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CERTIFIED PUBLIC ACCOUNTANTS

**WOONASQUATUCKET RIVER
WATERSHED COUNCIL**
UNAUDITED FINANCIAL STATEMENTS
(with review report thereon)

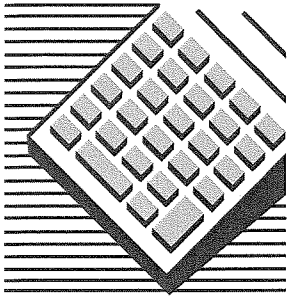
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2008

(with summarized financial information
for the preceding year)

WOONASQUATUCKET RIVER WATERSHED COUNCIL
UNAUDITED FINANCIAL STATEMENTS
(with review report thereon)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008
(with summarized financial information for the preceding year)

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CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. AARONSON, DENISE M. LAVOIE, RICHARD M. STREITFELD, ADAM C. DIAZ

Accountants' Review Report

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

We have reviewed the accompanying statement of financial position of Woonasquatucket River Watershed Council as of December 31, 2008 and the related statements of activities, of functional expenses and of cash flows for the year then ended in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of Woonasquatucket River Watershed Council. The prior year summarized comparative information presented herein has been derived from the Council's December 31, 2007 financial statements. The financial statements as of and for the year ended December 31, 2007 were reviewed by our firm and, in our report dated November 17, 2008, we stated that we did not audit those financial statements and accordingly, expressed no opinion or other form of assurance on them.

A review consists principally of inquiries of management personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with U. S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 U. S. generally accepted accounting principles.

Aaron Lavoie Streitfeld
Diaz & Co, PC

Cranston, Rhode Island
July 23, 2009

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WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2008
(unaudited)
(with summarized financial information for the preceding year)

	2008		2007	
	Unrestricted net assets	Temporarily restricted net assets	Total	Total
<u>ASSETS</u>				
Cash	\$87,814	\$141,482	\$229,296	\$244,578
Grants and accounts receivable, net (Note 2)	265,794		265,794	96,216
Prepaid expenses	5,142		5,142	4,968
Property and equipment, net (Note 4)	3,533		3,533	950
Total assets	<u>\$362,283</u>	<u>\$141,482</u>	<u>\$503,765</u>	<u>\$346,712</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable and accrued expenses	\$217,632		\$217,632	\$53,922
Accrued payroll and payroll taxes	2,633		2,633	1,615
Total liabilities	<u>220,265</u>		<u>220,265</u>	<u>55,537</u>
Commitment and contingencies (Note 7)				
Net assets:				
Unrestricted net assets (Note 8)	142,018		142,018	95,172
Temporarily restricted net assets (Note 10)		\$141,482	141,482	196,003
Total net assets	<u>142,018</u>	<u>141,482</u>	<u>283,500</u>	<u>291,175</u>
Total liabilities and net assets	<u>\$362,283</u>	<u>\$141,482</u>	<u>\$503,765</u>	<u>\$346,712</u>

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

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(unaudited)
(with summarized financial information for the preceding year)

	2008		2007	
	Unrestricted net assets	Temporarily restricted net assets	Total	Total
Changes in net assets from:				
Revenue and contributed support:				
Government grants	\$283,493		\$283,493	\$374,372
Foundation grants	6,356	\$173,407	179,763	167,196
Donations	14,394		14,394	7,956
Program income	700		700	1,143
Fund-raising income, net (Note 11)				
	<u>2008</u>	<u>2007</u>		
Gross income	\$330	\$3,100		
Less direct expenses	(252)	(1,000)	78	2,100
Interest income	420		420	552
Miscellaneous income	2,812		2,812	221
Net assets released from restrictions:				
Satisfaction of program restrictions	227,928	(227,928)		
Total revenue and contributed support	<u>536,181</u>	<u>(54,521)</u>	<u>481,660</u>	<u>553,540</u>
Expenses:				
Program services	455,956		455,956	513,681
Management and general	21,715		21,715	15,851
Development expenses	11,664		11,664	3,529
Total supporting services	<u>489,335</u>		<u>489,335</u>	<u>533,061</u>
Increase (decrease) in net assets	46,846	(54,521)	(7,675)	20,479
Net assets, beginning of year	95,172	196,003	291,175	270,696
Net assets, end of year	<u>\$142,018</u>	<u>\$141,482</u>	<u>\$283,500</u>	<u>\$291,175</u>

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, 2008
(unaudited)
(with summarized financial information for the preceding year)

