CHARLES RIVER WATERSHED ASSOCIATION, INC.

Financial Statements

September 30, 2020

Kevin P. Martin & Associates, P.C

CHARLES RIVER WATERSHED ASSOCIATION, INC.

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September 30, 2020

Independent Auditors' Report

To the Board of Directors of
Charles River Watershed Association, Inc.

We have audited the accompanying financial statements of Charles River Watershed Association, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2020. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mmiu P. Martin & Aunto P.C.

Danvers, Massachusetts
August 16, 2021

CHARLES RIVER WATERSHED ASSOCIATION, INC.

Statement of Financial Position

As of September 30, 2020
With Comparative Totals as of September 30, 2019

	2020	2019
Current Assets		
Cash and cash equivalents	$ 401,436	$ 335,982
Accounts receivable	11,785	47,453
Promises to give, current portion	249,998	263,998
Inventory	2,535	2,538
Prepaid expenses	827	4,885
Total current assets	666,581	654,856
Escrow deposits held for others		
Escrow - subwatershed restoration projects	153,274	151,740
Fixed Assets		
Property and equipment, net of accumulated depreciation	38,958	42,562
Total net fixed assets	38,958	42,562
Other Assets		
Investments	4,047,990	3,401,865
Promises to give, net and net of current portion	101,610	329,283
Intangible assets, net of accumulated amortization	8,732	12,230
Total other assets	4,158,332	3,743,378
Total Assets	$ 5,017,145	$ 4,592,536
Current Liabilities		
Accounts payable	$ 34,977	$ 49,130
Accrued expenses	37,716	19,725
Paycheck Protection Program Loan	142,250	-
Total current liabilities	214,943	68,855
Escrow deposits held for others		
Escrow - subwatershed restoration projects (contra)	153,274	151,740
Total liabilities	368,217	220,595
Net Assets		
Net assets without donor restrictions	(32,742)	(4,861)
Net assets with donor restrictions	4,681,670	4,376,802
Total net assets	4,648,928	4,371,941
Total Liabilities and Net Assets	$ 5,017,145	$ 4,592,536

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

CHARLES RIVER WATERSHED ASSOCIATION, INC.

Statement of Activities

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenue and Support				
Contributions	$ 565,064	$ 147,327	$ 712,391	$ 1,223,947
Grants	31,666	-	31,666	221,386
Events and sponsorships	207,886	-	207,886	97,608
In-kind	4,273	-	4,273	56,543
Memberships	-	-	-	42,019
Investment revenue	-	333,841	333,841	137,476
Other revenue	1,091	-	1,091	2,007
Net assets released from restrictions	176,300	(176,300)	-	-
Total revenue and support	986,280	304,868	1,291,148	1,780,986
Expenses				
Program services	719,164	-	719,164	703,561
General and administrative	121,607	-	121,607	172,328
Fundraising	173,390	-	173,390	228,151
Total expenses	1,014,161	-	1,014,161	1,104,040
Change in Net Assets	(27,881)	304,868	276,987	676,946
Net Assets at Beginning of Year	(4,861)	4,376,802	4,371,941	3,694,995
Net Assets at End of Year	$ (32,742)	$ 4,681,670	$ 4,648,928	$ 4,371,941

