

# ~~GREENWAY~~ ~~UNCOVERED~~

*An Insider's Tale of Accounting Tricks, Unethical Business Practices, and Fraud*

HOW GREENWAY CONSERVANCY INCURRED \$2.0 MILLION IN COSTS OVERRUNS ON A SINGLE PROJECT AND 50% BUDGET BLOWOUT IN ONE YEAR, HIKED EXECUTIVE DIRECTOR'S COMPENSATION BY 30%, PAID \$500K TO TOP 3 EXECUTIVES, ADDED 45% MORE STAFF...AND COVERED UP FOR IT ALL.



**THE GREENWAY WHISTLEBLOWERS**

## **THIS DISCLAIMER APPLIES TO THE COMPILATION AND USE OF THIS REPORT.**

This report has been compiled by employees and volunteers of Rose Kennedy Greenway Conservancy “Conservancy”, both past and current, who care deeply about the future of the Greenway. It is intended to shed light on certain of the Conservancy’s business practices that we believe directly impact the efficient use of the money received from the public and private donors.

Silence is neither golden nor in our own interest; this goes beyond Greenway, trust and confidence that donors and the public have in Boston charities will decrease if we all bury our heads in the sand. This is why we choose to expose the Conservancy’s business conduct and culture. We know however that this journey will be difficult as the leadership mastered the art of covering up for its misdeeds, and developed a power base to defend it against any scrutiny.

The evidence however is overwhelming; the exhibits at the end of the document provide the backup for our revelations .We took a special care to support our analysis with facts and data already contained in public documents.

Statements are intended to be used for general information purposes only, not as a substitute for independent investigation or proper due diligence.

# SUMMARY

- ✓ RECORD-BREAKING 30% COMPENSATION HIKE FOR THE EXECUTIVE DIRECTOR IN 2015; TOP 3 EXECUTIVES' EARNINGS NOW EXCEED \$500K (exhibit 1-2)
- ✓ ALL OF MASSDOT'S \$2.2 MILLION PUBLIC MONEY CONTRIBUTION IS USED TO COVER SALARIES AND BONUSES OF THE CONSERVANCY EXCEPTIONALLY OVER-SIZED STAFF
- ✓ ATTEMPTS BY THE MANAGEMENT AND THE BOARD TO COVER-UP FOR OVER \$2 MILLION IN COST OVERRUNS OF ONE SINGLE PROJECT IN 2015 (exhibit 3); WIDESPREAD USE OF ACCOUNTING TRICKS TO OBSCURE OVER 50% (HIDDEN 68%) BLOWOUT IN 2015 BUDGET (exhibit 4)
- ✓ ONE ACRE OF GREENWAY COSTS THE PUBLIC AND DONORS A RECORD OF \$420,538 PER YEAR!
- ✓ DESPITE PREVAILING UNDERPERFORMANCE AND SIGNIFICANT BUDGET VARIANCES, BOARD AGREED RECORD BONUS PAYMENTS AND SALARY RISES IN 2015; 45% INCREASE IN FULL-TIME STAFF IN LESS THAN 6 MONTHS
- ✓ DONORS ARE BEING CONTINUOUSLY MISLED ABOUT THE ACTUAL COSTS OF THE PROJECTS AND USE OF MONEY; BOARD FAILS TO MONITOR THE USE OF DONORS' MONEY; FUNDRAISING COSTS INCREASING FROM RECORD 32% TO AS HIGH AS 50%
- ✓ COMPLACENT BOARD FUNCTIONS AS RUBBER-STAMP TO SUPPORT WIDESPREAD PRACTICE OF UNBUDGETED PROJECTS, EXCESS SPENDING AND STAFF ADDITIONS.
- ✓ FLAGRANT UNDER-THE-TABLE DEALINGS WITH CONTRACTORS AND BREACH OF PROCUREMENT POLICY LED TO SIGNIFICANT BUT HIDDEN LOSSES; WHO BENEFITED FROM OVER \$2 MILLION IN CONTRACTS AWARDED WITHOUT PROPER RFP PROCESS?
- ✓ LACK OF INDEPENDENT REVIEW OR OVERSIGHT LEADS TO SYSTEMATIC AND DECEPTIVE PERFORMANCE DATA SENT TO DONORS AND THE PRESS TO PROJECT SUCCESS; VISITORS NUMBERS, ATTENDANCE OF EVENTS, % PROGRAMMATIC EXPENSES, % OVERHEAD COSTS, ETC.

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# Can You Condone Multi-million Dollars in Public Funds Wasted by a Non-profit?

Even as Boston has cut expenditures and tightened the reins on its budgets, going so far as to slash funding for public schools; forecast significant budget shortfall; increase MBTA's fares and cut T late night service (\*), one organization continues to squander millions in public and donor funds, including over \$2.5 million worth of costs on a single project in 2015, and 30% increase in the Executive Director's salary in one year, all of this while evading state scrutiny and public outbursts.