	2008			2007	
	Program services	Management and general	Development expenses	Total	Total
Personnel costs:					
Salaries	\$85,702	\$7,262	\$5,447	\$98,411	\$99,406
Payroll taxes	8,203	695	522	9,420	7,836
Fringe benefits (Note 3)	17,276	1,464	1,098	19,838	17,865
Total personnel	<u>111,181</u>	<u>9,421</u>	<u>7,067</u>	<u>127,669</u>	<u>125,107</u>
Operating expenses except depreciation:					
Consultants and professional fees	60,849	8,805		69,654	74,920
Occupancy	8,774	1,084		9,858	9,243
Education and program materials	22,196			22,196	10,959
Insurance	3,677	455		4,132	4,406
Telephone and internet	1,890	234		2,124	2,155
Travel	540			540	1,426
Vehicle expense	145			145	
Public events	150			150	601
Office supplies	2,451	303		2,754	2,097
Printing	1,147	142		1,289	1,011
Postage and shipping	735	91		826	1,177
Dues, fees and memberships	514			514	495
Meetings and conference	665			665	739
Bank fees		11		11	26
Payroll service		949		949	774
Water quality monitoring	900			900	
Habitat restoration project	19,510			19,510	
Fish ladder construction project	217,505			217,505	295,393
Advertising	678			678	700
Marketing and promotional items	1,034			1,034	
Small equipment	399			399	362
Direct fund-raising costs			4,597	4,597	1,014
Interest expense		34		34	
Miscellaneous		60		60	161
Total operating expenses except depreciation	<u>343,759</u>	<u>12,168</u>	<u>4,597</u>	<u>360,524</u>	<u>407,659</u>
Depreciation:	<u>1,016</u>	<u>126</u>		<u>1,142</u>	<u>295</u>
Total functional expenses	<u><u>\$455,956</u></u>	<u><u>\$21,715</u></u>	<u><u>\$11,664</u></u>	<u><u>\$489,335</u></u>	<u><u>\$533,061</u></u>

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, 2008 AND 2007
(unaudited)

	2008	2007
Net cash flow from (for) operating activities:		
Increase (decrease) in net assets	(\$7,675)	\$20,479
Add (deduct) items not using (providing) cash:		
Depreciation	1,142	295
Increase in grants and accounts receivable, net	(169,578)	(19,956)
Increase in prepaid expenses	(174)	(835)
Increase in accounts payable and accrued expenses	163,710	22,490
Increase in accrued payroll and payroll taxes	1,018	
Net cash provided (used) by operating activities	(11,557)	22,473
Net cash flow for investing activities:		
Purchase equipment	(765)	(506)
Purchase canoe and trailer	(2,960)	
Net cash used by investing activities	(3,725)	(506)
Increase (decrease) in cash during year	(15,282)	21,967
Cash, beginning of year	244,578	222,611
Cash, end of year	\$229,296	\$244,578
<u>Supplementary information:</u>		
Interest paid	\$34	\$-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 YEAR ENDED DECEMBER 31, 2008
(with review report thereon)
(with summarized financial information for the preceding year)

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) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

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, 2008 and 2007 there are no permanently restricted net assets.

- Contributions: The Council accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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.

Woonasquatucket River Watershed Council

Notes to the financial statements

- Cash: Cash is considered to be cash on hand and in bank accounts for the purpose of the presentation of cash on the statement of cash flows. The Council has no "cash type" investments considered to be cash equivalents at December 31, 2008 and 2007.
- 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.
- 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.
- Use of estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.
- 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.
- Donated goods and services: The Woonasquatucket River Watershed Council records donated goods and services in accordance with the requirements of SFAS No. 116. The Council received no donated goods or services during 2008 and 2007.

2. Grants and accounts receivables, net

The balance in grants and accounts receivables at December 31, 2008 and 2007 consists of:

	<u>2008</u>	<u>2007</u>
Trust for Public Lands grant		\$500
Department of Environmental Management (4 grants)	\$41,450	27,321
Weed and Seed grant		7,800
Olneyville Housing Corporation	14,936	12,748
Department of Transportation		10,000
Blue Cross/Blue Shield overpayment	419	
Lowe's Home Center overpayment	1,075	
Environmental Protection Agency (3 grants)	18,407	
Greenway Alliance of RI grant	1,000	
Natural Resources Conservation grant	188,507	37,847
Total	<u>\$265,794</u>	<u>\$96,216</u>

The Council uses the specific identification method in estimated for uncollectible accounts. All receivables were considered collectible at December 31, 2008 and 2007.

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 2008 and 2007 was \$1,534 and \$1,560, respectively.