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

CHARLES RIVER WATERSHED ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

Cash Flows from Operating Activities	2020	2019
Change in net assets	$ 276,987	$ 676,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,833	8,805
Contributions restricted for investment	(55,113)	-
Dividends and interest reinvested	(67,313)	(73,250)
Unrealized gains on investments, net	(260,364)	(64,226)
Decrease (increase) in assets:		
Accounts receivable	35,668	(18,442)
Promises to give, net	241,673	40,199
Inventory	3	16
Prepaid expenses	4,058	1,830
Escrow - subwatershed restoration projects	(1,534)	(151,740)
Increase (decrease) in liabilities:		
Accounts payable	(14,153)	(116,841)
Accrued expenses	17,991	(15,882)
Note payable	142,250	-
Escrow - subwatershed restoration projects (contra)	1,534	151,740
Net Cash Provided by Operating Activities	329,520	439,155
Cash Flows from Investing Activities		
Purchase of property and equipment	(731)	(12,888)
Proceeds from the sale of investments	186,300	1,401,901
Purchase of investments	(504,748)	(2,097,440)
Net Cash Used in Investing Activities	(319,179)	(708,427)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment	55,113	427,594
Net Cash Provided by Financing Activities	55,113	427,594
Net Increase in Cash, Cash Equivalents and Restricted Cash	65,454	158,322
Cash, Cash Equivalents and Restricted Cash - Beginning	335,982	177,660
Cash, Cash Equivalents and Restricted Cash - Ending	$ 401,436	$ 335,982

CHARLES RIVER WATERSHED ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Total Program Services	General and Administrative	Fundraising	Total 2020	Total 2019
Salaries, related benefits and taxes	$ 583,734	$ 86,403	$ 121,185	$ 791,322	$ 751,610
Accounting and audit	8,159	4,863	1,694	14,716	19,425
Advertising and promotion	-	-	15	15	-
Conferences and meetings	2,904	276	4,148	7,328	65,806
Contract services	50,518	5,161	3,606	59,285	89,884
Depreciation and amortization	4,382	2,611	910	7,903	8,805
Dues, fees and permits	26,272	2,884	7,594	36,750	18,893
Equipment	3,111	1,466	5,433	10,010	23,378
Insurance	6,169	3,677	1,281	11,127	10,039
Legal expense	585	-	-	585	454
Misc. expense	14	8	3	25	-
Postage and delivery	311	185	1,489	1,985	1,939
Printing and reproduction	5,073	764	17,656	23,493	15,568
Rent	12,198	7,270	2,532	22,000	24,000
Repairs and maintenance	1,820	1,131	394	3,345	7,755
Supplies	2,648	346	3,778	6,772	41,034
Travel and entertainment	3,612	18	89	3,719	9,639
Utilities and telephone	7,654	4,544	1,583	13,781	15,811
Total Functional Expenses	$ 719,164	$ 121,607	$ 173,390	$ 1,014,161	$ 1,104,040

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

CHARLES RIVER WATERSHED ASSOCIATION, INC.

Statement of Functional Expenses, Continued

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Advocacy, Policy and Law	Blue Cities®	Education and Outreach	Field Science	Outreach Events	Climate Mitigation and Adaptation	**Total Program Services 2020**	**Total Program Services 2019**
Salaries, related benefits and taxes	$ 143,155	$ 52,526	$ 166,586	$ 65,776	$ 229	$ 155,462	$ 583,734	$ 498,197
Accounting and audit	2,001	734	2,329	919	3	2,173	8,159	9,166
Advertising and promotion	-	-	-	-	-	-	-	-
Conferences and meetings	593	307	896	132	-	976	2,904	9,595
Contract services	2,709	12,121	2,472	8,272	22,637	2,307	50,518	86,483
Depreciation and amortization	1,075	394	1,250	494	2	1,167	4,382	4,154
Dues, fees and permits	5,476	1,245	13,728	1,790	151	3,882	26,272	12,087
Equipment	603	222	702	778	1	805	3,111	12,843
Insurance	1,513	555	1,761	695	2	1,643	6,169	5,705
Legal expense	585	-	-	-	-	-	585	348.00
Misc. expense	3	1	4	2	-	4	14	-
Postage and delivery	76	28	89	35	-	83	311	488
Printing and reproduction	315	176	4,095	145	1	341	5,073	1,204
Rent	2,991	1,098	3,481	1,374	5	3,249	12,198	11,325
Repairs and maintenance	386	171	542	214	1	506	1,820	3,659
Supplies	365	52	856	394	551	430	2,648	32,116
Travel and entertainment	488	391	424	1,149	24	1,136	3,612	8,730
Utilities and telephone	1,870	686	2,206	859	3	2,030	7,654	7,461
Total Functional Expenses	$ 164,204	$ 70,707	$ 201,421	$ 83,028	$ 23,610	$ 176,194	$ 719,164	$ 703,561

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Charles River Watershed Association, Inc. are described below to enhance the usefulness of the financial statements to the reader.

