

# **Boston Harbor Now, Inc.**

Financial Statements

March 31, 2022 and 2021

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



## Independent Auditors' Report

To the Board of Directors  
Boston Harbor Now, Inc.

### ***Opinion***

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2022 and 2021, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Baker Tilly US, LLP  
Tewksbury, Massachusetts  
October 26, 2022

March 31	2022	2021
<b>Assets</b>		
Current Assets:		
Cash	\$ 2,676,362	\$ 1,518,114
Government Grants and Contracts Receivable	84,432	146,263
Current Portion of Contributions Receivable	566,533	976,000
Prepaid Expenses	17,226	46,038
<b>Total Current Assets</b>	<b>3,344,553</b>	2,686,415
Investments	65,894	59,873
Contributions Receivable, Net of Current Portion	580,000	350,000
Property and Equipment, Net of Accumulated Depreciation	69,475	24,220
Definite-Lived Intangible Assets, Net of Accumulated Amortization	6,599	35,365
<b>Total Assets</b>	<b>\$ 4,066,521</b>	<b>\$ 3,155,873</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Line of Credit	\$ -	\$ -
Accounts Payable	118,987	93,357
Accrued Expenses	235,949	204,560
<b>Total Current Liabilities</b>	<b>354,936</b>	297,917
Long-Term Debt – Paycheck Protection Program	-	239,945
<b>Total Liabilities</b>	<b>354,936</b>	537,862
Net Assets:		
Net Assets without Donor Restrictions	143,637	(51,865)
Net Assets with Donor Restrictions	3,567,948	2,669,876
<b>Total Net Assets</b>	<b>3,711,585</b>	2,618,011
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,066,521</b>	<b>\$ 3,155,873</b>

**Statements of Activities**
**Boston Harbor Now, Inc.**
**For the Years Ended March 31**
**2022**
**2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:						
Revenue and Other Support:						
Contributions	\$ 650,613	\$ 3,250,376	\$ 3,900,989	\$ 712,451	\$ 1,665,424	\$ 2,377,875
Special Events, Net of Direct Benefit to Donor Costs	699,583	-	699,583	440,817	-	440,817
Government Grants and Contracts	536,137	-	536,137	889,563	-	889,563
Program Service Fees	98,741	-	98,741	47,954	-	47,954
Donated Goods and Services	15,500	-	15,500	10,240	-	10,240
Interest Income	750	-	750	3,008	-	3,008
Net Assets Released from Restriction	2,352,304	(2,352,304)	-	1,357,905	(1,357,905)	-
<b>Total Revenue and Other Support</b>	<b>4,353,628</b>	<b>898,072</b>	<b>5,251,700</b>	<b>3,461,938</b>	<b>307,519</b>	<b>3,769,457</b>
Operating Expenses:						
Program Services:						
Public Programs and Park Operations	1,605,715	-	1,605,715	1,721,881	-	1,721,881
Harbor Policy	1,063,933	-	1,063,933	350,340	-	350,340
Park Promotion	486,562	-	486,562	429,264	-	429,264
<b>Total Program Services</b>	<b>3,156,210</b>	<b>-</b>	<b>3,156,210</b>	<b>2,501,485</b>	<b>-</b>	<b>2,501,485</b>
General and Administrative	570,973	-	570,973	707,681	-	707,681
Fundraising	666,589	-	666,589	538,355	-	538,355
<b>Total Operating Expenses</b>	<b>4,393,772</b>	<b>-</b>	<b>4,393,772</b>	<b>3,747,521</b>	<b>-</b>	<b>3,747,521</b>
<b>(Decrease) Increase in Net Assets from Operations</b>	<b>(40,144)</b>	<b>898,072</b>	<b>857,928</b>	<b>(285,583)</b>	<b>307,519</b>	<b>21,936</b>
Nonoperating Activities:						
Gain on Extinguishment of Long-Term Debt - Paycheck						
Protection Program	239,945	-	239,945	195,100	-	195,100
Investment Income, Net	(4,299)	-	(4,299)	21,381	-	21,381
<b>Total Nonoperating Activities</b>	<b>235,646</b>	<b>-</b>	<b>235,646</b>	<b>216,481</b>	<b>-</b>	<b>216,481</b>
<b>Increase (Decrease) in Net Assets</b>	<b>195,502</b>	<b>898,072</b>	<b>1,093,574</b>	<b>(69,102)</b>	<b>307,519</b>	<b>238,417</b>
<b>Net Assets, Beginning of Year</b>	<b>(51,865)</b>	<b>2,669,876</b>	<b>2,618,011</b>	<b>17,237</b>	<b>2,362,357</b>	<b>2,379,594</b>
<b>Net Assets, End of Year</b>	<b>\$ 143,637</b>	<b>\$ 3,567,948</b>	<b>\$ 3,711,585</b>	<b>\$ (51,865)</b>	<b>\$ 2,669,876</b>	<b>\$ 2,618,011</b>

