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CERTIFIED PUBLIC ACCOUNTANTS

**WOONASQUATUCKET RIVER  
WATERSHED COUNCIL**

UNAUDITED  
FINANCIAL STATEMENTS  
(with review report thereon)

AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**UNAUDITED FINANCIAL STATEMENTS**  
(with review report thereon)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Accountants' Review Report**

To the Board of Directors  
Woonasquatucket River Watershed Council  
27 Sims Avenue 2<sup>nd</sup> Floor  
Providence, Rhode Island 02909

We have reviewed the accompanying statements of financial position of the Woonasquatucket River Watershed Council as of December 31, 2010 and 2009 and the related statements of activities, of functional expenses and of cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquires of the Woonasquatucket River Watershed Council's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation of the financial statements.

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Aaronson Lavoie Streitfeld Diaz & Co, PC*

Cranston, Rhode Island  
October 26, 2011

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**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2010**  
(unaudited)

<b>ASSETS</b>	Unrestricted net assets	Temporarily restricted net assets	Total
Cash	\$3,105	\$82,947	\$86,052
Grants and accounts receivable, net (Note 2)	84,868		84,868
Prepaid expenses	9,450		9,450
Property and equipment, net (Note 4)	4,074		4,074
Total assets	\$101,497	\$82,947	\$184,444
 <b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable and accrued expenses	\$19,093		\$19,093
Accrued payroll and payroll taxes	6,568		6,568
Total liabilities	25,661		25,661
 <b>Commitment and contingency (Note 7)</b>			
Net assets:			
Unrestricted net assets (Note 8)	75,836		75,836
Temporarily restricted net assets (Note 10)		\$82,947	82,947
Total net assets	75,836	82,947	158,783
Total liabilities and net assets	\$101,497	\$82,947	\$184,444

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
 AT DECEMBER 31, 2009  
 (unaudited)

<u>ASSETS</u>	Unrestricted net assets	Temporarily restricted net assets	Total
Cash	\$1,697	\$250,044	\$251,741
Grants and accounts receivable, net (Note 2)	61,928		61,928
Prepaid expenses	13,702		13,702
Property and equipment, net (Note 4)	5,714		5,714
Total assets	\$83,041	\$250,044	\$333,085
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable and accrued expenses	\$35,839		\$35,839
Accrued payroll and payroll taxes	4,242		4,242
Total liabilities	40,081		40,081
 <b>Commitment and contingency (Note 7)</b>			
Net assets:			
Unrestricted net assets (Note 8)	42,960		42,960
Temporarily restricted net assets (Note 10)		\$250,044	250,044
Total net assets	42,960	250,044	293,004
Total liabilities and net assets	\$83,041	\$250,044	\$333,085

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(unaudited)

	Unrestricted net assets	Temporarily restricted net assets	Total
<b>Changes in net assets from:</b>			
<b><u>Revenue and contributed support:</u></b>			
Government grants	\$84,119	\$347,819	\$431,938
Foundation grants	25,000	86,810	111,810
Donations	14,782		14,782
Pass-thru to Jobs RI	17,428		17,428
Program income	8,071		8,071
Fund-raising income, net (Note 5)			
Gross income	\$4,782		
Less direct expenses	-0-		
Interest income	869		869
Micellaneous income	951		951
Gain on sale of vehicle	2,600		2,600
Net assets released from restrictions:			
Satisfaction of program restrictions	601,726	(601,726)	
Total revenue and contributed support	760,328	(167,097)	593,231
<b><u>Expenses:</u></b>			
Program services	678,779		678,779
Management and general	26,846		26,846
Development expenses	21,827		21,827
Total supporting services	727,452		727,452
<b>Increase (decrease) in net assets</b>	<b>32,876</b>	<b>(167,097)</b>	<b>(134,221)</b>
Net assets, beginning of year	42,960	250,044	293,004
Net assets, end of year	\$75,836	\$82,947	\$158,783

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
(unaudited)

	Unrestricted net assets	Temporarily restricted net assets	Total
<b>Changes in net assets from:</b>			
<b><u>Revenue and contributed support:</u></b>			
Government grants	\$199,433	\$166,366	\$365,799
Foundation grants	66,000	43,470	109,470
Donations	8,892		8,892
Program income	5,807		5,807
Fund-raising income, net (Note 5)			
Gross income	\$175		
Less direct expenses	-0-	175	175
Interest income	1,386		1,386
Net assets released from restrictions:			
Satisfaction of program restrictions	176,274	(176,274)	
Total revenue and contributed support	457,967	33,562	491,529
<b><u>Expenses:</u></b>			
Program services	447,585		447,585
Management and general	26,685		26,685
Development expenses	7,755		7,755
Total supporting services	482,025		482,025
<b>Increase (decrease) in net assets</b>	<b>(24,058)</b>	<b>33,562</b>	<b>9,504</b>
Net assets, beginning of year	142,018	141,482	283,500
Transfer from unrestricted to temporarily restricted net assets (Note 11)	(75,000)	75,000	
Net assets, end of year	\$42,960	\$250,044	\$293,004

