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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</tr>
</tbody>
</table>
Independent 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 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.

Cranston, Rhode Island
October 26, 2011
## WOONASQUATUCKET RIVER WATERSHED COUNCIL
### STATEMENT OF FINANCIAL POSITION
#### AT DECEMBER 31, 2010
##### (unaudited)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,105</td>
<td>$82,947</td>
<td>$86,052</td>
</tr>
<tr>
<td>Grants and accounts receivable, net (Note 2)</td>
<td>84,868</td>
<td>84,868</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,450</td>
<td>9,450</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net (Note 4)</td>
<td>4,074</td>
<td>4,074</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$101,497</strong></td>
<td><strong>$82,947</strong></td>
<td><strong>$184,444</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$19,093</td>
<td>$19,093</td>
<td></td>
</tr>
<tr>
<td>Accrued payroll and payroll taxes</td>
<td>6,568</td>
<td>6,568</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>25,661</strong></td>
<td></td>
<td><strong>25,661</strong></td>
</tr>
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</table>

### Commitment and contingency (Note 7)

<table>
<thead>
<tr>
<th>Net assets:</th>
<th>Unrestricted net assets (Note 8)</th>
<th>Temporarily restricted net assets (Note 10)</th>
<th>Total net assets</th>
<th>Total liabilities and net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75,836</td>
<td>$82,947</td>
<td>158,783</td>
<td><strong>$184,444</strong></td>
</tr>
</tbody>
</table>

See accompanying accountants' review report and notes to the financial statements.
WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2009
(unaudited)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,697</td>
<td>$250,044</td>
<td>$251,741</td>
</tr>
<tr>
<td>Grants and accounts receivable, net (Note 2)</td>
<td>61,928</td>
<td>61,928</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>13,702</td>
<td>13,702</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net (Note 4)</td>
<td>5,714</td>
<td>5,714</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$83,041</td>
<td>$250,044</td>
<td>$333,085</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$35,839</td>
<td></td>
<td>$35,839</td>
</tr>
<tr>
<td>Accrued payroll and payroll taxes</td>
<td>4,242</td>
<td>4,242</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>40,081</td>
<td></td>
<td>40,081</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitment and contingency (Note 7)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted net assets (Note 8)</td>
<td>42,960</td>
<td></td>
<td>42,960</td>
</tr>
<tr>
<td>Temporarily restricted net assets (Note 10)</td>
<td>250,044</td>
<td></td>
<td>250,044</td>
</tr>
<tr>
<td>Total net assets</td>
<td>42,960</td>
<td>250,044</td>
<td>293,004</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$83,041</td>
<td>$250,044</td>
<td>$333,085</td>
</tr>
</tbody>
</table>

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)

Changes in Net Assets from:
Revenue and Contributed Support:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government grants</td>
<td>$84,119</td>
<td>$347,819</td>
<td>$431,938</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>25,000</td>
<td>86,810</td>
<td>111,810</td>
</tr>
<tr>
<td>Donations</td>
<td>14,782</td>
<td>14,782</td>
<td></td>
</tr>
<tr>
<td>Pass-thru to Jobs RI</td>
<td>17,428</td>
<td>17,428</td>
<td></td>
</tr>
<tr>
<td>Program income</td>
<td>8,071</td>
<td>8,071</td>
<td></td>
</tr>
<tr>
<td>Fund-raising income, net (Note 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross income</td>
<td>$4,782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less direct expenses</td>
<td>-0-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>869</td>
<td>869</td>
<td></td>
</tr>
<tr>
<td>Micellaneous income</td>
<td>951</td>
<td>951</td>
<td></td>
</tr>
<tr>
<td>Gain on sale of vehicle</td>
<td>2,600</td>
<td>2,600</td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue and contributed support</td>
<td>601,726</td>
<td>(601,726)</td>
<td>0</td>
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</tbody>
</table>

Expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>678,779</td>
<td>678,779</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>26,846</td>
<td>26,846</td>
<td></td>
</tr>
<tr>
<td>Development expenses</td>
<td>21,827</td>
<td>21,827</td>
<td></td>
</tr>
<tr>
<td>Total supporting services</td>
<td>727,452</td>
<td>727,452</td>
<td></td>
</tr>
</tbody>
</table>

Increase (Decrease) in Net Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) in net assets</td>
<td>32,876</td>
<td>(167,097)</td>
<td>(134,221)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>42,960</td>
<td>250,044</td>
<td>293,004</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$75,836</td>
<td>$82,947</td>
<td>$158,783</td>
</tr>
</tbody>
</table>

