



Financial Statements

Years Ended December 31, 2006 and 2005

CLEVELAND ROWING FOUNDATION

Financial Statements

Years Ended December 31, 2006 and 2005

Contents

Accountants' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows.....	4
Statements of Functional Expenses	5
Notes to Financial Statements.....	6 - 9

BEATREZ & COMPANY CPAs
accountants and business advisors

Hilary Frank Beatrez, CPA

Paula E. Beatrez, CPA

ACCOUNTANTS' REPORT

To the Board of Directors
Cleveland Rowing Foundation
Cleveland, Ohio

We have reviewed the accompanying statements of financial position of Cleveland Rowing Foundation as of December 31, 2006 and 2005, and the related statements of activities, cash flows, and functional expenses for the years then ended, in accordance with 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 the management of Cleveland Rowing Foundation.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with 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 generally accepted accounting principles.

Beatrez & Company CPAs

June 10, 2007

CLEVELAND ROWING FOUNDATION
Statements of Financial Position

	As of December 31,	
	2006	2005
<u>ASSETS:</u>		
Cash	\$ 24,245	\$ 34,064
Accounts receivable	2,875	-
Prepaid expenses	7,918	-
Assets set aside for boathouse fund	11,557	39,870
Fixed assets:		
Boats and other equipment	110,913	55,300
Leasehold improvements	50,086	50,086
Accumulated depreciation, equipment	(32,935)	(21,392)
Accumulated amortization, leasehold improvements	(12,590)	(7,050)
Fixed assets, net	115,474	76,944
Total ASSETS	\$ 162,069	\$ 150,878
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ -	\$ 1,626
Deferred revenue	7,800	12,000
Total liabilities	7,800	13,626
<u>NET ASSETS:</u>		
Unrestricted	149,089	132,391
Temporarily restricted	5,180	4,861
Total NET ASSETS	154,269	137,252
Total LIABILITIES and NET ASSETS	\$ 162,069	\$ 150,878

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Activities

	Year ended December 31,	
	2006	2005
<u>CHANGES IN UNRESTRICTED NET ASSETS:</u>		
Dues and assessments	\$ 116,856	\$ 108,130
Other program revenue	11,112	11,254
Contributions, unrestricted	1,170	1,660
Special events	8,206	13,000
Costs of direct benefits to participants	(1,300)	(4,670)
Net revenues from special events	6,906	8,330
Other income	3,364	1,818
Gain on sale of equipment	-	1,000
Net assets released from restrictions	22,677	48,355
Total SUPPORT, GAINS, and REVENUES	162,085	180,547
Program expenses	136,327	133,596
General & administrative expenses	8,844	11,584
Fundraising expenses	216	1,410
Total EXPENSES	145,387	146,590
CHANGES IN UNRESTRICTED NET ASSETS BEFORE EXTRAORDINARY GAIN	16,698	33,957
Extraordinary gain from fire casualty	-	6,811
CHANGES IN UNRESTRICTED NET ASSETS	16,698	40,768
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</u>		
Contributions and grants restricted by donors for specific purposes:		
Boathouse fund	18,621	34,235
Other restricted purposes	4,375	-
Net assets released from restrictions	(22,677)	(48,355)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	319	(14,120)
OVERALL CHANGES IN NET ASSETS	17,017	26,648
NET ASSETS, BEGINNING	137,252	110,604
NET ASSETS, ENDING	\$ 154,269	\$ 137,252

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Overall changes in net assets	\$ 17,017	\$ 26,648
Adjustments to reconcile overall changes in net assets to net cash flows from operating activities:		
Cash received from contributions restricted by donors for investment in equipment and leaseholds	(18,621)	(34,235)
Net book value of fixed assets destroyed by fire	-	5,439
Gain on sale of equipment	-	(1,000)
Depreciation and amortization	17,083	11,165
Change in receivables	(2,875)	5,940
Change in prepaid expenses	(7,918)	-
Change in accounts payable and accrued liabilities	(1,626)	(9,478)
Change in deferred revenue	(4,200)	(10,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(1,140)</u>	<u>(5,521)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash received from disposal of fixed assets	-	1,000
Change in assets set aside for boathouse fund	28,313	(4,570)
Cash used for purchase of fixed assets	(55,613)	(21,996)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(27,300)</u>	<u>(25,566)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Cash received from contributions restricted by donors for investment in equipment and leaseholds	18,621	34,235
CHANGE IN CASH	(9,819)	3,148
CASH, BEGINNING	<u>34,064</u>	<u>30,916</u>
CASH, ENDING	<u>\$ 24,245</u>	<u>\$ 34,064</u>