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(unaudited)

	Program services	Management and general	Development expenses	Total
<b>Personnel costs:</b>				
Salaries	\$138,378	\$14,956	\$12,849	\$166,183
Payroll taxes	13,159	1,410	1,097	15,666
Fringe benefits (Note 3)	23,508	2,519	1,959	27,986
<b>Total personnel</b>	<b>175,045</b>	<b>18,885</b>	<b>15,905</b>	<b>209,835</b>
<b>Operating expenses except depreciation:</b>				
Consultants and professional fees	31,163	2,545		33,708
Occupancy	8,376	1,478		9,854
Education and program materials	22,957			22,957
Insurance	4,986	880		5,866
Telephone and internet	2,196	387		2,583
Travel	235			235
Office supplies	3,995	705		4,700
Printing	1,170	206		1,376
Postage and shipping	781	138		919
Dues, fees and memberships	305			305
Bank fees		12		12
Payroll servcie		1,364		1,364
Fish ladder construction project	406,081			406,081
Repairs and maintenance	652			652
Small equipment	415			415
Direct fund-raising costs			5,922	5,922
Conferences	1,590			1,590
Pass thru to Jobs RI	17,428			17,428
Miscellaneous	10			10
<b>Total operating expenses     except depreciation</b>	<b>502,340</b>	<b>7,715</b>	<b>5,922</b>	<b>515,977</b>
<b>Depreciation:</b>	<b>1,394</b>	<b>246</b>		<b>1,640</b>
<b>Total functional expenses</b>	<b>\$678,779</b>	<b>\$26,846</b>	<b>\$21,827</b>	<b>\$727,452</b>

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
(unaudited)

	Program services	Management and general	Development expenses	Total
<b>Personnel costs:</b>				
Salaries	\$117,496	\$7,629	\$5,622	\$130,747
Payroll taxes	10,969	712	525	12,206
Fringe benefits (Note 3)	23,109	1,500	1,106	25,715
<b>Total personnel</b>	<b>151,574</b>	<b>9,841</b>	<b>7,253</b>	<b>168,668</b>
<b>Operating expenses except depreciation:</b>				
Consultants and professional fees	40,897	13,058		53,955
Occupancy	9,071	1,121		10,192
Education and program materials	27,067			27,067
Insurance	3,807	470		4,277
Telephone and internet	2,158	266		2,424
Travel	495			495
Office supplies	2,011	249		2,260
Printing	857	106		963
Postage and shipping	504	62		566
Dues, fees and memberships	779			779
Bank fees		73		73
Payroll service		1,192		1,192
Water quality monitoring	900			900
Habitat restoration project	58,691			58,691
Fish ladder construction project	146,187			146,187
Marketing and promotional items	112			112
Small equipment	331			331
Direct fund-raising costs			502	502
Miscellaneous	553	50		603
<b>Total operating expenses     except depreciation</b>	<b>294,420</b>	<b>16,647</b>	<b>502</b>	<b>311,569</b>
<b>Depreciation:</b>	<b>1,591</b>	<b>197</b>		<b>1,788</b>
<b>Total functional expenses</b>	<b>\$447,585</b>	<b>\$26,685</b>	<b>\$7,755</b>	<b>\$482,025</b>

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMEBR 31, 2010 AND 2009**  
(unaudited)

	<b>2010</b>	<b>2009</b>
<b>Net cash flow from (for) operating activities:</b>		
Increase (decrease) in net assets	(\$134,221)	\$9,504
Add (deduct) items not using (providing) cash:		
Depreciation	1,640	1,788
(Increase) decrease in grants and accounts receivable, net	(22,940)	203,866
(Increase) decrease in prepaid expenses	4,252	(8,560)
Decrease in accounts payable and accrued expenses	(16,746)	(181,793)
Increase in accrued payroll and payroll taxes	2,326	1,609
Net cash provided (used) by operating activities	(165,689)	26,414
<b>Net cash flow for investing activities:</b>		
Purchase storage containers		(3,969)
Net cash used by investing activities	-0-	(3,969)
<b>Increase (decrease) in cash during year</b>	(165,689)	22,445
Cash, beginning of year	251,741	229,296
Cash, end of year	\$86,052	\$251,741
<b><u>Supplementary information:</u></b>		
Interest paid	\$-0-	\$-0-

See accompanying accountants' review report and notes to the financial statements.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
(with review report thereon)

1. **Description of organization and summary of significant accounting policies**

a) Description of organization:

The Woonasquatucket River Watershed Council is a nonprofit Rhode Island corporation exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. The Woonasquatucket River Watershed Council encourages, supports and promotes the restoration and preservation of the Woonasquatucket River Watershed as an environmental, recreational, cultural, and economic asset for the State of Rhode Island. It is headquartered in Providence. The Council was incorporated on September 12, 2001.

b) Summary of significant policies:

- The financial statements of the Council have been prepared on the accrual basis.
- Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. However, the Council has no permanently restricted net assets.