*The accompanying notes are an integral part of these financial statements.*

For the Year Ended March 31

2022

	Program Services				General and Administrative	Fundraising	Total
	Public Programs and Park Operations	Harbor Policy	Park Promotion	Total Program Services			
Salaries, Wages and Benefits	\$ 844,722	\$ 309,550	\$ 255,914	\$ 1,410,186	\$ 247,513	\$ 323,994	\$ 1,981,693
Contract and Professional Fees	265,811	16,000	190,101	471,912	209,808	193,217	874,937
Funded Public Programs	43,826	736,547	3,132	783,505	-	-	783,505
Program Supplies and Materials	138,693	212	4,671	143,576	375	28,115	172,066
Water Transportation	126,953	-	100	127,053	-	18,581	145,634
Meals and Catering	11,558	466	-	12,024	976	69,693	82,693
Park and Harbor Improvements	64,906	-	-	64,906	-	-	64,906
Information Technology	16,489	481	13,622	30,592	14,928	19,108	64,628
Occupancy	20,810	-	-	20,810	15,771	-	36,581
Depreciation and Amortization	-	-	-	-	35,671	-	35,671
Insurance	7,858	-	-	7,858	24,812	-	32,670
Other Expense	14,393	100	3,199	17,692	2,638	11,092	31,422
Office Expense	10,367	-	879	11,246	7,330	8,703	27,279
Supplies	12,956	-	-	12,956	-	9,929	22,885
Advertising	7,528	-	14,003	21,531	-	-	21,531
Dues and Subscriptions	5,555	135	400	6,090	10,070	1,634	17,794
Travel and Transport	13,290	442	541	14,273	1,081	1,073	16,427
<b>Total Expenses</b>	<b>1,605,715</b>	<b>1,063,933</b>	<b>486,562</b>	<b>3,156,210</b>	<b>570,973</b>	<b>685,139</b>	<b>4,412,322</b>
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	18,550	18,550
	<b>\$ 1,605,715</b>	<b>\$ 1,063,933</b>	<b>\$ 486,562</b>	<b>\$ 3,156,210</b>	<b>\$ 570,973</b>	<b>\$ 666,589</b>	<b>\$ 4,393,772</b>

For the Year Ended March 31

2021

	Program Services				General and Administrative	Fundraising	Total
	Public Programs and Park Operations	Harbor Policy	Park Promotion	Total Program Services			
Salaries, Wages and Benefits	\$ 708,191	\$ 283,871	\$ 303,298	\$ 1,295,360	\$ 265,508	\$ 373,614	\$ 1,934,482
Contract and Professional Fees	434,644	61,621	76,678	572,943	320,564	100,842	994,349
Funded Public Programs	-	-	-	-	-	-	-
Program Supplies and Materials	41,445	123	217	41,785	-	25,448	67,233
Water Transportation	32,616	234	-	32,850	-	-	32,850
Meals and Catering	67	74	-	141	1,855	153	2,149
Park and Harbor Improvements	448,817	-	-	448,817	-	-	448,817
Information Technology	9,608	2,734	10,022	22,364	16,139	4,678	43,181
Occupancy	20,872	-	-	20,872	26,323	-	47,195
Depreciation and Amortization	-	-	-	-	36,083	-	36,083
Insurance	7,515	-	-	7,515	19,154	-	26,669
Other Expense	2,550	100	5,786	8,436	8,028	1,109	17,573
Office Expense	7,724	1,369	3,733	12,826	9,057	26,862	48,745
Supplies	2,274	-	522	2,796	-	16	2,812
Advertising	-	-	24,729	24,729	-	-	24,729
Dues and Subscriptions	5,071	120	2,204	7,395	4,343	5,488	17,226
Travel and Transport	487	94	2,075	2,656	627	145	3,428
<b>Total Expenses</b>	<b>1,721,881</b>	<b>350,340</b>	<b>429,264</b>	<b>2,501,485</b>	<b>707,681</b>	<b>538,355</b>	<b>3,747,521</b>
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	-	-
	<b>\$ 1,721,881</b>	<b>\$ 350,340</b>	<b>\$ 429,264</b>	<b>\$ 2,501,485</b>	<b>\$ 707,681</b>	<b>\$ 538,355</b>	<b>\$ 3,747,521</b>