Behind the facade of a positive media image, the Conservancy conceals a culture of fraud, excess expenditure, secrecy and intimidation, manipulation of numbers, and under-the-table dealings. These practices directly led to 50% blowout in the budget in one single year (from \$4 Million in FY14 to over \$6.7 Million in FY15 based on 12 months), \$2 million in costs overruns on a single project, a record 45% increase in staff from 22 to 32 in less than 6 months, and unprecedented high salaries and bonuses payments (over \$500K paid to top 3 executives in 2015). Making the situation even more serious is tacit board support, absence of management accountability, and deliberate cover-up.

With such a multitude of sins and other embarrassing truths to hide, it comes as no surprise that the leadership and the board worked hard to prevent any leak and even passed a new stifling policy on whistleblowing as recently as October 2015. In the course of this report, we will highlight several examples that show the increasing inefficiencies in public funding usage, and how the organization misleads private donors, uses accounting tricks, off-budget projects and board manipulation tactics to disguise losses and spending in excess.

*\*MassDOT provides Greenway Conservancy with \$2.2 million in cash annually representing 50% of the annual operating budget. This is in addition to another \$0.26 million in-kind. Total MassDot contribution to Greenway in 2015 (12 months) amounted to \$2.5 million.*

# \$2 Million Costs Overruns:

## The Hidden Financial Debacle Above The Greenway

Despite being presented as a success, the truth behind Janet Echelman project tells a different story. In a departure from its stated strategy on hosting independently run events, rather than organizing them in-house, the Conservancy's failed experiment resulted in own project's costs **increasing from \$500K to over \$2.5 million (\*)** and the loss of a unique opportunity to use significant donors' money to reduce dependency on public funding (Exhibit 4).

### The Truth Behind the Art Project



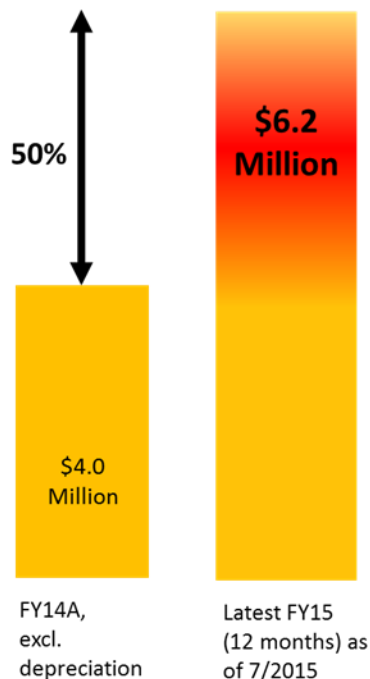
- Management knowingly **underestimating** and repeatedly **misreporting** the costs of the project to the board and donors; especially that the cost of an Echelman sculpture was well known to be \$2 million minimum.
- Cost increases were covered up through **budgetary manipulation**. By changing the fiscal year end date from June 30 to December 30, 2015, the operating budget was extended by 6 months allowing for additional revenue allocations and confusing the effect of cost increases as Public Art.
- Despite management's claims and record fundraising from donors, endowment draws and MassDot's public money were used to pay for the shortfall and cover project-related personnel expenses. Management masterfully hides the facts.
- **Repeated fundraising campaigns** in smaller amounts were carried out to avoid suspicion and mislead donors about the costs, allocations and losses
- Absence of proper financial control **and tacit board support for extra-budgetary** spending resulted in spiraling costs that were actively covered up for.
- **Serious breach of procurement policy** by failing to follow the RFP process for contracts of over \$100,000; over \$2 million attributed without RFP resulting in highly suspicious cost-based contracts and **heightened financial risk**
- Management arranged with contractors and partners to **avoid communicating "sensitive" information** through email, thereby concealing the details of agreements and transactions

*\* the total cost of the project exceeds \$2.5 million as related expenses are buried under general development and programming costs allocations, and under contracted services. Note, auditors' report failed to provide the breakdown of the costs despite the project representing over 50% of a 12-month operating budget.*

# Over 50% Blowout in Annual Budget: Accounting Tricks and Cover-Ups

A culture of secrecy, coupled with complacency from the board of directors, has allowed our leadership to indulge in unbudgeted and costly projects, engage in hiring spree, and apply a number of techniques to misuse public and donors' funds, and conceal losses. These practices **resulted in 50% blowout** of the budget in 2015 (Exhibit 5).

