

BOSTON HARBOR NOW, INC.
FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

Engineering Growth for More Than 30 Years

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To the Board of Directors
Boston Harbor Now, Inc.
Boston, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Boston Harbor Now, Inc. (the Organization), which comprise the statements of financial position as of March 31, 2020 and 2019, 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Harbor Now, Inc. as of March 31, 2020 and 2019, 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.

A handwritten signature in cursive script that reads "Moody, Famiglietti & Andronico, LLP".

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
January 14, 2021

March 31	2020	2019
Assets		
Current Assets:		
Cash	\$ 960,933	\$ 1,257,653
Government Grants and Contracts Receivable	404,553	186,090
Current Portion of Contributions Receivable, Net of Allowance for Doubtful Accounts	644,872	774,001
Prepaid Expenses	6,044	12,599
Total Current Assets	2,016,402	2,230,343
Contributions Receivable, Net of Current Portion	625,000	-
Property and Equipment, Net of Accumulated Depreciation	32,609	8,982
Definite-Lived Intangible Assets, Net of Accumulated Amortization	46,759	72,355
Total Assets	\$ 2,720,770	\$ 2,311,680
Liabilities and Net Assets		
Current Liabilities:		
Line of Credit	\$ -	\$ -
Accounts Payable	63,753	72,052
Accrued Expenses	251,467	257,434
Deferred Revenue	25,956	-
Total Current Liabilities	341,176	329,486
Net Assets:		
Net Assets without Donor Restrictions	17,237	548,692
Net Assets with Donor Restrictions	2,362,357	1,433,502
Total Net Assets	2,379,594	1,982,194
Total Liabilities and Net Assets	\$ 2,720,770	\$ 2,311,680

For the Years Ended March 31

2020

2019

	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	\$ 624,784	\$ 1,777,781	\$ 2,402,565	\$ 371,726	\$ 668,296	\$ 1,040,022
Special Events, Net of Direct Benefit to Donor Costs	826,544	-	826,544	758,535	-	758,535
Government Grants and Contracts	659,835	-	659,835	788,349	-	788,349
Program Service Fees	236,085	-	236,085	165,867	-	165,867
Donated Goods and Services	102,498	-	102,498	247,270	-	247,270
Interest Income	7,736	-	7,736	10,564	-	10,564
Net Assets Released from Restriction	848,926	(848,926)	-	1,263,425	(1,263,425)	-
Total Revenue and Other Support	3,306,408	928,855	4,235,263	3,605,736	(595,129)	3,010,607
Operating Expenses:						
Program Services:						
Public Programs and Park Operations	1,538,319	-	1,538,319	1,401,659	-	1,401,659
Harbor Policy	301,449	-	301,449	477,148	-	477,148
Park Promotion	330,091	-	330,091	309,524	-	309,524
Total Program Services	2,169,859	-	2,169,859	2,188,331	-	2,188,331
General and Administrative	975,552	-	975,552	758,976	-	758,976
Fundraising	692,452	-	692,452	569,123	-	569,123
Total Operating Expenses	3,837,863	-	3,837,863	3,516,430	-	3,516,430
(Decrease) Increase in Net Assets from Operations	(531,455)	928,855	397,400	89,306	(595,129)	(505,823)
Net Assets, Beginning of Year	548,692	1,433,502	1,982,194	459,386	2,028,631	2,488,017
Net Assets, End of Year	\$ 17,237	\$ 2,362,357	\$ 2,379,594	\$ 548,692	\$ 1,433,502	\$ 1,982,194