<b>For the Years Ended March 31</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Increase in Net Assets	<b>\$ 1,093,574</b>	\$ 238,417
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	<b>35,671</b>	36,083
Net Realized and Unrealized Losses (Gains) on Investments	<b>4,758</b>	(19,263)
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	<b>(239,945)</b>	(195,100)
Decrease in Government Grants and Contracts Receivable	<b>61,831</b>	258,290
Decrease (Increase) in Contributions Receivable	<b>179,467</b>	(56,128)
Decrease (Increase) in Prepaid Expenses	<b>28,812</b>	(39,994)
Increase in Accounts Payable	<b>25,630</b>	29,604
Increase (Decrease) in Accrued Expenses	<b>31,389</b>	(46,907)
Decrease in Deferred Revenue	<b>-</b>	(25,956)
<b>Net Cash Provided by Operating Activities</b>	<b>1,221,187</b>	179,046
<b>Cash Flows from Investing Activities:</b>		
Acquisition of Property and Equipment	<b>(52,160)</b>	-
Purchase of Investments	<b>(10,779)</b>	(5,216)
Acquisition of Definite-Lived Intangible Assets	<b>-</b>	(16,300)
<b>Net Cash Used in Investing Activities</b>	<b>(62,939)</b>	(21,516)
<b>Net Cash Provided by Financing Activities:</b>		
Borrowings from Long-Term Debt – Paycheck Protection Program	<b>-</b>	435,045
<b>Net Increase in Cash</b>	<b>1,158,248</b>	592,575
Cash, Beginning of Year	<b>1,518,114</b>	925,539
Cash, End of Year	<b>\$ 2,676,362</b>	\$ 1,518,114

## 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). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

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 without donor restrictions include net assets designated by the board for specific purposes.

*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 and Other Support:* 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, government grants and contracts, special events, and contributions.

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

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.

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 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.

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

*Special Events:* During the year ended March 31, 2022, the Organization incurred fundraising expenses that directly benefited donors in the amount of \$18,550. 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. During the year ended March 2021, the Organization incurred no such expenses.

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

*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.

*Investments, Endowment and Investment Income:* The Organization's investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends), is recorded net of related investment fees and is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

*Interpretation of Relevant Law:* The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's Board of Trustees has interpreted UPMIFA as considering the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) appreciation (depreciation) in the fair value of endowment investments. Therefore, unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

*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 amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing of the donor's or government payor's credit worthiness. As of March 31, 2022 and 2021, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

*Other Risks and Uncertainties:* Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

*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

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

*Construction in Process:* Construction in process represents leasehold improvements not yet placed in service, and other direct costs related to the Organization's office space. Construction in process is not depreciated until the leasehold improvements have been placed into service.

*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, 2022 and 2021, 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 services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

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, 2022 and 2021, 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. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of March 31, 2022 and 2021. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

*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 with 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, 2022 through October 26, 2022, the date the financial statements were available to be issued.

**2. Availability and Liquidity:**

The following reflects the Organization's financial assets as of March 31, 2022 and 2021, reduced by amounts not available for general use within one year of March 31, 2022 and 2021 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2022	2021
Cash	\$ 2,676,362	\$ 1,518,114
Government Grants and Contracts Receivable	84,432	146,263
Contributions Receivable	1,146,533	1,326,000
Total Financial Assets at End of Year	3,907,327	2,990,377
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	3,567,948	2,669,876
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	\$ 339,379	\$ 320,501

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. In the event of an unanticipated liquidity need, the Organization has \$102,578 available on its line of credit as of March 31, 2022.

**3. Investments:**

Investments as of March 31, 2022 and 2021 consist of common stock valued using Level 1 inputs.