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Functional Expenses

	Year ended December 31, 2006				Year ended December 31, 2005			
	Program Expenses	General and Administrative	Fundraising	TOTAL	Program Expenses	General and Administrative	Fundraising	TOTAL
Accounting	\$ -	\$ 3,700	\$ -	\$ 3,700	\$ -	\$ 3,895	\$ -	\$ 3,895
Advertising and promotion	-	139	-	139	-	6,109	-	6,109
Boathouse operations	3,794	-	-	3,794	2,864	-	-	2,864
Depreciation and amortization	17,083	-	-	17,083	11,165	-	-	11,165
Donations to other nonprofits	6,000	-	-	6,000	8,500	-	-	8,500
Dues	790	-	-	790	880	-	-	880
Equipment repair	5,077	-	-	5,077	20,438	-	-	20,438
Event expense	13,536	-	-	13,536	3,465	-	-	3,465
Professional fees, website	-	-	-	-	10,452	-	-	10,452
Gasoline	2,070	-	-	2,070	2,887	-	-	2,887
Insurance	-	5,005	-	5,005	-	1,580	-	1,580
Miscellaneous	3,421	-	-	3,421	5,466	-	-	5,466
Occupancy	76,975	-	-	76,975	58,808	-	-	58,808
Postage	-	-	216	216	-	-	672	672
Printing	-	-	-	-	-	-	738	738
Security	3,608	-	-	3,608	2,314	-	-	2,314
Supplies	1,334	-	-	1,334	4,018	-	-	4,018
Telephone	2,639	-	-	2,639	2,339	-	-	2,339
Direct cost of fundraising events	-	-	1,300	1,300	-	-	4,670	4,670
Total EXPENSES	136,327	8,844	1,516	146,687	133,596	11,584	6,080	151,260
Less expenses included with revenues in statement of activities	-	-	1,300	1,300	-	-	4,670	4,670
Total EXPENSES INCLUDED IN EXPENSE SECTION OF STATEMENT OF ACTIVITIES	\$ 136,327	\$ 8,844	\$ 216	\$ 145,387	\$ 133,596	\$ 11,584	\$ 1,410	\$ 146,590

See notes to financial statements and accountants' report.

**CLEVELAND ROWING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2006 and 2005**

Note 1. Description of the Organization

Organization

Cleveland Rowing Foundation (the "Organization") was incorporated as an Ohio nonprofit corporation in 1989. The Organization's main purposes are to encourage participation in the sport of rowing and to promote interest in rowing. The Organization was formerly known as Western Reserve Rowing Foundation.

Tax Status

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes. In addition, the Organization qualifies for charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are assets that are not restricted by donors or for which restrictions have expired. Temporarily restricted net assets are assets with a donor imposed restriction that allows the organization to use the assets as specified either upon the passage of time or the occurrence of certain events.

The Organization considers all contributions to be unrestricted unless specifically restricted by the donor.

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

Cash and Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and equivalents that are held for long-term purposes are not reported with cash in the statements of financial position and cash flows.

Concentration of Risk

The Organization maintains its cash balances in several financial institutions. These balances, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each institution.

Reclassification

Certain amounts for 2005 have been reclassified to conform to the 2006 presentation.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Donated Services

A substantial number of volunteers have donated significant amounts of time to the operations of the Organization. These amounts are not recorded in the financial statements unless the contributed services are material to the construction of buildings or improvement of property.