For the Year Ended March 31

2020

Program Services

	Public Programs and Park Operations	Harbor Policy	Park Promotion	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Wages and Benefits	\$ 376,910	\$ 239,595	\$ 155,920	\$ 772,425	\$ 643,962	\$ 375,192	\$ 1,791,579
Funded Public Programs	511,487	-	650	512,137	35,211	1,780	549,128
Special Events	193,460	656	5,846	199,962	7,980	285,440	493,382
Contract and Professional Fees	128,398	57,875	88,767	275,040	124,222	66,134	465,396
Water Transportation	101,292	-	-	101,292	-	-	101,292
Program Supplies and Materials	48,812	400	18,081	67,293	18	51	67,362
Park and Harbor Improvements	19,990	-	-	19,990	37,001	-	56,991
Travel and Transport	32,376	1,919	340	34,635	3,678	18,427	56,740
Office Expense	19,599	509	8,656	28,764	15,554	8,052	52,370
Project Expenses	41,808	-	-	41,808	-	-	41,808
Depreciation and Amortization	-	-	-	-	39,312	-	39,312
Advertising	4,516	-	29,277	33,793	-	-	33,793
Information Technology	11,658	-	11,115	22,773	4,884	20	27,677
Insurance	25,744	-	-	25,744	-	-	25,744
Occupancy	46	-	-	46	24,675	-	24,721
Dues and Subscriptions	119	495	6,664	7,278	3,931	10,214	21,423
Bad Debt Expense	-	-	-	-	20,910	-	20,910
Other Expense	2,475	-	4,274	6,749	10,811	972	18,532
Pavilion	17,349	-	501	17,850	-	-	17,850
Meals and Catering	2,280	-	-	2,280	3,403	133	5,816
Total Expenses	1,538,319	301,449	330,091	2,169,859	975,552	766,415	3,911,826
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	73,963	73,963
	\$ 1,538,319	\$ 301,449	\$ 330,091	\$ 2,169,859	\$ 975,552	\$ 692,452	\$ 3,837,863

For the Year Ended March 31

2019

	Program Services							Total
	Public Programs and Park Operations	Harbor Policy	Park Promotion	Total Program Services	General and Administrative	Fundraising		
Salaries, Wages and Benefits	\$ 274,935	\$ 335,928	\$ 104,668	\$ 715,531	\$ 502,485	\$ 266,535	\$ 1,484,551	
Funded Public Programs	151,735	21,086	353	173,174	-	25	173,199	
Special Events	198,992	-	800	199,792	-	225,082	424,874	
Contract and Professional Fees	422,254	2,587	168,208	593,049	135,884	73,437	802,370	
Water Transportation	67,651	97,265	-	164,916	-	-	164,916	
Program Supplies and Materials	15,724	796	5,168	21,688	6,673	-	28,361	
Park and Harbor Improvements	106,860	-	-	106,860	-	-	106,860	
Travel and Transport	8,232	1,202	1,399	10,833	6,900	10,361	28,094	
Office Expense	6,853	1,803	3,571	12,227	20,299	16,207	48,733	
Project Expenses	79,898	-	-	79,898	-	-	79,898	
Depreciation and Amortization	16,300	-	-	16,300	-	-	16,300	
Advertising	3,670	-	8,248	11,918	20	972	12,910	
Information Technology	1,806	14,225	15,606	31,637	23,489	9,308	64,434	
Insurance	-	-	-	-	18,940	-	18,940	
Occupancy	2,850	-	-	2,850	25,480	-	28,330	
Dues and Subscriptions	-	444	282	726	4,399	2,690	7,815	
Bad Debt Expense	-	-	-	-	-	-	-	
Other Expense	-	860	575	1,435	4,677	669	6,781	
Pavilion	35,737	-	-	35,737	-	-	35,737	
Meals and Catering	8,162	952	646	9,760	9,730	3,865	23,355	
Total Expenses	1,401,659	477,148	309,524	2,188,331	758,976	609,151	3,556,458	
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	40,028	40,028	
	\$ 1,401,659	\$ 477,148	\$ 309,524	\$ 2,188,331	\$ 758,976	\$ 569,123	\$ 3,516,430	

For the Years Ended March 31	2020	2019
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 397,400	\$ (505,823)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Donated Definite-Lived Intangible Assets	-	(60,000)
Bad Debt Expense	20,910	-
Depreciation and Amortization	39,313	16,300
(Increase) Decrease in Contributions Receivable	(495,871)	692,558
(Increase) Decrease in Government Grants and Contracts Receivable	(239,373)	498,060
Decrease in Prepaid Expenses	6,555	13,128
Decrease in Accounts Payable	(8,299)	(261,360)
(Decrease) Increase in Accrued Expenses	(5,967)	89,019
Increase (Decrease) in Deferred Revenue	25,956	(1,162)
Net Cash (Used in) Provided by Operating Activities	(259,376)	480,720
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(34,010)	-
Acquisition of Definite-Lived Intangible Assets	(3,334)	(3,333)
Net Cash Used in Investing Activities	(37,344)	(3,333)
Net (Decrease) Increase in Cash	<u>(296,720)</u>	<u>477,387</u>
Cash, Beginning of Year	<u>1,257,653</u>	<u>780,266</u>
Cash, End of Year	<u>\$ 960,933</u>	<u>\$ 1,257,653</u>
<u>Supplemental Disclosure of Noncash Investing Activities:</u>		
Donated Definite-Lived Intangible Assets	<u>\$ -</u>	<u>\$ 60,000</u>
Acquisition of Definite-Lived Intangible Assets included in Accounts Payable	<u>\$ -</u>	<u>\$ 3,333</u>

