



Financial Statements

Years Ended December 31, 2008 and 2007

CLEVELAND ROWING FOUNDATION

Financial Statements

Years Ended December 31, 2008 and 2007

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 - 10

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 statement of financial position of Cleveland Rowing Foundation as of December 31, 2008, and the related statements of activities, cash flows, and functional expenses for the year 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 2008 financial statements in order for them to be in conformity with generally accepted accounting principles.

The accompanying 2007 financial statements of Cleveland Rowing Foundation were compiled by us in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the 2007 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Beatrez & Company CPAs

March 15, 2009

CLEVELAND ROWING FOUNDATION
Statements of Financial Position

	<i>Reviewed</i>	<i>Compiled</i>
	As of December 31,	
	2008	2007
<u>ASSETS:</u>		
Cash	\$ 21,107	\$ 4,791
Accounts receivable	-	2,524
Prepaid expenses	2,000	-
Assets set aside for boathouse fund	-	1,234
Fixed assets:		
Fixed assets held for sale	-	6,750
Boats and other equipment	132,567	132,567
Leasehold improvements	50,086	50,086
Accumulated depreciation, equipment	(68,826)	(50,257)
Accumulated amortization, leasehold improvements	(23,670)	(18,130)
Fixed assets, net	90,157	121,016
Total ASSETS	\$ 113,264	\$ 129,565
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ 54,094	\$ 33,221
Loans and notes payable	17,765	5,542
Total liabilities	71,859	38,763
<u>NET ASSETS:</u>		
Unrestricted	35,783	85,180
Temporarily restricted	5,622	5,622
Total NET ASSETS	41,405	90,802
Total LIABILITIES and NET ASSETS	\$ 113,264	\$ 129,565

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Activities

	<i>Reviewed</i>	<i>Compiled</i>
	Year ended December 31,	
	2008	2007
<u>CHANGES IN UNRESTRICTED NET ASSETS:</u>		
Dues and assessments	\$ 95,417	\$ 101,623
Other program revenue	32,829	31,595
Contributions, unrestricted	1,000	8,398
Special events	-	8,266
Costs of direct benefits to participants	-	(2,095)
Net revenues from special events	-	6,171
Other income	3,279	4,439
Net assets released from restrictions	-	4,772
Total SUPPORT, GAINS, and REVENUES	132,525	156,998
Program expenses	170,840	209,970
General & administrative expenses	9,295	10,937
Fundraising expenses	1,787	-
Total EXPENSES	181,922	220,907
CHANGES IN UNRESTRICTED NET ASSETS	(49,397)	(63,909)
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</u>		
Contributions and grants restricted by donors for specific purposes:		
Boathouse fund	-	214
Other restricted purposes	-	5,000
Net assets released from restrictions	-	(4,772)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	-	442
OVERALL CHANGES IN NET ASSETS	(49,397)	(63,467)
NET ASSETS, BEGINNING	90,802	154,269
NET ASSETS, ENDING	\$ 41,405	\$ 90,802

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Cash Flows

	<i>Reviewed</i>	<i>Compiled</i>
	Year ended December 31,	
	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Overall changes in net assets	\$ (49,397)	\$ (63,467)
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	-	(214)
Contributions of property and equipment		(6,750)
Depreciation and amortization	24,109	22,862
Change in receivables	2,524	351
Change in prepaid expenses	(2,000)	7,918
Change in accounts payable and accrued liabilities	20,873	33,221
Change in deferred revenue	-	(7,800)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(3,891)	(13,879)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash received from disposal of fixed assets	6,750	-
Change in assets set aside for boathouse fund	1,234	10,323
Cash used for purchase of fixed assets	-	(21,654)
NET CASH FLOWS FROM INVESTING ACTIVITIES	7,984	(11,331)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Cash received from contributions restricted by donors for investment in equipment and leaseholds	-	214
Proceeds from borrowing	19,300	6,563
Repayment of principal on borrowing	(7,077)	(1,021)
NET CASH FLOWS FROM INVESTING ACTIVITIES	12,223	5,756
CHANGE IN CASH	16,316	(19,454)
CASH, BEGINNING	4,791	24,245
CASH, ENDING	\$ 21,107	\$ 4,791