When used in these notes, the terms “CRWA,” “Organization,” “our,” “ours,” “we,” or “us” are intended to mean Charles River Watershed Association, Inc.

(a) Nature of Activities

The Organization was organized in the Commonwealth of Massachusetts as a nonprofit corporation on September 23, 1966. The mission is to use science, advocacy and the law to protect, preserve and enhance the Charles River (the Charles) and its watershed (the Watershed), including improving and expanding its natural resources and recreational opportunities.

The mission includes efforts focused on reducing greenhouse gas emissions, resilience and adaptation to climate change, initiatives to protect, improve and expand the natural resources and recreational opportunities of the Charles and research and education.

The Organization’s programs are listed below:

Advocacy, Policy and Law - CRWA is involved in every major decision affecting the health of the Charles River and in important statewide water issues. Advocacy includes commenting on all major watershed development and redevelopment projects, challenging permits administratively and sometimes in court, participating in hearings before local boards and commissions and state agencies, protecting public trust lands and access to parklands, participating in task forces, lobbying on environmental legislation, and working with many partner organizations on issues of national, regional and state significance, such as climate change, smart growth, stormwater pollution, and sustainable water resource policies and regulations. CRWA’s strong science is integral to its advocacy and the positions the organization adopts.

Blue Cities® Initiative - Under this program, CRWA plans, designs, implements and promotes green infrastructure approaches, or nature-based solutions, for managing water in the urban environment. Through research, design and implementation of demonstration projects on public and private properties, the Organization’s goal is to mimic, or re-create, natural hydrology at the sub-watershed scale, making land and water once again work together. These projects are models for better site design, provide public realm benefits, serve to educate the public on the importance of storm water management, reduce pollution and flooding, and provide developers and local boards with information on low impact development.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Education and Outreach - CRWA's work to promote better watershed management and river stewardship includes a wide range of outreach and educational programming: educational talks and presentations to schools and community groups; a comprehensive website and online communications; the publication of brochures, plans and reports; trainings and workshops for municipal employees; and participation in many local and regional events and activities. Committed to growing the next generation of environmentalists, CRWA trains numerous student interns each year and hosts the Rita Barron Fellow, a one-year position for recent Masters' degree graduates, and engages national and international groups for educational and networking purposes.

An important component of this program are two signature outreach events:

The Run of the Charles Canoe and Kayak Race - Held every April, CRWA's Run of the Charles Canoe and Kayak race, which began 37 years ago, showcases the ongoing improvements to the River. This race is one of the nation's oldest and largest canoe and kayak races attracting over 1,000 national and international professionals, amateurs, and corporate teams competing on the 26-mile course.

Annual Earth Day Charles River Cleanup - The Annual Earth Day Charles River Clean Up brings thousands of volunteers together all across the watershed to make the Charles cleaner, healthier and more beautiful by picking up trash and removing debris. CRWA organizes the cleanup in partnership and collaboration with parkland and environmental groups, communities, and the MA Department of Conservation and Recreation.

Field Science

Volunteer Monthly Monitoring - the Organization's 24-year comprehensive study of water quality in the Charles involves a large network of volunteer citizen scientists who collect water samples monthly all along the length of the river. CRWA has established one of the most extensive water quality data sets for any river in the nation. This monitoring informs CRWA's science, research and advocacy. The data is used by numerous researchers, policy makers and students and serves as the basis for the annual Charles River Report Card issued by the U.S. EPA. The Organization also issues an annual report on its water quality monitoring results. CRWA also conducts macroinvertebrate sampling and analysis for assessing ecosystem health of stream segments.