For the years ended March 31, 2022 and 2021, net investment income consists of the following:

	2022	2021
Interest and Dividends	\$ 459	\$ 2,118
Net Unrealized (Losses) Gains	(4,758)	19,263
	\$ (4,299)	\$ 21,381

**4. Endowment:**

During the year ended March 31, 2021, the Organization received a donation to the Organization's endowment fund in the amount of \$7,500. During the year ended March 31, 2021, there was no investment activity or appropriations. As this is the Organization's first endowment fund donation the policies for risk objectives and risk parameters are in process of being established by the Board of Directors.

**5. Property and Equipment:**

Property and equipment as of March 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 41,465	\$ 46,145
Furniture and Fixtures	40,652	40,652
Construction in Process	56,840	-
	<u>138,957</u>	<u>86,797</u>
Less: Accumulated Depreciation	<u>69,482</u>	<u>62,577</u>
	<u>\$ 69,475</u>	<u>\$ 24,220</u>

Depreciation expense for the years ended March 31, 2022 and 2021 amounted to \$6,905 and \$8,389, respectively.

**6. Contributions Receivable:**

Contributions receivable as of March 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Receivable in Less than One Year	\$ 566,533	\$ 976,000
Receivable in One to Five Years	<u>580,000</u>	<u>350,000</u>
	<u>\$ 1,146,533</u>	<u>\$ 1,326,000</u>

As of March 31, 2022 and 2021, Long-term contributions receivable have not been discounted by the Organization using a risk adjusted rate based on the daily treasury yield curves, as management has determined the discount on long-term receivables is immaterial to the financial statements.

**7. Intangible Assets:**

As of March 31, 2022 and 2021, intangible assets consist of the following:

	<u>2022</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Website	<u>\$ 111,899</u>	<u>\$ 105,300</u>	<u>\$ 6,599</u>
	<u>2021</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Website	<u>\$ 111,899</u>	<u>\$ 76,534</u>	<u>\$ 35,365</u>

Amortization expense for the years ended March 31, 2022 and 2021 amounted to \$28,766 and \$27,694, respectively.

**7. Intangible Assets (Continued):**

Future amortization expense related to intangible assets as of March 31, 2022 is as follows:

<b>Year Ending</b>	
<b><u>March 31,</u></b>	
2023	\$ 5,526
2024	<u>1,073</u>
	<u>\$ 6,599</u>

**8. 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 \$102,578 as of March 31, 2022). The line of credit bears interest at the bank's prime rate (3.50% at March 31, 2022), and is collateralized by the cash on deposit with the financial institution. As of March 31, 2022 and 2021, no amounts were outstanding under the line of credit.

**9. Long-Term Debt - Paycheck Protection Program:**

*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).

On April 30, 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 bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on April 30, 2022. The PPP loan was unsecured and guaranteed by the SBA. The PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining PPP loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining PPP Loan balance by the maturity date. On November 30, 2020, the Organization obtained from the SBA notification of forgiveness of the entire PPP loan balance in the amount of \$195,100, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying statements of activities. Accrued interest on the PPP Loan was determined by management to be immaterial to the financial statements.

*Consolidated Appropriations Act:* On December 27, 2020, the Consolidated Appropriations Act was enacted and signed into law, which in part, was designated to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the Consolidated Appropriations Act and submitted a loan application with a qualified lender for funding under the PPP, administered by the SBA.

On February 9, 2021, the Organization's application with the lender was approved and as a result, the Organization obtained a Second loan (the Second PPP Loan) in the amount of \$235,945. The Second PPP Loan bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on February 9, 2026. The Second PPP loan was unsecured and guaranteed by the SBA. The Second PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining Second PPP Loan balance by the maturity date. On October 22, 2021, the Organization obtained from the SBA notification of forgiveness of the entire Second PPP loan balance in the amount of \$235,945, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying statements of activities. Accrued interest on the Second PPP Loan was determined by management to be immaterial to the financial statements.