Functional Classification of Expenses

The Organization reports expenses in the Statement of Activities according to the functional classifications of expenses. The Organization defines general and administrative costs as general insurance costs, professional services such as accounting and legal, and general office expenses along with the cost of labor associated with the general administration of the Organization.

Advertising Costs

Expenditures related to advertising are expensed as incurred. The Organization incurred advertising and promotion expenses of \$139 for the year ended December 31, 2006 and \$6,109 for the year ended December 31, 2005.

Note 3. Accounts Receivable

Accounts receivable consist of assessments and miscellaneous purchases that are due from members, schools and other organizations that sponsor rowing teams. All amounts are due within one year. Management considers all amounts to be collectible. Therefore, no provision has been made for uncollectible receivables.

Note 4. Depreciation and Amortization

Long-lived assets are recorded at cost when purchased. Donated long-lived assets are recorded at fair value when received. The cost basis of long-lived assets includes the fair value of significant amounts of volunteer labor that was contributed to the construction of the assets.

Depreciation and amortization are recorded on a straight-line basis according to the following schedule:

<u>Class of Fixed Asset</u>	<u>Years</u>
Boats, new	7
Boats, used	5
Equipment	5
Leasehold improvements	5 - 10

Depreciation and amortization expense was recorded in each year according to the following schedule:

<u>Year ended</u>	<u>Amount</u>
12/31/06	\$ 17,083
12/31/05	11,165

Note 5. Assets Set Aside for Boathouse Fund

Assets set aside for the boathouse fund consist of cash deposited in a bank statement savings account. These assets are segregated from cash in the statements of financial position due to the intention that these assets be used for long-term purposes.

Assets set aside for the boathouse fund consist of unrestricted net assets that have been designated by the Board of Directors for long-term purposes. The unrestricted balances at year end in the boathouse fund are detailed in the following schedule:

	<u>12/31/06</u>	<u>12/31/05</u>
Unrestricted	\$ 11,557	\$ 39,870

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available at year end for the following purposes:

<u>Purpose</u>	<u>12/31/06</u>	<u>12/31/05</u>
Civic innovation project	\$ 200	\$ 2,111
Scholarships	4,000	-0-
Urban rowing program	980	2,750
Totals	\$ 5,180	\$ 4,861

Note 7. Net Assets Released From Restrictions

Net assets were released from restrictions during the years that ended December 31, 2006 and 2005 by incurring expenditures that satisfied either time or purpose restrictions placed by donors as listed in the following table:

<u>Purpose</u>	<u>2006</u>	<u>2005</u>
Equipment and leaseholds	\$ 18,996	\$ 34,235
Civic innovation project	1,911	14,120
Urban rowing program	1,770	-0-
Totals	\$ 22,677	\$ 48,335

Note 8. Lease Agreement

The Organization leases a portion of a building for its boathouse operations under an operating lease that expires June 30, 2007.

In December 2005, the Organization entered into a lease with the City of Cleveland, Ohio where the Organization occupies approximately 1.15 acres of riverfront property. The initial term of the lease is 25 years and the Organization has a unilateral option to extend the lease an additional 25 years. The rent for the premises is one dollar per year. In exchange for below-market rent, the Organization is obligated to make extensive improvements to the property, must provide free public access to a significant portion of the property, and must develop public programs of which a significant portion will be provided at no charge to the public.

Rental payments under operating leases totaled \$58,083 for the year ended December 31, 2006 and \$51,000 for the year ended December 31, 2005. Minimum rental payments for future years are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 33,001
2008	1
2009	1
2010	1
2011 – 2031	21

Note 9. Extraordinary Gain

In August, 2005 a boathouse that the Organization leases and much of the boathouse contents that were owned by the Organization were destroyed by fire. The casualty loss consisted of leasehold improvements and rowing equipment with a combined estimated market value of \$22,000. Insurance reimbursements from this loss totaled \$12,250. The book value of the loss, insurance proceeds, and net gain on the fire casualty are detailed as follows:

Net book value of fixed assets destroyed by fire	\$ 5,439
Insurance proceeds	<u>12,250</u>
Gain on fire casualty	<u>\$ 6,811</u>