Lower Charles Water Quality Flagging - From June through October, boaters from Watertown to Boston are apprised of real-time water quality forecasts through CRWA color-coded flags flown at multiple boating locations in the Lower Basin. CRWA uses a predictive model premised on rainfall and river flow; data is also collected from a weather station in the Lower Basin. This information is posted on CRWA's webpages and disseminated via e-mails and Twitter alerts. In the summer, E. coli bacteria data is collected twice per week to verify forecasts and cyanobacteria outbreaks are reported and monitored.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Field Science - continued

Water Chestnut Removal - The Organization works with local and state partners to eliminate the invasive water chestnut infestation in the river's Lakes District in Newton, Waltham and Weston through mechanical harvesting and hand-pulling by volunteers. This program increases awareness about invasive species and the impacts of nutrient pollution while creating new river stewards.

Climate Mitigation and Adaptation - CRWA is committed to reducing the impacts of climate change and supporting restorative climate adaptation. The Organization works every day across all program areas to create river and watershed resilience to more intense rain events, more frequent summertime droughts and hotter temperatures. It does this through CRWA's water-energy nexus work, bringing together municipal staff from across the watershed as part of the Charles River Climate Compact, participation in municipal and state climate planning initiatives, educating local elected officials, watershed- and subwatershed-scale planning, stream, wetland and floodplain restoration, dam removal, legislative lobbying and advocacy. CRWA is also actively working to engage with communities that are particularly vulnerable to the impacts of climate change, especially low income and marginalized communities. CRWA is working to develop a greener and more just world that will be more resilient to the changes that are coming.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of September 30, 2020.

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition

The Organization earns revenue as follows:

Contributions and Memberships - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) 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 barrier, 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. Topic 958 prescribes that the Agency should not 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.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions received and satisfied in the same period are included in contributions without donor restrictions.

Grants - The Agency receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met. Grants received and satisfied in the same period are included in grants without donor restrictions.

Events and Sponsorships - Events and sponsorship revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Events revenue is recognized when the performance obligation has been met. Events are incidental to the Organization's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended September 30, 2020, the Organization derived approximately 54% of its total revenue from contributions, 4% from grants, 25% investment earnings, net, 16% from events and sponsorships and 1% from in-kind contributions. All revenue is recorded at the estimated net realizable amounts.

(1) Summary of Significant Accounting Policies - continued

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. As of September 30, 2020, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables.

(g) Promises to Give

Conditional promises to give are not recognized in the financial statements until the 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 more than one year are recorded at fair value, which is measured as the present value of their 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.

Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collection trends that differ from scheduled collections on individual promises. As of September 30, 2020, the allowance for doubtful accounts was $43,000.

(h) Inventory

Inventory consists of Charles River Canoe and Kayak Guides. Inventory is stated on a first-in, first-out basis and is valued at the lower of cost or net realizable value.

(i) Property and Equipment

Property and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(1) Summary of Significant Accounting Policies - continued

(i) Property and Equipment - continued

The Organization computes depreciation using the straight-line method over the following estimated lives:

Computer equipment	3 years
Equipment	5-7 years
Furniture and fixtures	7 years
Leasehold improvements	Remaining lease term

Depreciation expense amounted to $4,404 for the year ended September 30, 2020.

(j) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements
U.S. GAAP requires that certain assets and liabilities be recorded at fair value on a recurring basis. The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a nonrecurring basis as of September 30, 2020.

	Level 1	Level 2	Level 3	Total
Investments	$ 4,047,990	$ -	$ -	$ 4,047,990
	$ 4,047,990	$ -	$ -	$ 4,047,990

(1) Summary of Significant Accounting Policies - continued

(j) Fair Value Measurements - continued

Nonrecurring Fair Value Measurements
The Organization has no assets and liabilities that are recorded at fair value on a nonrecurring basis as required by U.S. GAAP.