The net assets category definitions are as follows:

**Unrestricted net assets** - Net assets not subject to donor-imposed restrictions.

**Temporarily restricted net assets** - Net assets subject to donor-imposed restrictions that will be met either by actions of the Council and/or the passage of time.

**Permanently restricted net assets** - Net assets subject to donor-imposed restrictions that must be maintained permanently by the Council. However, as of December 31, 2010 and 2009 there are no permanently restricted net assets.

- Contributions: The Council accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Promises to give: Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or as expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. However, as of December 31, 2010 and 2009 there were no unconditional promises to give.

## Woonasquatucket River Watershed Council

### Notes to the unaudited financial statements

- Property and equipment: Property and equipment is recorded at cost if purchased or at fair market value at date of donation if donated. Depreciation is recorded using the straight line method over the estimated useful lives of the assets in accordance with IRS guidelines. The Council capitalizes property and equipment costing over \$500.
- Donated goods and services: The Woonasquatucket River Watershed Council records donated goods and services in accordance with the requirements of the Financial Accounting Standards Board. The Council received no donated goods or services during 2010 and 2009.
- Cash and cash equivalents: Cash is considered to be cash on hand and in banks available for current purposes for the purpose of the presentation of cash on the statement of cash flows.
- Use of estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.
- Contract and grant revenue recognition: Contract and grant revenue is recognized when earned as the Council fulfills the terms accompanying award of such funds. Revenue received, but not earned, is classified as a liability or as temporarily restricted net assets on the financial statements.
- Functional allocation of expenses: The Council allocates expenses between program, fundraising, and management and general cost centers on a specific identification basis where practical and on a percentage allocation method based on management's judgment consistent with the prior year's allocation except when change is warranted where specific identification is not practical.
- Subsequent events: In preparing these financial statements, the Woonasquatucket River Watershed Council has evaluated events and transactions for potential recognition or disclosure through October 26, 2011, the date the financial statements were available to be issued. Through October 26, 2011 there were no subsequent events requiring disclosure.

#### 2. Grants and accounts receivables, net

The balance in grants and accounts receivables at December 31, 2010 and 2009 consists of:

	<u>2010</u>	<u>2009</u>
Providence Parks Department	\$6,750	\$6,659
Department of Environmental Management	19,000	6,500
City of Providence		4,100
Olneyville Housing Corporation	29,672	42,140
Donations	1,182	2,529
Greenway Alliance of RI grant	800	
General Growth Properties grant	2,400	
US Fish and Wildlife Service	15,000	
Natural Resources Conservation grant	10,064	
Total	<u>\$84,868</u>	<u>\$61,928</u>

The Council uses the specific identification method in estimated for uncollectible accounts. All receivables were considered collectible at December 31, 2010 and 2009.

**Woonasquatucket River Watershed Council**  
Notes to the unaudited financial statements

**3. Pension Plan**

The Council has a SIMPLE IRA pension plan for eligible employees. Participants are 100% vested in contributions to the plan made on their behalf. Pension expense for 2010 and 2009 was \$1,558 and \$1,551, respectively.

**4. Property and equipment**

Changes in property and equipment accounts for the year ended December 31, 2010 are as follows:

<u>Category</u>	Balance, start of year	Additions	Deletions	Balance, end of year
Computer and equipment	\$9,052			\$9,052
Canoe and trailer	2,960			2,960
Donated furniture and equipment	2,625			2,625
	14,637	\$- 0 -	\$- 0 -	14,637
Less accumulated depreciation	(8,923)	(1,640)	- 0 -	(10,563)
<b>Total</b>	<b>\$5,714</b>	<b>\$(1,640)</b>	<b>\$- 0 -</b>	<b>\$4,074</b>

Changes in property and equipment accounts for the year ended December 31, 2009 are as follows:

<u>Category</u>	Balance, start of year	Additions	Deletions	Balance, end of year
Computer and equipment	\$5,083	\$3,969		\$9,052
Canoe and trailer	2,960			2,960
Donated furniture and equipment	2,625			2,625
	10,668	3,969	\$- 0 -	14,637
Less accumulated depreciation	(7,135)	(1,788)	- 0 -	(8,923)
<b>Total</b>	<b>\$3,533</b>	<b>\$2,181</b>	<b>\$- 0 -</b>	<b>\$5,714</b>