**50% Increase FY15 vs. FY14 \***  
**(based on 12 months period)**



**Technique 1:** Presented as auditors' recommendation, **the change of fiscal year was designed by the management** and intended purely and exclusively to add more public and endowment revenues to balance the budget (short of \$550K at end of original fiscal year) and cover up for the costs and salary increases. (Exhibit 7.2)

**Technique 2:** Management exploits **lax oversight by the Finance Committee (FARMC)** and the absence of detailed reporting by always providing incomplete or vague information. With FARMC's recommendation and board's leadership tacit support, the rest of the board gives rubber-stamp approval

**Technique 3:** Designed by the management to circumvent the formal budget process and supported by the board, **widespread use of unbudgeted projects** gives free hand for secretive and risky undertakings. Leadership often claim new pledges by donors to silence any concerns on excess spending or new projects.

**Technique 4:** **Management deliberately avoids scrutiny** from the public and the press by not disclosing material information (such as salaries and projects costs), and by hiding or, delaying the release of meetings' records. (Exhibit 7.1)

**Technique 5:** Management justifies the use of public funds by setting **deceptive benchmarks to inflate spending needs**, and internally-producing dubious comparable analysis reports to justify excessive salaries and bonus payouts.

*\* There is overwhelming evidence that management has knowingly misclassified and delayed various expenses worth \$550K in order to present an interim "balanced" operating budget to MassDot at end of June 30, 2015. Internally produced documents showed expenses totaling \$6.7 million. Using the latter, the budget blowout would have been 68%!*

# Where The Money Goes I:

## 100% Of MassDot's \$2 Million Goes To Pay the Conservancy's Staff, including the Record-breaking \$500k For The Top 3 Executives

The misuse of public and private funds by the Conservancy is no more apparent than **in the size of its staff, and this year's hiring spree and paid bonuses**. Despite the fact that the park is only open **for mostly half-a-year and that 99% of events** are presented by independent parties, the Conservancy employs a record of 32 employees as of May 2016 (a dramatic 45% increase in personnel from 22 people in 2015!) Not only that but Conservancy **is purposely befuddling information** about new staff and holding up any information on salaries, bonuses and other payment to employees and contractors.

✓ **\$2 million** (100% of all public funds received from MassDot annually) is used to pay 22 permanent, year-round employees (as of May 2016, the number of employees increased to 32).

✓ **\$500,000 from MassDot's public money contribution** goes to pay the top 3 executives and their bonuses (leadership has openly stated on numerous occasions that the change of fiscal year enabled him to hide the effect of increased costs and salaries and make them appear as it they apply to 18 months rather than 12 months)

✓ **Despite \$2 Million** in costs overruns, record bonuses were paid to staff and executives in 2015 and significant salary increases were approved.

✓ **Record Hiring of 10** new full-time employees (45% increase of the staff) in less than 4 months; *several new filled positions were NOT included in the approved operating budget for 2016. This was done in connivance by the board and its leadership.*

# Where The Money Goes II: Can Boston Afford One of the Most Expensive Parks in America?

- ✓ Did you know that it cost the Conservancy a record **\$420,538 in FY2015 \*** (based on 12 months and up from \$333,333.00 in 2014) and **2.13 full-time employees** (excl. dozens of other volunteers) to operate **ONE ACRE OF GREENWAY?** For reference, one acre managed by Boston Park and Recreation costs no more than \$9,524 and uses 0.14 full-time employee!!!
- ✓ Do you condone that our Executive Director at Conservancy who **manages a mere 15 acres** of park has a compensation double that of the Parks Commissioner who oversee 2100 acres?
- ✓ **Record-breaking overhead expenses** (often misclassified as programmatic): did you know that as of May 2016 the Conservancy **doubled the size of its staff in every functional department** and misled MassDot using under-estimated budget to hide the increase in payroll. To manage 15 acres and \$4 million budget, our organization employs: 5 in accounting and administration, 4 in fundraising, 8 in programs and planning, and even 2 full-time art curators! With only 4 to 5 staff members, other Boston public parks, including the Boston Common have been more effective in organizing more and bigger events all year round.

MOST  
EXPENSIVE  
PUBLIC PARK  
IN THE NATION

COST PER ACRE COMPARISON		GREENWAY		BOSTON PARKS
Size		15 acres		2100 acres
Leadership Compensation in 2015		\$217,647	2 X	\$105,000
Total Staff		32		299
Staff per Acre		2.13	15 X	0.14
Operating Budget		\$6.3 Million		\$20 million
Cost \$ per Acre		\$420,538	44 X	\$9,524

**WE ARE  
THE ONLY  
PARK IN  
AMERICA  
WITH TWO  
FULL-TIME  
ART  
CURATORS!**

\* Based on 12-month operating budget; \*\* As reported in Form 990 and City Official Budget

# Misleading Donors From A to Z:

## Easy Come, Easy Go...And Record Fundraising Costs

One of the most disturbing attitudes at Greenway is that private donors' funds are inexhaustible and will always be there to cover losses, excess expenditure, and off-budget projects. Management's practices are highly unethical when it comes to appropriating donors' money. This is even more alarming as Donors trusted the organization's mission by giving a record of \$14.4 million in less than 5 years. **Costs of fundraising are extravagant averaging 32% in 2015 and 50% in 2016** (Exhibit 6). The techniques used to mislead donors and cover-up for the misuse of funds include the following:

- ✓ **Fabricated reports, misleading projects' costs, and befuddled overhead expenses** are commonly used to raise funding from private donors; projected expenditures are either undervalued or exaggerated; just as was the case of Janet Echelman, our leadership never communicates the accurate cost of projects.
- ✓ There is **no oversight, or monitoring** over the use of donor money; while there is a report for the use of MassDot's funds, there is no accurate reconciliation of how donors' money is being spent.
- ✓ **Inflated visitor** numbers and other **deceptive data** portray an inaccurate picture of Greenway's success; visitors numbers to the park and attendance of events are grossly exaggerated using bizarre math. There is never any independent review of the performance of our organization.
- ✓ **Continuously adjusting allocations** to hide excessive expenditure; always baffling cost allocations to hide the use of the funds
- ✓ **Overwhelming use of off-budget projects** as cost overruns, unbudgeted projects and adding new staff are continuously justified by citing donor contributions and pledges.
- ✓ Instead of using private **fundraising to reduce dependency** on MassDot's funding, management is using the money to indulge in expensive and off-budget projects, and pay excessive bonuses and salaries.

# The Board Lost Its Legitimacy: Complacent, Ineffective, Accomplice...Dangerous

There is no doubt that the board lacks the leadership, objectivity and perspective to perform its fiduciary duties effectively. The board lost its legitimacy for the last 3 years as its leadership has been accomplice in promoting and hiding unethical business conduct and excess spending.

- The board **allowed over 50% increase in the operating budget** in a single year and actively supported the cover-up through extending the fiscal by 6 months to include more revenues.
- Despite the mismanagement of the projects in 2015 that resulted in \$2 million in costs overruns and 50% budget blowout, the board quietly agreed to **a record 30% hike of the executive director compensation and 20% hike for the director of development.**
- The board is accomplice of the management's practice of unbudgeted projects; a mechanism by which **underestimated operating budget is given to MassDot** while allowing for unbudgeted projects and spending to proceed in parallel.
- The board has handed a blank check to the executive director on virtually everything and currently functions as a "ceremonial" and rubber-stamp board; as a result the leadership is totally unchallenged in its business conduct. **Also, leadership uses the tactic of assigning board seats to key stakeholders (City, MassDot, etc.) and by implicating them in the process, it avoids inspections and shun criticism.**
- **The board fails in its stewardship of both public and donors' money** by failing to monitor the budget's expenditures, the use of funds, the veracity and accuracy of management's reporting.
- **FARMC fails to perform independent oversight or conduct effective control**; the lack of financial risk control continues to expose the Conservancy to significant financial uncertainty as was the case in 2015.
- Still reeling from 2012 revelations of the past executive director's pay of \$185K that led to the resignation Nancy Brennan, the **board and management collude to hide any information that may reveal the actual spending and use of money.**
- Auditors' report omits material elements by not providing the actual breakdown of the costs of a major project such as Echelman; also missing original FY2015 actual ending June 30, 2015.

# Conclusions and Recommendations:

## The City Cannot Knowingly Continue To Waste Public Money

Why are Boston public schools forced to balance their budgets by cutting teaching positions and students support programs, while the Conservancy - a publicly funded company – has increased its budget by over 50% in one year and incurred \$2 million in cost overruns on a single project? Why do commuters face fare hikes to fund the \$2.1 million that MassDot provides Greenway every year, which pays for a 30% increase of the executive director's compensation, and \$500K to the top 3 executives?

If anything, can you accept that Greenway Conservancy spends \$420,538 per acre whereas an acre costs an average of \$9524 when directly managed by the Boston Parks department? Do you accept that a publicly-funded entity such as Greenway Conservancy increase its staff by 45% in 6 months without properly budgeting for such payroll increases?

Greenway is a non-profit entity that has continuously misled donors, engaged in dubious contracting practices and indulged in unbudgeted projects. However, the malaise inside Greenway doesn't stem from cost overruns on one or two projects; rather, it is indicative of a deep-rooted culture issue that is spearheaded by a leadership that believes it has the political connections to weather any criticism, the reach to draw on unlimited funds from donors, the mechanics to escape the scrutiny of the public and the board at large, and the clout to silence those who dissent.

Greenway is likely to push back the same way it did in the past to escape public scrutiny, despite the strength of the facts outlined in this report. The information provided in this report is by no means exhaustive, and we urge you to ask questions, investigate the evidence and form your own conclusions. It is imperative that the right actions are taken and the appropriate changes are implemented in order to hold Greenway at the same standards as the rest of the public-funded organizations in Massachusetts.

