

5/31/2018

**FRIENDS OF THE PUBLIC GARDEN**  
**Statement of Operations**  
**Budget vs. Actual**

January - April 2018

<b>OPERATING INCOME</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>Support</b>				
Membership:				
New	\$10,000	\$15,600	\$5,600	56%
Renewals	<u>\$69,000</u>	<u>\$70,249</u>	<u>\$1,249</u>	<u>2%</u>
Total Membership	\$79,000	\$85,849	\$6,849	9%
Other Contributions:				
Designated	\$75,000	\$97,226	\$22,226	30%
Undesignated	<u>\$6,000</u>	<u>\$310,876</u>	<u>\$304,876</u>	<u>5081%</u>
Total Other Contributions	\$81,000	\$408,102	\$327,102	404%
Bequests	\$0	\$50,000	\$50,000	100%
Development Events:				
Green & White Gala	\$480,000	\$525,400	\$45,400	9%
Young Friends	<u>\$1,000</u>	<u>\$1,125</u>	<u>\$125</u>	<u>13%</u>
Total Development Events	\$481,000	\$526,525	\$45,525	9%
Public Programs:				
Making History on the Common	<u>\$10,000</u>	<u>\$1,500</u>	<u>-\$8,500</u>	<u>-85%</u>
Total Public Programs	\$10,000	\$1,500	-\$8,500	-85%
<b>Total Support</b>	<b>\$651,000</b>	<b>\$1,071,976</b>	<b>\$420,976</b>	<b>65%</b>
<b>Revenue</b>				
Brewer Plaza Vendors	\$9,000	\$7,850	-\$1,150	-13%
Duckling Day	\$8,000	\$4,970	-\$3,030	-38%
Product Sales	<u>\$200</u>	<u>\$405</u>	<u>\$205</u>	<u>103%</u>
<b>Total Revenue</b>	<b>\$17,200</b>	<b>\$13,225</b>	<b>-\$3,975</b>	<b>-23%</b>
<b>Investment Return Designated for Current Operations</b>	<b>\$228,667</b>	<b>\$228,667</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL OPERATING INCOME</b>	<b>\$896,867</b>	<b>\$1,313,868</b>	<b>\$417,001</b>	<b>46%</b>

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<b>OPERATING EXPENSES</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>Parks</b>				
Parks Care:				
The Common				
Tree, Soil & Turf Care	\$60,000	\$71,286	\$11,286	19%
Sculpture	\$75,000	\$45,216	-\$29,784	-40%
Other	\$3,000	\$2,727	-\$273	-9%
	<u>\$138,000</u>	<u>\$119,229</u>	<u>-\$18,771</u>	<u>-14%</u>
Total Common				
The Garden				
Tree, Soil & Turf Care	\$50,000	\$19,949	-\$30,051	-60%
Sculpture	\$7,000	\$6,956	-\$44	-1%
Other	\$20,000	\$9,129	-\$10,871	-54%
	<u>\$77,000</u>	<u>\$36,034</u>	<u>-\$40,966</u>	<u>-53%</u>
Total Garden				
The Mall				
Tree, Soil & Turf Care	\$50,000	\$42,706	-\$7,294	-15%
Sculpture	\$15,000	\$14,900	-\$100	-1%
Other	\$2,000	\$1,445	-\$555	-28%
	<u>\$67,000</u>	<u>\$59,051</u>	<u>-\$7,949</u>	<u>-12%</u>
Total Mall				
Total Parks Care	\$282,000	\$214,314	-\$67,686	-24%
Public Programs:				
Brewer Plaza Activities	\$11,563	\$13,929	\$2,367	20%
Communications	\$13,433	\$7,115	-\$6,318	-47%
Duckling Day	\$8,000	\$7,690	-\$310	-4%
Making History on the Common	\$1,000	\$540	-\$460	-46%
Outreach & Education	\$3,333	\$2,017	-\$1,316	-39%
Video	\$15,000	\$15,200	\$200	1%
Young Friends	\$2,000	\$1,955	-\$45	-2%
	<u>\$54,329</u>	<u>\$48,446</u>	<u>-\$5,883</u>	<u>-11%</u>
Total Public Programs				
Administration:				
Personnel	\$101,195	\$110,115	\$8,920	9%
Overhead	\$36,095	\$33,838	-\$2,257	-6%
	<u>\$137,290</u>	<u>\$143,953</u>	<u>\$6,663</u>	<u>5%</u>
Total Administration				
<b>Total Parks</b>	<b>\$473,619</b>	<b>\$406,713</b>	<b>-\$66,906</b>	<b>-14%</b>