(k) Amortization

Flagging model costs and Charles River Film costs are amortized over 15 and 10 years, respectively, using the straight line method.

(l) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization. Fundraising expenses as a percentage of total contribution revenue was 21% for the year ended September 30, 2020. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis. The ratio of expenses to amounts raised excludes activities related to the program events, (see Note 1(a)).

(m) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time charges. Occupancy costs are allocated based upon associated payroll costs.

(n) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 differ from those estimates.

(1) Summary of Significant Accounting Policies - continued

(o) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

(p) Summarized Financial Information for 2019

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

(q) Paycheck Protection Program Loan

As described at Note 4, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended September 30, 2020. The Organization has elected to follow the guidance regarding *Debt* found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP Loan. As a result, during the year ended September 30, 2020, the Organization recognized $142,250 of debt.

(r) Recent Accounting Standard Adopted

On October 1, 2019, the Organization adopted ASU 2016-01, *Financial Instruments – Over*all (Subtopic 825-10). ASU 2016-01 revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value change for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. Adopting this standard did not have a significant impact on recognition of revenue of the Organization during the periods presented or on opening balances of net assets as of October 1, 2019.

(1) Summary of Significant Accounting Policies - continued

(r) Recent Accounting Standard Adopted - continued

On October 1, 2019, the Organization adopted ASU 2016-18, *Statement of Cash Flows - Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and must be applied retroactively to all periods presented. The adoption of ASU 2016-18 did not have a material impact on the Organization's financial position, results of operations or cash flows.

On October 1, 2019, the Organization adopted ASU 2018-08, *Not-for Profit Entities (Topic 958), Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. The Organization adopted the ASU using a modified prospective method. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of October 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative effect adjustment to opening net assets as of October 1, 2019.

(s) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and Leases (Topic 842). ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. ASU 2014-09 was previously adopted. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

(1) Summary of Significant Accounting Policies - continued

(s) Recent Accounting Standards - continued

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period

The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarity that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The ASU is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

(t) Compensated Absences

The Organization's employees are entitled to paid time off (vacation personal and sick time) depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated future absences when actually paid to employees. Any paid time off not used by the employees as of the end of the fiscal year is forfeited and not allowed to be carried forward, unless a specific exception is approved by the executive director.

(u) Contributed Services and Gifts in-Kind

Gifts in-kind are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Contributed services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

(2) Promises to Give

Promises to give consist of the following as of September 30, 2020:

	Gross Promise	Allowance	Net Promise	Unamortized Discount	Total
Receivable less than 1 year	$ 249,998	$ -	$ 249,998	$ -	$ 249,998
Receivable in 1 to 5 years	156,000	43,000	113,000	11,390	101,610
	$ 405,998	$ 43,000	$ 362,998	$ 11,390	$ 351,608

As of September 30, 2020, 84% or $360,000 of the promises to give are due from individuals and foundations.

Because of uncertainties with regard to realizability and valuation, conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges totaled $70,000 as of September 30, 2020.

(3) Investments

Investments are valued at fair value using level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of September 30, 2020:

Mutual Fund:	**Fair Value**
Federal money market	$ 469,749
Domestic equity securities	2,332,845
International equity securities	225,822
Short-term treasuries	446
Corporate bonds	1,019,128
Total	$ 4,047,990

The federal money market - mutual fund invests in U.S. government securities and its composition consists of: repurchase agreements, U.S. government obligations and U.S. treasury bills. The federal money market - mutual funds are restricted for long-term purposes and are not considered to be a cash equivalent.