Woonasquatucket River Watershed Council
Notes to the financial statements

4. Property and equipment

Changes in property and equipment accounts for the year ended December 31, 2008 are as follows:

<u>Category</u>	Balance, start of year	Additions	Deletions	Balance, end of year
Computer and equipment	\$4,318	\$765		\$5,083
Canoe and trailer		2,960		2,960
Donated furniture and equipment	2,625			2,625
	6,943	3,725	\$- 0 -	10,668
Less accumulated depreciation	(5,993)	(1,142)	- 0 -	(7,135)
Total	\$950	\$2,583	\$- 0 -	\$3,533

Changes in property and equipment accounts for the year ended December 31, 2007 are as follows:

<u>Category</u>	Balance, start of year	Additions	Deletions	Balance, end of year
Computer and equipment	\$3,812	\$506		\$4,318
Donated furniture and equipment	2,625			2,625
	6,437	506	\$- 0 -	6,943
Less accumulated depreciation	(5,698)	(295)	- 0 -	(5,993)
Total	\$739	\$211	\$- 0 -	\$950

5. Summarized financial information presented as of and for the year ended December 31, 2007

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with U. S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

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, 2008:

<u>Source</u>	Income Received	% of total income
Rhode Island Foundation (2 grants)	\$82,010	17.03%
Coastal Resources Management Grant	228,507	47.44%
Total	\$310,517	64.47%

Woonasquatucket River Watershed Council
Notes to the financial statements

6. Risks and uncertainties (cont.)

a) Concentration of funding (cont.)

The Council received 10% or more of its public support and revenue from the following sources for the year ended December 31, 2007:

<u>Source</u>	<u>Income Received</u>	<u>% of total income</u>
US Fish and Wildlife Agency	\$65,000	11.74%
Natural Resources Conservation Grant	184,838	33.39%
Total	<u>\$249,838</u>	<u>45.13%</u>

b) Concentration of credit risk arising from cash deposits in excess of insured limits

The Watershed Council maintains two (2) bank accounts at one financial institution. The federally insured limit on these accounts was \$100,000. It was raised temporarily to \$250,000 in October, 2008. At December 31, 2007 the Council's uninsured cash balance over the \$100,000 limit totaled \$144,578.

7. Commitment and Contingencies

a.) Commitment - Lease for office space:

The Council leases office space under a one year operating lease which ended July 31, 2008. Monthly rent was \$660. A new lease for office space ends August 31, 2009. Monthly rent is \$680. Minimum annual rent due under the two (2) leases are:

Year ended December 31, 2009	<u>\$5,440</u>
Total	<u>\$5,440</u>

b.) Contingencies - 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 or reviews have been performed and none are pending.

8. Unrestricted net assets

Unrestricted net assets consists of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Invested in property and equipment fund	\$3,533	\$950
Operating funds available for general activities	138,485	94,222
Total	<u>\$142,018</u>	<u>\$95,172</u>

Woonasquatucket River Watershed Council
Notes to the financial statements

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 \$125,680 and \$230,408 at December 31, 2008 and 2007, respectively. The endowment fund corpus is the property of The Rhode Island Foundation.

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, 2008 was \$39,126. The endowment fund corpus is the property of The Rhode Island Foundation.

10. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2008 and 2007 consists of the following unspent grant funds:

	<u>2008</u>	<u>2007</u>
Fred Lippitt Endowment Development Fund	\$5,326	\$5,326
Fred Lippitt Endowment Fund	6,756	
Merck Family Funds - Salaries	35,000	39,372
Gregson Foundation - Restoration Project	28,278	29,673
REI grant	1,139	
United Way grant - Salaries	10,724	11,200
Rhode Island Foundation -		
Citywide Project		1,050
Banspach Project	1,367	2,397
River Rangers Project	2,436	
Coastal Resource Management Council -		
Dyer Project	32,000	32,000
Atlantic Mills Project	5,000	36,750
Mary Dexter Chaffee grant		9,750
Metals Recycling LLC grant	10,000	10,000
River Council (2 grants)	3,456	17,985
RI State Council on the Arts		500
Total	<u>\$141,482</u>	<u>\$196,003</u>

11. Fund-raising activities, net

Fund-raising activities income and expenses for the year ended December 31, 2008 is as follows:

<u>Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
T-shirt sales	\$330	\$(252)	\$78
Total	<u>\$330</u>	<u>\$(252)</u>	<u>\$78</u>

Fund-raising activities income and expenses for the year ended December 31, 2007 is as follows:

<u>Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
T-shirt sales	\$3,100	\$(1,000)	\$2,100
Total	<u>\$3,100</u>	<u>\$(1,000)</u>	<u>\$2,100</u>