# The Warning: Here We Go Again

In 2016, the leadership continues its practice of unbudgeted projects and expenses with total disregard to the financial risk profile of our organization. Once again, budgetary reporting to MassDot presented an inexact picture of the planned expenditures for 2016. Once again, Donors are being given inaccurate data, and imprecise costs' projections. They are asked to back unbudgeted projects and make pledges. Once again, our leadership use those pledges to justify excessive and unbudgeted expenditures, and divert resources to new and experimental projects. Once again, deals are being made behind closed-doors. Once again, the board is saying yes to everything without questioning anything.

Just as before, our leadership believes it will cover up its tracks and project success, no matter the waste of public and donors money. Our Executive Director will continue to boast that he is the only MBA in the team and thus he is the only who understands and controls the numbers, that the Mayor and MassDOT's secretary are personal friends, that the new board has no dissenting voice that can challenge him, and that implicating the City and MassDOT in the board prevents any criticism from the city or state. So it is business as usual: around end of FY2016 (now ending in December), our executive director is confident that another "internally-cooked" comparable study of parks executive directors' compensation will justify yet another increase for his \$218,000 a year and more hiring, that a fabricated increase in visitor numbers will go unchallenged, and that unbudgeted numbers will be covered up with additional endowment draws just in case donors haven't contributed enough...there is nothing to be concerned about after all there is no independent oversight or management accountability!

This is our Rose Kennedy Greenway Conservancy's handbook of splashing public and donors' money ...at the same time when Boston public schools students are walking out in the streets to protest against budget cuts.

Executive Director’s compensation increased by 30% in 2015

Form 990 – Fiscal Year 2015

(1)

ROSE FITZGERALD KENNEDY GREENWAY  
CONSERVANCY, INC. 20-1678932 Page 7

Form 990 (2015)

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII ☐

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Individual trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JESSE BRACKENBURY EXECUTIVE DIRECTOR	65.00	X		X				194,015.	0.	23,632.
(2) GEORGIA MURRAY CHAIR AND DIRECTOR	4.00	X		X				0.	0.	0.
(3) ROBERT GORE TREASURER AND DIRECTOR	2.00	X		X				0.	0.	0.
(4) CHRISTINE MANFREDI CLERK AND DIRECTOR	2.00	X		X				0.	0.	0.
(5) CHRISTOPHER BETKE DIRECTOR	2.00	X						0.	0.	0.

Total compensation: \$217,647 (+30%)

Form 990 – Fiscal Year 2014

(1)

ROSE FITZGERALD KENNEDY GREENWAY  
CONSERVANCY, INC. 20-1678932 Page 8

Form 990 (2013)

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Individual trustee	Officer	Key employee	Highest compensated employee	Former			
(18) VIVIAN WU DIRECTOR	1.00	X						0.	0.	0.
(19) MAEVE VALLELY-BARTLETTE DIRECTOR	1.00	X						0.	0.	0.
(20) JESSE BRACKENBURY COO, THEN EXECUTIVE DIRECTOR	55.00			X				143,300.	0.	23,826.
(21) STEVEN ANDERSON DIRECTOR OF PARK OPERATION	50.00					X		106,136.	0.	19,272.
(22) JODI WOLIN DIRECTOR OF DEVELOPMENT	50.00					X		118,044.	0.	7,050.

Total compensation: \$167,126

(1) [http://www.rosekennedygreenway.org/files/2714/6298/7371/FY\\_2015B\\_July\\_1\\_2015-Dec\\_31\\_2015.PDF](http://www.rosekennedygreenway.org/files/2714/6298/7371/FY_2015B_July_1_2015-Dec_31_2015.PDF) - page 7

(2) [http://www.rosekennedygreenway.org/files/1214/1582/0322/RFKGC\\_Form\\_990\\_FY\\_2014.pdf](http://www.rosekennedygreenway.org/files/1214/1582/0322/RFKGC_Form_990_FY_2014.pdf) - page 8

Conservancy's top 3 Executives compensation in 2015 was \$504,313 (up 21% from previous year)

Form 990 – Fiscal Year 2015 (1)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JESSE BRACKENBURY EXECUTIVE DIRECTOR	65.00	X		X				194,015.	0.	23,632.
(23) JODI WOLIN DIRECTOR OF DEVELOPMENT	50.00					X		142,314.	0.	7,589.
(24) STEVEN ANDERSON DIRECTOR OF PARK OPERATIONS	50.00					X		116,490.	0.	20,273.
1b Sub-total								452,819.	0.	51,494.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								452,819.	0.	51,494.
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization										3
										Yes No

Total compensation: \$504,313.00 (+21% vs 2014)

(1) [http://www.rosekennedygreenway.org/files/2714/6298/7371/FY\\_2015B\\_July\\_1\\_2015-Dec\\_31\\_2015.PDF](http://www.rosekennedygreenway.org/files/2714/6298/7371/FY_2015B_July_1_2015-Dec_31_2015.PDF) - page 7

Total Operating Cost Per Acre increases from: \$333,333 (in FY14) to \$420,537 (in FY15)