(3) Investments - continued

The equity securities - mutual funds' weighted average composition as of September 30, 2020 consists of:

Basic materials	2.71%
Consumer goods & services	23.18%
Financial services	11.23%
Real estate	3.37%
Health care	14.23%
Utilities	1.67%
Energy	0.98%
Industrials	11.85%
Telecommunications	3.66%
Technology	27.12%
	100.00%

The corporate bond - mutual fund's composition as of September 30, 2020 consists of:

Treasury/agency	42.30%
Gov. mortgage - backed	20.80%
Industrial	18.00%
Other	18.90%
	100.00%

45% of the corporate bonds mature over 5 - 30 years.

The above mutual funds are subject to Securities Investor Protection Corporation (SIPC), which protects up to $500,000.

(4) PPP Loan

The Organization received a Payroll Protection Plan loan from Cambridge Trust in the original amount of $142,250 with a maturity date of April 30, 2022. The loan bears interest at a rate of 1%, which is deferred for the first 6 months. Management expects that the loan will be substantially forgiven and/or paid during the year ended September 30, 2021 and as such the loan has been presented as a current liability on the statement of financial position. The SBA has disclosed criteria for forgiveness which include but not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. The Organization will recognize forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Organization.

(5) Escrow Held for Others

In February 2019, the Organization entered into an escrow agreement with the Town of Milford and Milford Power LLC for implementation of subwatershed restoration projects. The projects are to be completed by the Town of Milford and funds will be released to the town in accordance with the agreement. During the year ended September 30, 2020, interest earned was $1,534. No funds were released during the fiscal year. As of September 30, 2020, the escrow held for others and the escrow held for others (contra) account balance were each $153,274.

(6) Property and Equipment

Property and equipment consist of the following as of September 30, 2020:

Computer equipment	$	43,985
Equipment		116,943
Furniture and fixtures		32,934
Leasehold improvements		101,446
		295,308
Less: accumulated depreciation		(256,350)
Total	$	38,958

Depreciation expense for the year ended September 30, 2020 was $4,404.

(7) Intangible Assets

Intangible assets consist of the following as of September 30, 2020:

Charles River Film, net of accumulated amortization of $9,342	$	6,230
Flagging Model, net of accumulated amortization of $1,338		2,502
Total	$	8,732

Amortization expense amounted to $3,498 for the year ended September 30, 2020. Estimated future amortization expense approximates $3,500 through 2022 and $385 for the years from 2023 – 2025.

(8) Contributed Services and Gifts In-kind

Contributed services and gifts in-kind for the year ended September 30, 2020 were as follows:

Donated materials & services	$ 4,273
Total	$ 4,273

(9) Post-Retirement Benefit Plan

The Organization sponsors a post-retirement benefit plan under Section 403(b) of the IRC. The plan allows for voluntary employee contributions and includes all employees. The Organization does not match employee contributions.

(10) Operating Leases and Use and Occupancy Agreement

On December 31, 2016, the Organization entered into a new use and occupancy agreement for use of the space through December 31, 2023 under which the use and occupancy fee will be $1,000 per month for the first 9 months of the agreement, $2,000 per month for each month thereafter within the first 5 years with a 3% increase in years 6 and 7.

The Organization is responsible for all costs of maintenance, water, sewerage, electricity, telephone, or any utility used and consumed in connection with its use of the premises.

Subsequent to year end, the Organization terminated the use and occupancy agreement and entered into a new lease agreement for new office space. The lease commences on September 1, 2021 and terminates on August 21, 2028, with an option to extend for 5 years.

The minimum annual operating non-cancelable lease commitments for the Organization are as follows for each fiscal year ending September 30th:

2021	$ 22,000
2022	73,975
2023	76,362
2024	78,738
2025	81,115

Rent expense for the year ended September 30, 2020 was $22,000.

(11) Related Party Transactions

The Organization received donations, including promises to give, during the year ended September 30, 2020 from various board members; of which $101,000 was collected during the year ended September 30, 2020. As of September 30, 2020, the outstanding board member promises to give balance was $66,498.