**5. Fund-raising activities, net**

Fund-raising activities income and expenses for the year ended December 31, 2010 is as follows:

<u>Event</u>	Income	Expense	Net
T-shirt sales	\$4,782	\$-0-	\$4,782
<b>Total</b>	<b>\$4,782</b>	<b>\$-0-</b>	<b>\$4,782</b>

Fund-raising activities income and expenses for the year ended December 31, 2009 is as follows:

<u>Event</u>	Income	Expense	Net
T-shirt sales	\$175	\$-0-	\$175
<b>Total</b>	<b>\$175</b>	<b>\$-0-</b>	<b>\$175</b>

**Woonasquatucket River Watershed Council**  
Notes to the unaudited financial statements

**6. Risks and uncertainties**

a) Concentration of funding

The Council received 10% or more of its public support and revenue from the following sources for the year ended December 31, 2010:

<u>Source</u>	<u>Income Received</u>	<u>% of total income</u>
Natural Resources Council grant	\$308,575	52.02%
Total	\$308,575	52.02%

The Council received 10% or more of its public support and revenue from the following sources for the year ended December 31, 2009:

<u>Source</u>	<u>Income Received</u>	<u>% of total income</u>
Natural Resources Council grant	\$188,507	38.35%
Total	\$188,507	38.35%

**7. Commitment and contingency**

a.) Commitment - Lease for office space:

The Council leases office space under a one year operating lease which expires August 31, 2011. Monthly rent is \$680. Minimum annual rent due under the lease is:

Year ended December 31, 2011	\$5,440
Total	\$5,440

b.) Contingency - Contract audits:

The Council receives governmental funding under contracts whereby the performance of the Council is subject to audit or review by the funding source at the discretion of the funding source. To date no such audits of reviews have been performed and none are pending.

**8. Unrestricted net assets**

Unrestricted net assets consists of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Invested in property and equipment fund	\$4,074	\$5,714
Operating funds available for general activities	71,762	37,246
Total	\$75,836	\$42,960

**9. Endowment funds at the Rhode Island Foundation**

An endowment fund has been established at the Rhode Island Foundation for the support of the Woonasquatucket River Watershed Council. The fund is named the Fred Lippitt Endowment Fund for the Woonasquatucket River Watershed (D) and was established in May 2005 via a gift that was valued at \$184,076 and \$170,898 at December 31, 2010 and 2009, respectively. Grants from the Rhode Island Foundation at December 31, 2010 and 2009 were \$1,230 and \$1,287, respectively. The endowment fund corpus is the property of The Rhode Island Foundation.

**Woonasquatucket River Watershed Council**

Notes to the unaudited financial statements

**9. Endowment funds at the Rhode Island Foundation (continued)**

During 2008 the Fred Lippitt Endowment Fund (D) transferred funds to another Fred Lippitt Endowment Fund for the Woonasquatucket River Watershed (A). The value of the fund at December 31, 2010 and 2009 was \$46,993 and \$43,628, respectively. The endowment fund corpus is the property of The Rhode Island Foundation.

**10. Temporarily restricted net assets**

Temporarily restricted net assets at December 31, 2010 and 2009 consists of the following unspent grant funds:

	<u>2010</u>	<u>2009</u>
Riverwalk Restoration project	\$24,635	
Gregson Foundation - Restoration Project	5,061	\$5,061
Stillwater grant	1,362	
REI project	6,000	
Coastal Resource Management Council -		
Manton Project (2 grants)	25,753	24,783
Atlantic Mills Project		5,000
Dyer Project		26,521
Paragon project		35,862
Metals Recycling LLC grant	10,000	10,000
River Council (2 grants)	5,645	3,527
Natural Resource Council	4,491	
Fred Lippitt Endowment		4,326
Banspach grant		381
United Way		27,247
Rhode Island Foundation – River Rangers		28,061
Town of Smithfield		1,600
Cricket River Rangers project		5,000
Narragansett Bay Commission		5,000
Lincoln Lace and Braid grant		3,176
Canoe Rides		1,628
NFWF Atlantic project		9,441
Bike shop		144
Brown Superfund		6,000
Greenway project		5,258
Merck Family Fund		42,028
Total	<u>\$82,947</u>	<u>\$250,044</u>

**11. Transfer from unrestricted to temporarily restricted net assets**

During 2009, the Council discovered that in 2008 two grants recorded as unrestricted 2008 support should have been recorded as temporarily restricted support. This grant income was earned in 2009 and 2010.