See accompanying accountants' review report and notes to the financial statements.
<table>
<thead>
<tr>
<th>Changes in net assets from:</th>
<th>Unrestricted net assets</th>
<th>Temporarily restricted net assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and contributed support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$199,433</td>
<td>$166,366</td>
<td>$365,799</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>66,000</td>
<td>43,470</td>
<td>109,470</td>
</tr>
<tr>
<td>Donations</td>
<td>8,892</td>
<td>8,892</td>
<td>8,892</td>
</tr>
<tr>
<td>Program income</td>
<td>5,807</td>
<td>5,807</td>
<td>5,807</td>
</tr>
<tr>
<td>Fund-raising income, net (Note 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross income</td>
<td>$175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less direct expenses</td>
<td>-0-</td>
<td>175</td>
<td>175</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,386</td>
<td></td>
<td>1,386</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>176,274</td>
<td>(176,274)</td>
<td></td>
</tr>
<tr>
<td>Total revenue and contributed support</td>
<td>457,967</td>
<td>33,562</td>
<td>491,529</td>
</tr>
</tbody>
</table>

| Expenses:                           |                         |                                  |           |
| 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   |

| Increase (decrease) in net assets   | (24,058)                | 33,562                           | 9,504     |

| Net assets, beginning of year       | 142,018                 | 141,482                          | 283,500   |

| Transfer from unrestricted to temporarily restricted net assets (Note11) | (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)

<table>
<thead>
<tr>
<th>Personnel costs:</th>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$138,378</td>
<td>$14,956</td>
<td>$12,849</td>
<td>$166,183</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>13,159</td>
<td>1,410</td>
<td>1,097</td>
<td>15,666</td>
</tr>
<tr>
<td>Fringe benefits (Note 3)</td>
<td>23,508</td>
<td>2,519</td>
<td>1,959</td>
<td>27,986</td>
</tr>
<tr>
<td>Total personnel</td>
<td>175,045</td>
<td>18,885</td>
<td>15,905</td>
<td>209,835</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses except depreciation:</th>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants and professional fees</td>
<td>31,163</td>
<td>2,545</td>
<td></td>
<td>33,708</td>
</tr>
<tr>
<td>Occupancy</td>
<td>8,376</td>
<td>1,478</td>
<td></td>
<td>9,854</td>
</tr>
<tr>
<td>Education and program materials</td>
<td>22,957</td>
<td></td>
<td></td>
<td>22,957</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,986</td>
<td>880</td>
<td></td>
<td>5,866</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>2,196</td>
<td>387</td>
<td></td>
<td>2,583</td>
</tr>
<tr>
<td>Travel</td>
<td>235</td>
<td></td>
<td></td>
<td>235</td>
</tr>
<tr>
<td>Office supplies</td>
<td>3,995</td>
<td>705</td>
<td></td>
<td>4,700</td>
</tr>
<tr>
<td>Printing</td>
<td>1,170</td>
<td>206</td>
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<td>1,376</td>
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<tr>
<td>Postage and shipping</td>
<td>781</td>
<td>138</td>
<td></td>
<td>919</td>
</tr>
<tr>
<td>Dues, fees and memberships</td>
<td>305</td>
<td></td>
<td></td>
<td>305</td>
</tr>
<tr>
<td>Bank fees</td>
<td>12</td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Payroll service</td>
<td>1,364</td>
<td></td>
<td></td>
<td>1,364</td>
</tr>
<tr>
<td>Fish ladder construction project</td>
<td>406,081</td>
<td></td>
<td></td>
<td>406,081</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>652</td>
<td></td>
<td></td>
<td>652</td>
</tr>
<tr>
<td>Small equipment</td>
<td>415</td>
<td></td>
<td></td>
<td>415</td>
</tr>
<tr>
<td>Direct fund-raising costs</td>
<td></td>
<td></td>
<td>5,922</td>
<td>5,922</td>
</tr>
<tr>
<td>Conferences</td>
<td>1,590</td>
<td></td>
<td></td>
<td>1,590</td>
</tr>
<tr>
<td>Pass thru to Jobs RI</td>
<td>17,428</td>
<td></td>
<td></td>
<td>17,428</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10</td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Total operating expenses except depreciation</td>
<td>502,340</td>
<td>7,715</td>
<td>5,922</td>
<td>515,977</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Depreciation:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,394</td>
<td>246</td>
<td></td>
<td>1,640</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>$678,779</td>
<td>$26,846</td>
<td>$21,827</td>
<td>$727,452</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Personnel costs:</th>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$117,496</td>
<td>$7,629</td>
<td>$5,622</td>
<td>$130,747</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>10,969</td>
<td>712</td>
<td>525</td>
<td>12,206</td>
</tr>
<tr>
<td>Fringe benefits (Note 3)</td>
<td>23,109</td>
<td>1,500</td>
<td>1,106</td>
<td>25,715</td>
</tr>
<tr>
<td><strong>Total personnel</strong></td>
<td><strong>151,574</strong></td>
<td><strong>9,841</strong></td>
<td><strong>7,253</strong></td>
<td><strong>168,668</strong></td>
</tr>
</tbody>
</table>