Fiscal Year 2014

(1)

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

	2014					2013		
	PROGRAMMATIC							
	MAINTENANCE AND HORTICULTURE	PUBLIC EVENTS	GREEN & GROW	PLANNING AND DESIGN	TOTAL PROGRAMMATIC	ADMINIS- TRATION	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 913,690	\$ 241,044	\$ 72,560	\$ 202,612	\$ 1,429,906	\$ 298,726	\$ 318,896	\$ 2,047,528
Contracted services	798,939	-	5,226	19,530	823,695	-	17,027	840,722
Direct program expense	412,722	76,255	1,015	42,459	532,451	-	74,869	607,320
Depreciation	144,635	23,071	2,038	13,578	183,322	26,175	37,006	246,503
Occupancy expense	80,896	12,927	2,826	7,876	104,525	14,599	19,876	139,000
Insurance	118,214	1,136	259	694	120,303	1,282	1,742	123,327
Legal and accounting	65,382	10,422	380	6,048	82,232	17,250	16,992	116,474
Office expense	41,549	7,097	1,629	5,035	55,310	9,395	11,493	76,198
Public outreach	-	25,572	-	-	25,572	-	-	25,572
Professional development	11,622	60	-	640	12,322	68	1,012	13,402
Total expenses	\$ 2,587,649	\$ 397,584	\$ 85,933	\$ 298,472	\$ 3,369,638	\$ 367,495	\$ 498,913	\$ 4,236,046

2014 Total Operating Expenses = 4,236,046 / 15 acres  
of Greenway = \$333,333 per Acre

(2)

Fiscal Year 2015 (ending June 2015)  
As reported to MassDot

Rose Fitzgerald Kennedy Greenway Conservancy  
\*UNAUDITED\* STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Summarized Comparative Totals for the Year Ended June 30, 2014)  
\*for discussion purposes only\*

6/30/2015  
TOTAL

\$ 2,312,060  
732,814  
2,452,685  
258,284  
138,996  
99,349  
90,057  
107,494  
96,000  
20,227

\$ 6,308,065

2015 Total Operating Expenses = 6,308,065 / 15 acres  
of Greenway = \$420,538 per Acre

(1) <http://www.rosekennedygreenway.org/files/5714/1321/6093/FY2014.pdf> - page 8

(2) FY15 (July 1, 2014 to June 30, 2015) Interim reporting to MassDot; this document was removed from the public documents at the request of the Executive Director; for more details, see Exhibit 3

*Presented as a success, total Cost of Janet Echelman project escalated from \$500K to over \$2.5 million. The actual cost is actually higher as multiple expenses are hidden under different cost allocations.*

**TOTAL COST OF THE PROJECT AS PRESENTED  
FOR APPROVAL ON JULY 15, 2014**

(1)

**C. PROJECT BUDGET**

The overall cost for this art installation is budgeted at \$500,000 which includes concept refinement, final design, fabrication, installation and de-installation. Costs associated with estimated ranges for the professional service contracts are listed below.

CONTRACT	ESTIMATED VALUE
Artist: Janet Echelman, Inc. (JEI)	\$100,000 - \$115,000
Structural Engineer: Arup Associates	\$70,000 - \$100,000
General Contractor: TBD	\$200,000 - \$250,000
Lighting Contractor: TBD	\$50,000 - \$80,000
Independent Cost Estimator: TBD	\$8,000 - \$12,000
TOTAL:	NOTE: \$500,000

*Breach of procurements' policy, no RFP was ever issued for the various contracts of the project*

(2)

**AUDITED FINANCIALS AFTER EXTENDING THE FISCAL YEAR BY 6  
MONTHS TO ABSORB MORE COSTS**

	AND RANGERS	AND PLANNING	PUBLIC ART	OUTREACH	TOTAL PROGRAMMATIC	ADMIN- ISTRATION	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 1,721,092	\$ 478,242	\$ 241,019	\$ 82,587	\$ 2,522,940	\$ 426,865	\$ 528,589	\$ 3,478,394
Direct program expense	659,472	122,253	1,344,924	74,219	2,200,868	4,006	90,401	2,295,275
Contracted services	1,055,545	-	1,131,018	16,000	2,202,563	-	46,602	2,249,165
Legal and accounting	86,596	18,755	48,943	8,022	162,316	32,261	16,122	210,699
Occupancy	108,544	10,112	42,685	2,669	174,010	11,842	22,642	208,494
Office	84,582	1,155	36,913	2,506	142,156	18,565	17,562	178,283
Insurance	150,533	440	14,651	39	165,663	2,201	501	168,365
Professional development	20,251	1,032	1,435	178	22,896	197	948	24,041
Total expenses before depreciation	3,886,615	658,989	2,861,588	186,220	7,593,412	495,937	723,367	8,812,716
Depreciation	125,045	268,876	2,483	97	395,501	257	11,463	407,221
Total expenses after depreciation	\$ 4,011,660	\$ 927,865	\$ 2,863,071	\$ 186,317	\$ 7,988,913	\$ 496,194	\$ 734,830	\$ 9,219,937