**9. Long-Term Debt - Paycheck Protection Program (Continued):**

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

**10. Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of March 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose and Passage of Time:		
Waterfront Coalition	\$ 678,417	\$ -
Stone Living Lab	557,019	831,854
Massachusetts Department of Conservation and Recreation (DCR) Capital Projects	206,342	105,342
Community Preservation	197,818	-
Harbor Park Pavilion	150,111	173,592
Park Projects and Operations	145,441	337,505
City of Boston - Spectacle Island	76,643	76,643
Park Promotion and Programs on the Islands	73,542	108,072
Let's Go Fishing	42,861	-
Massachusetts Department of Environmental Protection (DEP) - Access	35,007	35,007
Water Transportation	30,000	58,150
Park Improvements and Maintenance	22,361	29,378
Fort Point Neighborhood Association	22,256	85,081
Government Relations	18,500	-
Waterfront Programming	17,998	20,076
Summer Nights	15,000	-
Mazzone Funds	14,547	14,547
Communications Strategy and Website Consulting	12,389	12,389
Community Cruise	11,823	15,000
Harbor Bound Tradition	10,000	5,000
FREE Access	10,000	18,750
Youth Workforce	10,000	-
National Park Service Internal Project	9,675	10,865
Friends of HarborWalk	9,258	12,899
Summer on Spectacle	7,842	10,896
Free Fun Fridays	5,586	9,298
Marine Debris Removal	5,051	4,999
Proctor & Gamble Youth Fitness Grant	3,015	5,260
DCR Vessel Pier and Float Maintenance	1,946	1,946
Fireworks	-	52,321
Other	-	9,180
Peddocks Improvements	-	826
Total Purpose Restrictions	<u>2,400,448</u>	<u>2,044,876</u>
Subject to Passage of Time	<u>1,160,000</u>	<u>625,000</u>
Subject to Spending Policy and Appropriation Guidelines:		
Investment in Perpetuity (Including Amounts above Original Gift Amounts of \$7,500):		
Endowment	<u>7,500</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,567,948</u>	<u>\$ 2,669,876</u>

**11. 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, 2022 and 2021 consists of the following:

	2022	2021
Waterfront Coalition	\$ 681,583	\$ -
Release of Time Restriction	625,000	650,000
Stone Living Lab	399,836	403,521
Park Projects and Operations	192,064	95
Park Promotion and Programs on the Island	67,864	25,987
Fort Point Neighborhood Association	62,825	84,538
Fireworks	52,321	-
Long Wharf	50,000	-
Marine Debris Removal	39,948	47,850
Water Transportation	28,150	72,299
Harbor Park Pavilion	23,481	39,871
Government Relations	17,500	-
Let's Go Fishing	17,039	-
Community Cruise	13,177	-
P&G Youth Fitness Grant	12,245	4,740
Other	11,066	13,013
Harborfit	10,000	-
FREE Access	8,750	-
Park Improvements and Maintenance	7,017	6,710
Friends of the HarborWalk	6,399	5,037
Waterfront Programming	6,077	-
Community Access	5,000	-
Massachusetts Department of Conservation and Recreation (DCR) Capital Projects	4,000	-
Free Fun Fridays	3,712	1,619
Summer on Spectacle	3,053	-
Community Preservation	2,182	-
National Park Service Internal Project	1,189	112
Peddocks Improvements	826	-
DCR Waste Removal	-	1,118
Massachusetts Department of Environmental Protection (DEP) - Access	-	1,095
DCR Vessel Pier and Float Maintenance	-	300
	<u>\$ 2,352,304</u>	<u>\$ 1,357,905</u>

**12. Donated Goods and Services:**

During the years ended March 31, 2022 and 2021, donated goods and services consisted of the following:

	<u>2022</u>	<u>2021</u>
Donated Legal Services	\$ 8,415	\$ -
Special Events	7,085	10,240
	<u>\$ 15,500</u>	<u>\$ 10,240</u>

**13. 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 in March 2023, as amended. During the years ended March 31, 2022 and 2021, rent expense incurred under this agreement amounted to \$15,374 and \$26,473, respectively. The Organization has the option to terminate the lease on the last day of each month provided the Organization gives a minimum of 30 days notice.

**14. 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, 2022 and 2021, the Organization made contributions to the plan of \$38,804 and \$33,484, respectively.

**15. Economic Dependency:**

During each of the years ended March 31, 2022 and 2021, the Organization generated a substantial portion of its revenue from two sources. Revenue from these sources approximated 58% and 52% of the Organization's total revenue during the years ended March 31, 2022 and 2021, respectively. As of March 31, 2022 and 2021, contributions receivable from three and two donors represented approximately 93% and 100%, respectively, of the Organization's total contributions receivable.

**16. 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.

**17. 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, 2022 and 2021, no amounts have been accrued related to such indemnification provisions.