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Boston Harbor Now, Inc. (the Organization) is a nonprofit organization incorporated on April 1, 2016 and is a result of a merger between The Boston Harbor Association, Inc. and Boston Harbor Island Alliance. The Organization envisions a vibrant, welcoming and resilient harbor that benefits everyone in the region. Working in partnership, the Organization focuses on access, activation and the resilience of Boston's waterfront, parks and public open spaces, including the Boston Harbor Islands National and State Park, HarborWalk and working port.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

- 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; and
- 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.

Revenue Recognition: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from program service fees, grant revenue, special events, contributions and service and cost reimbursement contracts.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization generates revenue from various services and programs and recognizes the corresponding revenue when the service is performed. Revenue related to special events is generally recognized when the event takes place.

1. Organization and Summary of Significant Accounting Policies (Continued):

The Organization typically invoices its customers as services are provided. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists.

Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the

conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Grant revenue is recognized as reimbursable expenses are incurred and upon meeting the legal and contractual requirements of the funding source.

Contract Balances: The Organization's contract balances, resulting from contracts with customers, include deferred revenue.

- *Deferred Revenue:* Deferred revenue represents billings for which the aforementioned revenue recognition criteria have not been met.

Contract balances from contracts with customers for the year ended March 31, 2020 consist of the following:

	End of Year	Beginning of Year
Deferred Revenue	\$ 25,956	\$ -

Special Events: During the years ended March 31, 2020 and 2019, the Organization incurred fundraising expenses that directly benefited donors in the amount of \$73,963 and \$40,028, respectively. These direct benefit to donor costs have been included in special events, net of direct benefit to donor costs in the accompanying statements of activities.

Cash: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

1. Organization and Summary of Significant Accounting Policies (Continued):

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, government grants and contracts receivable, and contributions receivable. The Organization maintains its cash with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash. Contributions receivable and government grants and contracts receivable are carried at the outstanding principal balance, less an estimate for allowance for uncollectible receivables based upon management's judgment of potential defaults. Management determines the allowance for doubtful accounts by identifying troubled receivables balances and by using an assessment of the donor's or government payor's credit worthiness. As of the year ended March 31, 2020, there was no allowance for doubtful accounts. As of the year ended March 31, 2019, management has recorded an allowance for doubtful accounts in the amount of \$50,000.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Equipment	3 - 5 Years
Furniture and Fixtures	5 Years

Definite-Lived Intangible Assets: Definite-lived intangible assets consist of website development costs. The Organization accounts for amortization using the straight-line method over the related asset's estimated useful life of three years.

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of March 31, 2020 and 2019, the

Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program activities or supporting services are charged directly to that function while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs activities and supporting services.

Salaries, wages and benefits have been allocated based upon time and effort.

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of March 31, 2020 and 2019, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from March 31, 2020 through January 14, 2021, the latter representing the issuance date of these financial statements.

1. Organization and Summary of Significant Accounting Policies (Continued):

Recently Adopted Accounting Policies: In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

The Organization adopted the provision of this ASU beginning April 1, 2019 and has applied such provisions on a modified prospective basis. The impact of the adoption of this ASU was immaterial to the financial statements.

In 2014, the FASB issued ASU 2014-09, *Revenue: Revenue from Contracts with Customers* (ASC 606), which replaces the existing revenue recognition standards and significantly expands the disclosure requirements for revenue arrangements. Effective April 1, 2019, the Organization adopted the guidance under ASC 606 using the modified retrospective approach. Under ASC 606, revenue is recognized when the Organization

satisfies a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that the Organization expects to receive in exchange for those goods or services. Performance obligations in contracts represent distinct or separate service streams that the Organization provides to customers.

The Organization has chosen to elect a practical expedient available under ASC 606 that allows the Organization to only evaluate contracts which are not completed when determining the cumulative effect adjustment under the modified retrospective approach as of April 1, 2019, in connection with the adoption of ASC 606. As such, contracts that are “completed contracts” as of March 31, 2019, will not be required to be reviewed. Completed contracts represent contracts where all or substantially all of the revenue have been recognized under ASC 605 prior to the ASC 606 adoption date.