(1) [http://www.rosekennedygreenway.org/files/4214/0623/0272/RFKGC\\_Echelman\\_Project\\_Board\\_Approval\\_7-15-2014.pdf](http://www.rosekennedygreenway.org/files/4214/0623/0272/RFKGC_Echelman_Project_Board_Approval_7-15-2014.pdf) - page 2

(2) [http://www.rosekennedygreenway.org/files/1014/5876/3621/Rose\\_Fitzgerald\\_Kennedy\\_Greenway\\_Conservancy\\_Inc.\\_Financial\\_Statements\\_Draft\\_3.16.16.pdf](http://www.rosekennedygreenway.org/files/1014/5876/3621/Rose_Fitzgerald_Kennedy_Greenway_Conservancy_Inc._Financial_Statements_Draft_3.16.16.pdf) - page 3

Public Art category covers almost exclusively Janet Echelman project.

Operating expenses increased by a record \$2 million in FY15 ending June 30, 2015; this represent a 50% blowout compared to FY14.

(3)

Fiscal Year 2014 (1)

ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

2014						
PROGRAMMATIC						
PUBLIC EVENTS	GREEN & GROW	PLANNING AND DESIGN	TOTAL PROGRAMMATIC	ADMINIS- TRATION	FUNDRAISING	TOTAL
\$ 241,044	\$ 72,560	\$ 202,612	\$ 1,429,906	\$ 298,726	\$ 318,896	\$ 2,047,528
-	5,226	19,530	823,695	-	17,027	840,722
76,255	1,015	42,459	532,451	-	74,869	607,320
23,071	2,038	13,578	183,322	26,175	37,006	246,503
12,927	2,826	7,876	104,525	14,599	19,876	139,000
1,136	259	694	120,303	1,282	1,742	123,327
10,422	380	6,048	82,232	17,250	16,992	116,474
7,097	1,629	5,035	55,310	9,395	11,493	76,198
25,572	-	-	25,572	-	-	25,572
60	-	640	12,322	68	1,012	13,400
\$ 397,584	\$ 85,933	\$ 298,472	\$ 3,369,638	\$ 367,495	\$ 498,913	\$ 4,236,046

(2) Fiscal Year 2015 (ending June 2015)  
As reported to MassDot

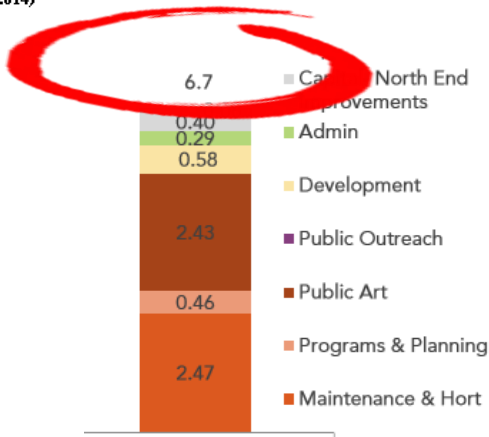
Rose Fitzgerald Kennedy Greenway Conservancy  
\*UNAUDITED\* STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Summarized Comparative Totals for the Year Ended June 30, 2014)  
\*for discussion purposes only\*

6/30/2015  
TOTAL

\$ 2,312,060  
732,814  
2,452,685  
258,284  
138,996  
99,349  
90,057  
107,494  
96,000  
20,327  
\$ 6,308,065

+50%

Fiscal Year 2015 (ending June 2015)  
As reported INTERNALLY (in \$ mi)



+68%

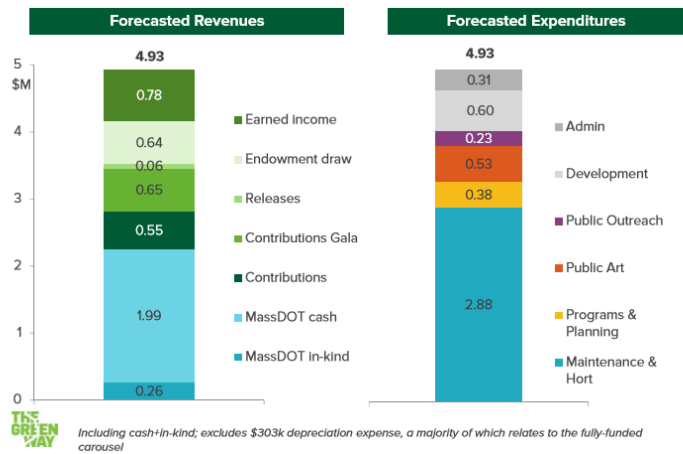


Note the difference between internal presentation (3) and interim reporting to MassDot (2); the former shows that total operating expenses was estimated at \$6.7 million however the same week's reporting to MassDot (the latter) has shown only \$6.2 million. Management understated its total operating expenses by around \$550K in its reporting to MassDot (and later to the IRS).original fiscal year. However, by extending the fiscal year by 6 months, management was able to delay recording certain expenses and add more revenues (public and endowment) to compensate for the cost overruns and balance the budget.

