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CERTIFIED PUBLIC ACCOUNTANT

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

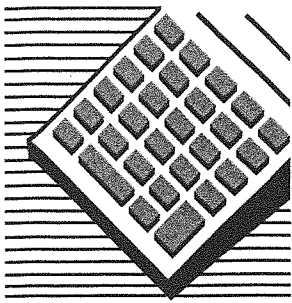
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011

(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, 2011
(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

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 statement of financial position of the Woonasquatucket River Watershed Council (a non-profit corporation) as of December 31, 2011 and the related statements of activities, of functional expenses and of cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries 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.

The prior year summarized comparative information presented herein has been derived from the Council's December 31, 2010 financial statements. The financial statements as of and for the year ended December 31, 2010 were reviewed by our firm, and in our report dated October 26, 2011, we stated that we did not audit those financial statements and accordingly, expressed no opinion on them except that based on our review we were not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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
August 27, 2012

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WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2011
(unaudited)
(with summarized financial information for the preceding year)

	2011		2010
	Unrestricted net assets	Temporarily restricted net assets	Total
<u>ASSETS</u>			Total
Cash	\$54,072	\$35,675	\$89,747
Grants and accounts receivable, net (Note 2)	34,483		34,483
Prepaid expenses	8,788		8,788
Property and equipment, net (Note 4)	2,434		2,434
Total assets	<u>\$99,777</u>	<u>\$35,675</u>	<u>\$135,452</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable and accrued expenses	\$2,063		\$2,063
Accrued payroll, payroll taxes and vacation pay	6,685		6,685
Total liabilities	<u>8,748</u>		<u>8,748</u>
Commitment and contingency (Note 7)			
Net assets:			
Unrestricted net assets (Note 8)	91,029		91,029
Temporarily restricted net assets (Note 10)		\$35,675	35,675
Total net assets	<u>91,029</u>	<u>35,675</u>	<u>126,704</u>
Total liabilities and net assets	<u>\$99,777</u>	<u>\$35,675</u>	<u>\$135,452</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, 2011
(unaudited)
(with summarized financial information for the preceding year)

	2011		2010	
	Unrestricted net assets	Temporarily restricted net assets	Total	Total
<u>Changes in net assets from:</u>				
<u>Revenue and contributed support:</u>				
Government grants	\$90,598		\$90,598	\$431,938
Foundation grants	1,750	\$71,857	73,607	111,810
Donations	16,394		16,394	14,782
Pass-thru to Jobs RI				17,428
Program income	5,568		5,568	8,071
Fund-raising income, net (Note 5)				
	2011	2010		
Gross income	\$18,729	\$4,782		
Less direct expenses	(1,026)	-0-		
Interest income	239		239	869
Miscellaneous income	906		906	951
Gain on sale of vehicle	900		900	2,600
Net assets released from restrictions:				
Satisfaction of program restrictions	119,129	(119,129)		
Total revenue and contributed support	253,187	(47,272)	205,915	593,231
<u>Expenses:</u>				
Program services	184,021		184,021	678,779
Management and general	41,771		41,771	26,846
Development	12,202		12,202	21,827
Total supporting services	237,994		237,994	727,452
Increase (decrease) in net assets	15,193	(47,272)	(32,079)	(134,221)
Net assets, beginning of year	75,836	82,947	158,783	293,004
Net assets, end of year	\$91,029	\$35,675	\$126,704	\$158,783

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, 2011
(unaudited)
(with summarized financial information for the preceding year)

	2011				2010
	Program services	Management and general	Development	Total	Total
Personnel costs:					
Salaries	\$97,382	\$14,171	\$7,288	\$118,841	\$166,183
Payroll taxes	8,887	1,301	650	10,838	15,666
Fringe benefits (Note 3)	28,334	4,146	2,073	34,553	27,986
Total personnel	134,603	19,618	10,011	164,232	209,835
Operating expenses except depreciation:					
Consultants and professional fees	16,275	16,405		32,680	33,708
Occupancy	8,369	1,476		9,845	9,854
Education and program materials	7,916			7,916	22,957
Insurance	4,661	822		5,483	5,866
Telephone and internet	1,669	294		1,963	2,583
Travel	697			697	235
Office supplies	2,846	711		3,557	4,700
Printing	315	79		394	1,376
Postage and shipping	1,666	416		2,082	919
Dues, fees and memberships	364			364	305
Bank fees		456		456	12
Payroll service		1,213		1,213	1,364
Fish ladder construction project					406,081
Water quality monitoring project	1,975			1,975	
Advertising	480			480	
Repairs and maintenance	120	30		150	652
Small equipment	631			631	415
Direct fund-raising costs			2,191	2,191	5,922
Conferences	15			15	1,590
Pass-thru to Jobs RI					17,428
Interest expense		5		5	
Miscellaneous	25			25	10
Total operating expenses except depreciation	48,024	21,907	2,191	72,122	515,977
Depreciation:	1,394	246		1,640	1,640
Total functional expenses	\$184,021	\$41,771	\$12,202	\$237,994	\$727,452