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Functional Expenses

	<i>Reviewed</i>				<i>Compiled</i>			
	Year ended December 31, 2008				Year ended December 31, 2007			
	Program Expenses	General and Administrative	Fundraising	TOTAL	Program Expenses	General and Administrative	Fundraising	TOTAL
Accounting	\$ -	\$ 2,250	\$ -	\$ 2,250	\$ -	\$ 3,250	\$ -	\$ 3,250
Advertising and promotion	-	-	-	-	-	370	-	370
Boathouse operations	3,704	1,750	1,750	7,204	22,065	-	-	22,065
Depreciation and amortization	24,109	-	-	24,109	22,862	-	-	22,862
Donations to other nonprofits	-	-	-	-	5,000	-	-	5,000
Dues	2,231	-	-	2,231	2,443	-	-	2,443
Equipment repair	2,372	-	-	2,372	21,195	-	-	21,195
Event expense	11,811	-	-	11,811	12,480	-	-	12,480
Professional fees, website	-	397	-	397	-	-	-	-
Gasoline	5,512	-	-	5,512	2,400	-	-	2,400
Insurance	-	4,507	-	4,507	-	7,317	-	7,317
Miscellaneous	781	391	-	1,172	2,743	-	-	2,743
Occupancy	111,892	-	-	111,892	115,234	-	-	115,234
Postage	-	-	25	25	-	-	-	-
Printing	-	-	-	-	-	-	-	-
Security	1,601	-	-	1,601	1,002	-	-	1,002
Supplies	5,167	-	12	5,179	842	-	-	842
Telephone	1,660	-	-	1,660	1,704	-	-	1,704
Direct cost of fundraising events	-	-	-	-	-	-	2,095	2,095
Total EXPENSES	170,840	9,295	1,787	181,922	209,970	10,937	2,095	223,002
Less expenses included with revenues in statement of activities	-	-	-	-	-	-	2,095	2,095
Total EXPENSES INCLUDED IN EXPENSE SECTION OF STATEMENT OF ACTIVITIES	<u>\$ 170,840</u>	<u>\$ 9,295</u>	<u>\$ 1,787</u>	<u>\$ 181,922</u>	<u>\$ 209,970</u>	<u>\$ 10,937</u>	<u>\$ -</u>	<u>\$ 220,907</u>

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2008 (Reviewed) and 2007 (Compiled)

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 \$250,000 at each institution.

Reclassification

Certain amounts for 2007 have been reclassified to conform to the 2008 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 \$-0- for the year ended December 31, 2008 and \$370 for the year ended December 31, 2007.

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>
12/31/08	\$ 24,109
12/31/07	22,862

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>12/31/08</u>	<u>12/31/07</u>
Unrestricted	\$ -0-	\$ 1,234

Note 6. Temporarily Restricted Net Assets

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

<u>Purpose</u>	<u>12/31/08</u>	<u>12/31/07</u>
Scholarships	\$ 3,392	\$ 3,392
Urban rowing program	2,230	2,230
Totals	\$ 5,622	\$ 5,622

Note 7. Net Assets Released From Restrictions

Net assets were released from restrictions during the years ended December 31, 2008 and 2007 by incurring expenditures that satisfied either time or purpose restrictions placed by donors as listed in the following table:

<u>Purpose</u>	<u>2008</u>	<u>2007</u>
Equipment and leaseholds	\$ -0-	\$ 214
Civic innovation project	-0-	200
Scholarships	-0-	608
Urban rowing program	-0-	3,750
Totals	\$ -0-	\$ 4,772

Note 8. Loans and Notes Payable

Loans and notes payable consisted of the following:

	<u>12/31/08</u>	<u>12/31/07</u>
Note payable to a supplier, payable \$207 monthly, including interest at 8.5% per annum, collateralized by the property that was purchased (a boat) and is guaranteed by the officers of the corporation.	\$ 3,465	\$ 5,542
Term notes payable to individual members, interest free, payable at the end of their terms which vary from 3 to 5 years.	4,300	-0-
Loan payable to a member organization, interest free, payable \$5,000 annually as an offset to member dues.	10,000	-0-
Total	<u>\$ 17,765</u>	<u>\$ 5,542</u>

Maturities of loans and notes payable for future years are due as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 7,261
2010	6,204
2011	1,433
2012	1,433
2013	1,434
Thereafter	-0-

Note 9. Lease Agreements

The Organization leases a portion of a building for its boathouse operations under an operating lease that expires December 31, 2016. In addition to base rent, the Organization is also responsible for its share of real estate taxes and insurance and pays these amounts as additional rent.

The organization received relief on its obligation to pay its share of property taxes from 2007 through 2009. Generally accepted accounting principles require that the Organization reflect in annual rental expense the average rental expense of the entire term of the lease. Therefore, the Organization has recorded additional rent in the statement of activities in addition to the actual monthly rent payment obligation according to the following schedule:

<u>Year</u>	<u>Amount</u>
2007	\$ 21,047
2008	21,047

The Organization can offset rent up to \$6,000 per year for leasehold improvements. The organization had no such offsets during the years that ended December 31, 2008 and 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 expense under operating leases totaled \$99,231 for the year ended December 31, 2008 and \$92,768 for the year ended December 31, 2007. Minimum rental payments for future years are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 91,432
2010	105,463
2011	105,463
2012	105,463
2013 – 2031	421,852