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>Development</b>				
Events:				
Green & White Gala	\$90,000	\$89,342	-\$658	-1%
Other	\$2,000	\$1,800	-\$200	-10%
Total Events	\$92,000	\$91,142	-\$858	-1%
Operations:				
Mailings	\$4,000	\$4,781	\$781	20%
Other	\$4,000	\$3,925	-\$75	-2%
Total Operations	\$8,000	\$8,706	\$706	9%
Administration:				
Personnel	\$85,335	\$92,856	\$7,521	9%
Overhead	\$30,438	\$28,534	-\$1,904	-6%
Total Administration	\$115,773	\$121,390	\$5,617	5%
<b>Total Development</b>	<b>\$215,773</b>	<b>\$221,238</b>	<b>\$5,465</b>	<b>3%</b>
<b>Administration</b>				
Personnel	\$41,029	\$44,645	\$3,616	9%
Overhead	\$14,634	\$13,719	-\$915	-6%
<b>Total Administration</b>	<b>\$55,663</b>	<b>\$58,364</b>	<b>\$2,701</b>	<b>5%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$745,055</b>	<b>\$686,315</b>	<b>-\$58,740</b>	<b>-8%</b>
<b>TOTAL OPERATING SURPLUS (DEFICIT)</b>	<b>\$151,812</b>	<b>\$627,553</b>	<b>\$475,741</b>	<b>313%</b>

Original Document approved by the Board of Directors, September 23, 2014

Updated and approved by the Investment Committee: May 18, 2018

## **FRIENDS OF THE PUBLIC GARDEN**

### **Investment Policy Guidelines**

In accordance with the Investment Committee (Committee) charter (Charter), the Investment Policy Guidelines (Guidelines) set forth guidelines for how the invested funds (Funds) of the Friends of the Public Garden (Friends) are to be managed. In the Charter, the Board has made an explicit delegation of its authority to manage the Funds to the Committee, under the overall direction of the Treasurer and the Finance Committee.

The Guidelines are intended to be flexible and may be supplemented or changed by the Board of Directors upon the recommendation of the Investment Committee and with the approval of the Finance Committee. The Investment Committee will review this statement at least every three years and recommend any changes to the Finance Committee.

#### **1. Investment Objectives**

- a. The objective of the Funds is to provide a consistent and sustainable level of spending support for the operations of the Friends, while preserving the Funds' purchasing power over time. More specifically, the objective is to generate a total long-term, real investment return, net of fees, that exceeds the spending withdrawal plus inflation. The spending withdrawal is a percentage, established each year by the Board in the annual budget, of the trailing 12 quarter average market value of the Funds. In recent years, the spending rate has been 4.0%.
- b. Protection of principal will be given significant consideration when making investment decisions, although the account is expected to fluctuate with the markets.
- c. The endowment portions of the Funds are expected to function in perpetuity.
- d. The Investment Committee seeks to outperform a blended, unmanaged market index benchmark weighted in accordance with the Funds' allocations across asset classes. This index will be designed and updated as appropriate by the Investment Committee using a blend of the S&P 500, MSCI ACWI ex U.S., and the Bloomberg Barclays U.S. Intermediate Government/Credit Bond index, and other appropriate indexes. The Investment Committee also seeks to outperform unmanaged market index benchmarks for each asset class.

#### **2. Investment Strategy and Execution**

- a. The Funds will be actively managed by the Committee in accordance with the Guidelines.
- b. The Committee will seek to achieve the above investment objectives by constructing and managing a diversified portfolio allocated across multiple asset classes.

- c. Exposure to various asset classes will be through the following vehicle types:
  - i. equity and fixed income mutual funds, both active and passive
  - ii. equity and fixed income exchange traded funds, both active and passive
- d. Funds shall be selected with an emphasis on quality and shall generally have:
  - i. a minimum of three years of historical returns, except for exchange traded funds
  - ii. complied with all financial and regulatory reporting requirements
  - iii. reported pertinent management or structural changes in a timely fashion
  - iv. adequate portfolio transparency
  - v. a reasonable investment concept executed by proven professionals
  - vi. returns generally equal or superior to relevant benchmarks across market cycles
  - vii. immediate cash convertibility under normal market conditions
  - viii. maturity dates of less than 60 days for cash and cash equivalents
  - ix. fees and expenses generally less than 100 basis points per year
- e. The Fund will not: purchase direct investments in commodities, derivatives, or private placements; engage in short sales or purchases on margin; use leverage; or invest in transactions that could generate unrelated business taxable income (UBTI).
- f. The Committee shall adhere to the following asset allocations:

<b>Asset Classes</b>	<b>Targets</b>	<b>Ranges</b>	<b>Benchmarks</b>
U.S. Equities	40%	20%-45%	S&P 500 and other equity indexes
Non-U.S. Equities	31%	20%-45%	MSCI ACWI ex U.S, MSCI EAFE, MSCI Emerging Markets
Inflation Hedging Assets	7%	5%-20%	Various indexes
Total Equities	78%	60%-85%	MSCI All Country World IMI
U.S. and Non-U.S. Fixed Income	22%	10%-40%	Bloomberg Barclays U.S. Intermediate Gov't/Credit Bond
Cash and Cash Equivalents	0%	0%-15%	Citi 1 Month Treasury Bill

- g. Excluding cash and cash equivalents, no single fund or holding shall represent more than 10% of the total, although with a unanimous vote of the committee, a passively managed broad index fund can equal 15% of the total. In addition, the target size of each fund holding shall generally be 3%-8% of the total of the Funds.
- h. The Commonwealth of Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 30, 2009. The Act states that managers of endowment funds such as the endowment of the Friends of the Public Garden must act in good faith and with the care that an ordinary prudent person in a like position would

exercise under similar circumstances. In managing and investing funds, managers are directed to consider general economic conditions, make decisions on a total portfolio basis, allocate risk and return across the portfolio, and consider the needs of the charity to make distributions and preserve capital. Charities can spend the amount deemed prudent after consideration of the following seven standards of prudence: 1) the duration and preservation of the endowment fund; 2) the purposes of the institution and the endowment fund; 3) general economic conditions; 4) the possible effects of inflation and deflation; 5) the expected total return from the income and appreciation; 6) other resources of the institution; and 7) the investment policy of the institution.

**FRIENDS OF THE PUBLIC GARDEN  
TREASURER'S REPORT FOR BOARD OF DIRECTORS MEETING  
JUNE 6, 2018**

**2017 Audit**

The audit process went very well and resulted in two minor adjusting entries. In early May, the Audit Committee met with our auditor, Bacall & Conniff, P.C., and reviewed the audited financials, Form 990 (federal tax return) and Form PC (state tax return). The Committee voted to accept the documents and to recommend to the Board that Bacall & Conniff be hired as the auditors of the Friends for 2018. The tax forms were filed prior to the May 15 deadline and the invoice from Bacall & Conniff came in at \$17,600, compared to \$17,400 for the 2016 audit.

**January through April 2018 Statement of Operations (attached)**

**Income:** Total Operating Income came in \$417,000 (46%) above budget for the first four months of the year. The Friends received unrestricted gifts of \$250,000 from the Harold Whitworth Pierce Charitable Trust plus \$50,000 from Peter Brooke. We also received an unrestricted \$50,000 bequest from Anne Brooke's estate. Both New and Renewal Memberships are ahead of budget while Sponsorships for Benches and Trees continue the strong pace of the last few years. The Green & White Gala was another resounding success raising \$45,000 more than budget at April 30. In Public Programs, Mass Humanities did not fund Making History this year and although Duckling Day revenue was under budget at April 30, the event brought in \$8,000 more than budget by the end of May. On the Brewer Fountain Plaza, we signed contracts with three different trucks, which will match the revenue of the five trucks from 2017.

**Expenses:** Total Operating Expenses came in \$58,700 (8%) under budget. Parks Care spending was \$67,700 (24%) under budget at April 30 primarily due to the following three items:

- 1) Delay in Brewer Fountain Lighting Design due to concerns with recommended lighting fixture;
- 2) Pruning behind schedule in the Garden due to additional work done in December 2017; and
- 3) Tool Shed Feasibility Study will not be done this year due to lack of capacity at both the City level and at the Friends.

In Public Programs, Duckling Day, the new Video for the Green & White Gala and Young Friends all tracked to budget. Communications and Outreach & Education are below budget, though we expect them to come close to budget by year-end. Brewer Plaza Activities are ahead of budget primarily due to the Brewer 150 Celebration on June 14. In Development, the Green & White tracked to budget at April 30 but will come in about \$8,000 under budget in total expenses. In Administration, while Overhead is slightly under budget, Personnel is 9% over budget primarily because the salary increase and bonus for Liz were unbudgeted.

**Surplus:** We budgeted a Net Surplus of \$53,400 for 2018. At April 30, we expected a surplus of \$151,800, as spending always lags fundraising during this period. Primarily due to the additional income received during the first four months of this year, our surplus at April 30 was \$475,700 above the projection.

**Investments**

As of April 30, our invested funds totaled \$20.7 million. On December 31, 2017, the figure was \$20.8 million. Our year-to-date return at April 30 was -0.2%, compared to -0.7% for the benchmark.