	35,833	-	-	35,833
Professional development	12,121	-	-	-	12,121	-	-	12,121
Total MassDOT	\$ 1,787,075	\$ -	\$ -	\$ -	\$ 1,787,075	\$ -	\$ -	\$1,787,075