(1) <http://www.rosekennedygreenway.org/files/5714/1321/6093/FY2014.pdf> - page 8  
(2) FY15 (July 1, 2014 to June 30, 2015) Interim reporting to MassDot  
(3) [http://www.rosekennedygreenway.org/files/8214/3941/0992/FY15A\\_Results\\_FY15B\\_Goals\\_FY15\\_18m\\_Budget.pdf](http://www.rosekennedygreenway.org/files/8214/3941/0992/FY15A_Results_FY15B_Goals_FY15_18m_Budget.pdf) - page 9

# EXHIBIT 6: ANALYSIS OF FUNDRAISING COSTS

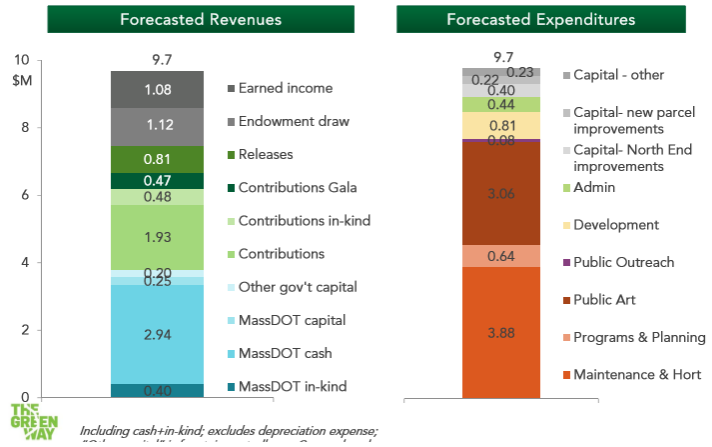
## FY 2016 Operating Budget (1)



As budgeted for 2016:  
Total donors' contributions= \$1.2 mil  
Fundraising (development) costs=\$600k

→ FUNDRAISING COSTS= 50% OF MONEY RAISED

## 2015 Fiscal Year Latest Estimate (2)



Actual for 2015 (also reported in audited financial statements):  
Total donors' contributions= \$2.7 mil  
Fundraising (development) costs=\$871k

→ FUNDRAISING COSTS= 32% OF MONEY RAISED

(1) [http://www.rosekennedygreenway.org/files/4614/4986/3969/FY16\\_Budget\\_Goals\\_Results.pdf](http://www.rosekennedygreenway.org/files/4614/4986/3969/FY16_Budget_Goals_Results.pdf) - slide 3  
(2) [http://www.rosekennedygreenway.org/files/8214/3941/0992/FY15A\\_Results\\_FY15B\\_Goals\\_FY15\\_18m\\_Budget.pdf](http://www.rosekennedygreenway.org/files/8214/3941/0992/FY15A_Results_FY15B_Goals_FY15_18m_Budget.pdf) (slide 8)

## Exhibit 7.1

“Mr. Brackenbury reviewed the organizational chart and salary figures...He also explained the varying criteria that was used to determine the pay scale of different employees and expressed concern about the sensitivities relating to its public disclosure.”

[http://www.rosekennedygreenway.org/files/6814/4986/3917/Finance Audit and Risk Management Committee Meeting Approved Minutes 9.29.2015.pdf](http://www.rosekennedygreenway.org/files/6814/4986/3917/Finance_Audit_and_Risk_Management_Committee_Meeting_Approved_Minutes_9.29.2015.pdf)

## Exhibit 7.2

“Mr. Brackenbury continued that, because of the fiscal year change, the budget also reflects seven endowment draws as approved by the Investment Committee.”

[http://www.rosekennedygreenway.org/files/4314/4362/9685/Finance Audit and Risk Management Committee Meeting Approved Minutes 6.23.2015.pdf](http://www.rosekennedygreenway.org/files/4314/4362/9685/Finance_Audit_and_Risk_Management_Committee_Meeting_Approved_Minutes_6.23.2015.pdf)

“Mr. Brackenbury explained that management, along with guidance from its auditors AAF, reviewed the desirability as well as the feasibility of changing the Conservancy’s fiscal year end from June 30 to December 31.”

[http://www.rosekennedygreenway.org/files/6914/3940/9593/Finance Audit and Risk Management Committee Meeting Approved Minutes 3.27.2015.pdf](http://www.rosekennedygreenway.org/files/6914/3940/9593/Finance_Audit_and_Risk_Management_Committee_Meeting_Approved_Minutes_3.27.2015.pdf)