(12) Net Assets

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of September 30, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:	
Action Fund	$ 272,338
Project Fund	70,000
Restricted earnings	323,398
Storm water management	37,560
Climate resilience training	75,000
Other projects	5,000
Total subject to expenditure for a specified purpose:	783,296
Endowment, see Note 13	3,898,374
Total	$ 4,681,670

The Action Fund is restricted by the donor to advance the Organization's unfunded mission-related work, prioritizing work or initiatives, and to respond to external events, decisions, or actions (external events) that have the potential to undermine watershed protection, or public access. Action Funds will also be used for ideas and planning for new Organization initiatives that grow out the expertise of the association, and to leverage grant funding, or to provide grant matching funds.

The Project Fund will be used for donor designated projects and initiatives.

Net assets released from restrictions during the year ended September 30, 2020 amounted to $115,000, which was from program restrictions and $61,300 of earnings which were released in accordance with the Organization's spending policy.

(13) Endowment

The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The goals of the endowment fund are to enhance existing programs, create new programs, make additional funding opportunities for donors and support capital improvements. The Organization's Board of Directors (the Board) oversees the establishment and revision of goals, spending plans and asset allocations for endowments.

(13) Endowment - continued

The Organization's endowment consists of contributions restricted by the donor in support of the Organization's mission. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, of which there were none, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Uniform Prudent Management of Institutional Funds Act

The Organization's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation.

UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

The Board has interpreted the UPMIFA as requiring 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. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent portion of net assets with donor restrictions is classified in the temporary portion of net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(b) Appropriation of Endowment Assets for Expenditure

The Organization considers the following factors in making a determination to appropriate endowment funds for expenditure:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization
(8) The role of each investment in the whole portfolio group

(13) Endowment - continued

(c) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner. The oversight of the endowment funds is the responsibility of the Organization's Board. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to preserve the endowment funds' principal, considering inflation and to regulate the long term ability and short term needs to distribute income.

(d) Spending Policy and Investment Objectives

During 2019, the Organization adopted a spending policy which is budgeted within a range of 4% to 6% of the preceding market value of the endowment (adjusted for new contributions). The spending will be available for unrestricted operating support. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment.

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets. There were no such deficiencies as of September 30, 2020.

(f) Composition and Reconciliation of Endowment Funds

The Endowment Fund is solely comprised of donor-restricted contributions. A reconciliation of the Organization's endowment by net asset class is presented on the statement of activities.

(14) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of September 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date. Amounts not available include amounts set aside for the quasi-endowment that could be drawn upon if the Board approves that action.

Financial assets at year end	
Cash and cash equivalents	$ 401,436
Investments	4,047,990
Accounts receivable and promises to give, net	351,608
Total	4,801,034
Less amounts unavailable for general expenditures Within one year, due to:	
Endowment	3,898,374
Restricted by donors for specific purposes	783,296
Total	4,681,670
Financial assets available to meet cash needs for general expenditures within one year	$ 119,364

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As described in Note 13(c), the Organization adopted a spending policy which is budgeted within a range of 4% to 6% of the preceding market value of the endowment. Further, 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 come due.

(15) COVID-19 - *Risks and Uncertainties*

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Organization resulted in a loss of revenues and other adverse effects to the Organization's financial position, results of operations, and cash flows. As described in Note 4, the Organization received PPP loan. Further, the Organization's liquidity as of September 30, 2020 is documented at Note 14. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Company may have to seek alternative measures to finance its operations. The Company does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(16) Subsequent Events

The Organization has performed an evaluation of subsequent events through August 16, 2021, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since September 30, 2020, except as noted below, that required recognition or disclosure in these financial statements.

Subsequent to year end on January 16, 2021, the PPP loan (Note 4) was forgiven in full.

Subsequent to year end on July 7, 2021, the Organization entered into a lease agreement for new office space. See Note 10 for details.