The impact of the adoption of the new revenue recognition guidance was determined to not be material to the Organization’s financial statements.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of March 31, 2020 and 2019, reduced by amounts not available for general use within one year of March 31, 2020 and 2019 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2020	2019
Cash	\$ 960,933	\$ 1,257,653
Government Grants and Contracts Receivable	404,553	186,090
Contributions Receivable, Net of Allowance for Doubtful Accounts	1,269,872	774,001
Total Financial Assets at End of Year	2,635,358	2,217,744
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	2,362,357	1,433,502
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	\$ 273,001	\$ 784,242

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

3. Property and Equipment:

Property and equipment as of March 31, 2020 and 2019 consist of the following:

	2020	2019
Equipment	\$ 46,145	\$ 32,135
Furniture and Fixtures	40,652	20,652
	<u>86,797</u>	<u>52,787</u>
Less: Accumulated Depreciation	54,188	43,805
	<u>\$ 32,609</u>	<u>\$ 8,982</u>

Depreciation expense for the years ended March 31, 2020 and 2019 amounted to \$10,383 and \$7,767, respectively.

4. Contributions Receivable:

Contributions receivable as of March 31, 2020 and 2019 consists of the following:

	2020	2019
Receivable in Less than One Year	\$ 644,872	\$ 824,001
Receivable in One to Five Years	625,000	-
	<u>1,269,872</u>	<u>824,001</u>
Less: Allowance for Doubtful Accounts	-	50,000
	<u>\$ 1,269,872</u>	<u>\$ 774,001</u>

Long-term contributions receivable have been discounted by the Organization using a risk adjusted rate based on the daily treasury yield curves. As of March 31, 2020, the discount on long-term receivables was deemed to be immaterial to the financial statements.

5. Definite-Lived Intangible Assets:

As of March 31, 2020 and 2019, definite-lived intangible assets consist of the following:

	2020	
	Cost	Accumulated Amortization
Website	\$ 95,599	\$ 48,840

	2019	
	Cost	Accumulated Amortization
Website	\$ 92,265	\$ 19,910

Amortization expense during years ended March 31, 2020 and 2019 amounted to \$28,930 and \$8,533, respectively.

Future amortization expense related to definite-lived intangible assets as of March 31, 2020 is as follows:

Year Ending March 31,	
2021	\$ 23,333
2022	23,333
2023	<u>93</u>
	<u>\$ 46,759</u>

6. Line of Credit:

The Organization is party to a revolving line of credit agreement with a bank for maximum borrowings of 95% of cash on deposit with the financial institution (equal to \$73,030 as of March 31, 2020). The line of credit bears interest at the bank's prime rate (3.25% at March 31, 2020), and is collateralized by the cash on deposit with the financial institution. As of March 31, 2020 and 2019, no amounts were outstanding under the line of credit.

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of March 31, 2020 and 2019 consist of the following:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Harbor Park Pavilion	\$ 213,461	\$ 233,029
Fort Point Neighborhood Association	169,419	83,898
Water Transportation	130,450	265,249
Park Promotion and Programs on the Islands	130,059	254,947
Massachusetts Department of Conservation and Recreation (DCR) Capital Projects	105,342	105,342
City of Boston - Spectacle Island	76,643	83,493
Fireworks	52,321	50,215
Massachusetts Department of Environmental Protection (DEP) - Access	36,103	36,103
Waterfront Programming	20,076	21,110
Site Rental Fees - Restricted to DCR	18,335	-
Park Improvements and Maintenance	17,753	49,981
Friends of HarborWalk	15,253	21,572
Mazzone Funds	14,547	24,547
Marine Debris Removal	12,850	-
Communications Strategy and Website Consulting	12,389	15,000
National Park Service Internal Project	10,977	21,926
Free Fun Fridays	10,917	-
Summer on Spectacle	10,896	-
Stone Living Lab	10,376	-
Harbor Islands Health and Wellness Programs	10,000	-
Harbor Bound Tradition	5,000	-
DCR Vessel Pier and Float Maintenance	2,246	12,209
DCR Waste Removal	1,118	-
Pedlocks Improvements	826	33,036
City of Boston - Community Preservation	-	48,720
DCR Programming and Marketing	-	3,125
Total Purpose Restrictions	<u>1,087,357</u>	<u>1,363,502</u>
Subject to Passage of Time	<u>1,275,000</u>	<u>70,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,362,357</u>	<u>\$ 1,433,502</u>

8. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended March 31, 2020 and 2019 consist of the following:

	2020	2019
Water Transportation	\$ 134,799	\$ 89,751
Park Promotion and Programs on the Island	124,889	123,315
Fireworks	104,763	104,518
Stone Living Lab	64,625	65,000
Community Cruise	48,749	-
City of Boston - Community Preservation	48,720	-
Release of Time Restriction	45,000	600,000
Summer on Spectacle	41,104	-
Fort Point Neighborhood Association	34,479	16,102
Park Improvements and Maintenance	32,228	1,100
Peddocks Improvements	32,209	6,674
Marine Debris Removal	32,150	37,576
Harbor Park Pavilion	19,566	26,376
Free Fun Fridays	19,083	-
National Park Service Internal Project	10,948	11,691
Other	10,150	-
Mazzone Funds	10,000	-
DCR Vessel Pier and Float Maintenance	9,964	18,167
Friends of the HarborWalk	7,319	22,816
City of Boston - Spectacle Island	6,850	-
DCR Waste Removal	4,560	-
DCR Programming and Marketing	3,125	-
Communications Strategy and Website Consulting	2,611	-
Waterfront Programming	1,035	15,339
Climate Change and Preparedness	-	125,000
	<u>\$ 848,926</u>	<u>\$ 1,263,425</u>

9. Conditional Contributions:

During the years ended March 31, 2020, the Organization was awarded grants from various state and federal agencies. These grant funds are contingent upon certain funder imposed restrictions. As of March 31, 2020, \$1,089,262, of these conditional grants remain.

10. Donated Goods and Services:

During the years ended March 31, 2020 and 2019, donated goods and services consisted of the following:

	2020	2019
Special Events	\$ 99,798	\$ 67,855
Other	2,700	1,415
Park and Harbor Improvements	-	28,000
Professional Services	-	150,000
	<u>\$ 102,498</u>	<u>\$ 247,270</u>

11. Operating Leases:

The Organization is party to an amended, noncancelable operating lease for office space in Boston, Massachusetts, which includes escalating rental payments and expires on April 30, 2020. During the years ended March 31, 2020 and 2019, rent expense incurred under this agreement amounted to \$24,675 and \$26,680, respectively.

Future minimum lease payments due under this noncancelable lease agreement as of March 31, 2020 amount to \$29,107 for the year ending March 31, 2021.

12. Retirement Plan:

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization, at the discretion of the Board of Directors, may make contributions to the plan. During the years ended March 31, 2020 and 2019, the Organization made contributions to the plan of \$41,384 and \$27,564, respectively.

13. Economic Dependency:

During the years ended March 31, 2020 and 2019, the Organization generated a substantial portion of its revenue from two and one source, respectively. Revenue from this source approximated 44% and 18% of the Organization's total revenue during the years ended March 31, 2020 and 2019, respectively. As of March 31, 2020 and 2019, contributions receivable from one and two donors represented approximately 99% and 84%, respectively, of the Organization's total contributions receivable.

14. Risks and Uncertainties:

On January 30, 2020, the World Health Organization (WHO) announced an international public health emergency related to the COVID-19 outbreak. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The impact of the COVID-19 outbreak has resulted in economic uncertainties. The extent to which the Organization's financial results will be affected cannot be reasonably estimated at this time.

15. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of March 31, 2020 and 2019, no amounts have been accrued related to such indemnification provisions.

16. Subsequent Events:

CARES Act: On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application with a qualified lender for funding under the Paycheck Protection Program (PPP), administered by the Small Business Association (SBA).

PPP Loan: On May 13, 2020, the Organization's application with the lender was approved and as a result, the Organization obtained a loan (PPP Loan) in the amount of \$195,100. The PPP Loan bears fixed interest at 1.00% per annum, which begins accruing from the date of the loan, and matures on May 13, 2022. The PPP Loan is unsecured and guaranteed by the SBA. The PPP Loan is eligible to be forgiven provided the Organization satisfies certain conditions and upon approval by the lender and the SBA. The PPP Loan provides for the deferral of payments until the SBA has determined the forgiveness amount, at which time, any remaining PPP Loan amount requires equal payments of principal plus accrued interest in an amount sufficient to repay the remaining PPP Loan balance by the maturity date. During October 2020, the Organization submitted the application for forgiveness and obtained full forgiveness from the SBA on November 30, 2020.



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