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

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(unaudited)

	<u>2011</u>	<u>2010</u>
Net cash flow for operating activities:		
Decrease in net assets	(\$32,079)	(\$134,221)
Add (deduct) items not using (providing) cash:		
Depreciation	1,640	1,640
(Increase) decrease in grants and accounts receivable, net	50,385	(22,940)
(Increase) decrease in prepaid expenses	662	4,252
Decrease in accounts payable and accrued expenses	(17,030)	(16,746)
Increase in accrued payroll, payroll taxes and vacation pay	117	2,326
Net cash provided (used) by operating activities	<u>3,695</u>	<u>(165,689)</u>
 Increase (decrease) in cash during year	 3,695	 (165,689)
 Cash, beginning of year	 <u>86,052</u>	 <u>251,741</u>
 Cash, end of year	 <u><u>\$89,747</u></u>	 <u><u>\$86,052</u></u>
 <u>Supplementary information:</u>		
Interest paid	<u>\$5</u>	<u>\$-0-</u>

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, 2011
(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). 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, 2011 and 2010 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, 2011 and 2010 there have been 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 2011 and 2010.
- 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.
- Income taxes: The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Council may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the agency and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ending December 31, 2011 and 2010. The Council is generally no longer subject to examination by the Internal Revenue Service for years before 2009.
- Subsequent events: In preparing these financial statements, the Woonasquatucket River Watershed Council has evaluated events and transactions for potential recognition or disclosure through August 27, 2012, the date the financial statements were available to be issued. Through August 27, 2012 there were no subsequent events requiring disclosure.

Woonasquatucket River Watershed Council
Notes to the unaudited financial statements

2. Grants and accounts receivables, net

The balance in grants and accounts receivables at December 31, 2011 and 2010 consists of:

	<u>2011</u>	<u>2010</u>
Providence Parks Department		\$6,750
Department of Environmental Management	\$252	19,000
Olneyville Housing Corporation	29,672	29,672
Donations	4,559	1,182
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>\$34,483</u>	<u>\$84,868</u>

The Council uses the specific identification method in estimated for uncollectible accounts. All receivables were considered collectible at December 31, 2011 and 2010.

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 2011 and 2010 was \$2,028 and \$1,558, respectively.

4. Property and equipment

Changes in property and equipment accounts for the year ended December 31, 2011 are as follows:

<u>Category</u>	<u>Balance, start of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, end of year</u>
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	(10,563)	(1,640)	- 0 -	(12,203)
Total	<u>\$4,074</u>	<u>\$(1,640)</u>	<u>\$- 0 -</u>	<u>\$2,434</u>

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

<u>Category</u>	<u>Balance, start of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, end of year</u>
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)
Total	<u>\$5,714</u>	<u>\$(1,640)</u>	<u>\$- 0 -</u>	<u>\$4,074</u>

Woonasquatucket River Watershed Council
Notes to the unaudited financial statements

5. Fund-raising activities, net

Fund-raising activities income and expenses for the year ended December 31, 2011 is as follows:

<u>Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
Wooney River Bike Ride	\$18,729	\$(1,026)	\$17,703
Total	\$18,729	\$(1,026)	\$17,703

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

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

6. Risks and uncertainty

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, 2011:

<u>Source</u>	<u>Income Received</u>	<u>% of total income</u>
Boston Foundation	\$25,000	12.14%
City of Providence (3 grants)	70,500	34.24%
Total	\$95,500	46.38%

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%

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, 2012. At the end of the original term, the lease will be automatically extended for an additional one month periods until either party terminates the lease by giving written notice by certified mail to the other party of at least three (3) calendar months as of the first day of the month. Monthly rent is \$700. Minimum annual rent due under the lease is:

Year ended December 31, 2012	\$8,400
Total	<u>\$8,400</u>

Woonasquatucket River Watershed Council
Notes to the unaudited financial statements

7. Commitment and contingency (continued)

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Invested in property and equipment fund	\$2,434	\$4,074
Operating funds available for general activities	88,595	71,762
Total	<u>\$91,029</u>	<u>\$75,836</u>

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 \$174,725 and \$184,076 at December 31, 2011 and 2010, respectively. Grants from the Rhode Island Foundation at December 31, 2011 and 2010 were \$2,155 and \$1,230, 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, 2011 and 2010 was \$44,556 and \$46,993, respectively. The endowment fund corpus is the property of The Rhode Island Foundation. There were no grants from the Rhode Island Foundation during the years ended December 31, 2011 and 2010 from this fund.

10. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2011 and 2010 consists of the following unspent grant funds:

	<u>2011</u>	<u>2010</u>
Riverwalk Restoration project		\$24,635
Gregson Foundation - Restoration Project		5,061
Stillwater grant		1,362
REI project		6,000
Coastal Resource Management Council -		
Manton Project (2 grants)	\$25,733	25,753
Atlantic Mills Project		
Metals Recycling LLC grant		10,000
River Council (2 grants)	5,451	5,645
Natural Resource Council	4,491	4,491
Total	<u>\$35,675</u>	<u>\$82,947</u>