### Operating expenses except depreciation:

<table>
<thead>
<tr>
<th>Operating expenses except depreciation:</th>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants and professional fees</td>
<td>40,897</td>
<td>13,058</td>
<td></td>
<td>53,955</td>
</tr>
<tr>
<td>Occupancy</td>
<td>9,071</td>
<td>1,121</td>
<td></td>
<td>10,192</td>
</tr>
<tr>
<td>Education and program materials</td>
<td>27,067</td>
<td></td>
<td>27,067</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>3,807</td>
<td>470</td>
<td>4,277</td>
<td></td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>2,158</td>
<td>266</td>
<td>2,424</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>495</td>
<td></td>
<td>495</td>
<td></td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,011</td>
<td>249</td>
<td>2,260</td>
<td></td>
</tr>
<tr>
<td>Printing</td>
<td>857</td>
<td>106</td>
<td>963</td>
<td></td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>504</td>
<td>62</td>
<td>566</td>
<td></td>
</tr>
<tr>
<td>Dues, fees and memberships</td>
<td>779</td>
<td></td>
<td>779</td>
<td></td>
</tr>
<tr>
<td>Bank fees</td>
<td></td>
<td>73</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Payroll service</td>
<td></td>
<td>1,192</td>
<td>1,192</td>
<td></td>
</tr>
<tr>
<td>Water quality monitoring</td>
<td>900</td>
<td></td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>Habitat restoration project</td>
<td>58,691</td>
<td></td>
<td>58,691</td>
<td></td>
</tr>
<tr>
<td>Fish ladder construction project</td>
<td>146,187</td>
<td></td>
<td>146,187</td>
<td></td>
</tr>
<tr>
<td>Marketing and promotional items</td>
<td>112</td>
<td></td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>Small equipment</td>
<td>331</td>
<td></td>
<td>331</td>
<td></td>
</tr>
<tr>
<td>Direct fund-raising costs</td>
<td></td>
<td>502</td>
<td>502</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>553</td>
<td>50</td>
<td>603</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses except depreciation</strong></td>
<td>294,420</td>
<td>16,647</td>
<td>502</td>
<td>311,569</td>
</tr>
</tbody>
</table>

### Depreciation:

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,591</td>
<td>197</td>
<td></td>
<td>1,788</td>
</tr>
</tbody>
</table>

**Total functional expenses**

<table>
<thead>
<tr>
<th>Program services</th>
<th>Management and general</th>
<th>Development expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$447,585</td>
<td>$26,685</td>
<td>$7,755</td>
<td>$482,025</td>
</tr>
</tbody>
</table>

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

-7-
WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash flow from (for) operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>($134,221)</td>
<td>$9,504</td>
</tr>
<tr>
<td>Add (deduct) items not using (providing) cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,640</td>
<td>1,788</td>
</tr>
<tr>
<td>(Increase) decrease in grants and accounts receivable, net</td>
<td>(22,940)</td>
<td>203,866</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>4,252</td>
<td>(8,560)</td>
</tr>
<tr>
<td>Decrease in accounts payable and accrued expenses</td>
<td>(16,746)</td>
<td>(181,793)</td>
</tr>
<tr>
<td>Increase in accrued payroll and payroll taxes</td>
<td>2,326</td>
<td>1,609</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(165,689)</td>
<td>26,414</td>
</tr>
</tbody>
</table>

| **Net cash flow for investing activities:** |             |             |
| Purchase storage containers |             | (3,969)     |
| Net cash used by investing activities |             | -0-         | (3,969)     |

| **Increase (decrease) in cash during year** |             |             |
| (165,689) | 22,445 |             |

| **Cash, beginning of year** |             |             |
| 251,741 | 229,296 |             |

| **Cash, end of year** | $86,052 | $251,741 |             |

**Supplementary information:**

| Interest paid | $-0- | $-0- |             |

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

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

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

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

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

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

5. Fund-raising activities, net

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Income</th>
<th>Expense</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-shirt sales</td>
<td>$4,782</td>
<td>$0-</td>
<td>$4,782</td>
</tr>
<tr>
<td>Total</td>
<td>$4,782</td>
<td>$0-</td>
<td>$4,782</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Income</th>
<th>Expense</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-shirt sales</td>
<td>$175</td>
<td>$0-</td>
<td>$175</td>
</tr>
<tr>
<td>Total</td>
<td>$175</td>
<td>$0-</td>
<td>$175</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Source</th>
<th>Income Received</th>
<th>% of total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources Council grant</td>
<td>$308,575</td>
<td>52.02%</td>
</tr>
<tr>
<td>Total</td>
<td>$308,575</td>
<td>52.02%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Source</th>
<th>Income Received</th>
<th>% of total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources Council grant</td>
<td>$188,507</td>
<td>38.35%</td>
</tr>
<tr>
<td>Total</td>
<td>$188,507</td>
<td>38.35%</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in property and equipment</td>
<td>$4,074</td>
<td>$5,714</td>
</tr>
<tr>
<td>Operating funds available for general activities</td>
<td>71,762</td>
<td>37,246</td>
</tr>
<tr>
<td>Total</td>
<td>$75,836</td>
<td>$42,960</td>
</tr>
</tbody>
</table>

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.
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:

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

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.