



Financial Statements

Years Ended December 31, 2009 and 2008

CLEVELAND ROWING FOUNDATION

Financial Statements

Years Ended December 31, 2009 and 2008

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 statements of financial position of Cleveland Rowing Foundation as of December 31, 2009 and 2008, 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

March 6, 2010

CLEVELAND ROWING FOUNDATION
Statements of Financial Position

	As of December 31,	
	2009	2008
<u>ASSETS:</u>		
Cash	\$ 53,721	\$ 21,107
Prepaid expenses	-	2,000
Assets set aside for long-term purposes	97,133	-
Fixed assets:		
Boats and other equipment	104,467	125,767
Leasehold improvements	79,086	50,086
Accumulated depreciation, equipment	(64,813)	(62,026)
Accumulated amortization, leasehold improvements	(32,793)	(23,670)
Fixed assets, net	85,947	90,157
Total ASSETS	\$ 236,801	\$ 113,264
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ 81,141	\$ 54,094
Refundable advances	97,133	-
Loans and notes payable	11,004	17,765
Total liabilities	189,278	71,859
<u>NET ASSETS:</u>		
Unrestricted	43,551	35,783
Temporarily restricted	3,972	5,622
Total NET ASSETS	47,523	41,405
Total LIABILITIES and NET ASSETS	\$ 236,801	\$ 113,264

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Activities

	Year ended December 31,	
	2009	2008
<u>CHANGES IN UNRESTRICTED NET ASSETS:</u>		
Dues and assessments	\$ 141,879	\$ 95,417
Other program revenue	63,785	32,829
Contributions, unrestricted	43,065	1,000
Other income	5,222	3,279
Gain on sale of equipment	4,108	-
Net assets released from restrictions	1,650	-
Total SUPPORT, GAINS, and REVENUES	259,709	132,525
Program expenses	229,584	170,840
General & administrative expenses	16,157	9,295
Fundraising expenses	6,200	1,787
Total EXPENSES	251,941	181,922
CHANGES IN UNRESTRICTED NET ASSETS	7,768	(49,397)
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</u>		
Net assets released from restrictions	(1,650)	-
OVERALL CHANGES IN NET ASSETS	6,118	(49,397)
NET ASSETS, BEGINNING	41,405	90,802
NET ASSETS, ENDING	\$ 47,523	\$ 41,405

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Cash Flows

	Year ended December 31,	
	2009	2008
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Overall changes in net assets	\$ 6,118	\$ (49,397)
Adjustments to reconcile overall changes in net assets to net cash flows from operating activities:		
Contributions of property and equipment	(29,000)	-
Gain on sale of equipment	(4,108)	-
Depreciation and amortization	25,818	24,109
Change in receivables	-	2,524
Change in prepaid expenses	2,000	(2,000)
Change in accounts payable and accrued liabilities	27,047	20,873
NET CASH FLOWS FROM OPERATING ACTIVITIES	27,875	(3,891)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash received from disposal of fixed assets	11,500	6,750
Change in assets set aside for long-term purposes	(97,133)	1,234
NET CASH FLOWS FROM INVESTING ACTIVITIES	(85,633)	7,984
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Cash received from contributions restricted by donors for investment in long-term assets	97,133	-
Proceeds from borrowing	500	19,300
Repayment of principal on borrowing	(7,261)	(7,077)
NET CASH FLOWS FROM FINANCING ACTIVITIES	90,372	12,223
CHANGE IN CASH	32,614	16,316
CASH, BEGINNING	21,107	4,791
CASH, ENDING	\$ 53,721	\$ 21,107
Noncash Investing Activities:		
Contributions of property and equipment	\$ 29,000	\$ -

See notes to financial statements and accountants' report.

CLEVELAND ROWING FOUNDATION
Statements of Functional Expenses

	Year ended December 31, 2009				Year ended December 31, 2008			
	Program Expenses	General and Administrative	Fundraising	TOTAL	Program Expenses	General and Administrative	Fundraising	TOTAL
Accounting	\$ -	\$ 3,850	\$ -	\$ 3,850	\$ -	\$ 2,250	\$ -	\$ 2,250
Boathouse operations	5,526	-	-	5,526	3,704	1,750	1,750	7,204
Compensation and related costs	8,792	5,984	5,984	20,760	-	-	-	-
Depreciation and amortization	25,818	-	-	25,818	24,109	-	-	24,109
Dues	4,355	-	-	4,355	2,231	-	-	2,231
Equipment repair	6,209	-	-	6,209	2,372	-	-	2,372
Event expense	43,765	-	-	43,765	11,811	-	-	11,811
Professional fees and website	-	3,062	-	3,062	-	397	-	397
Gasoline	3,800	-	-	3,800	5,512	-	-	5,512
Insurance	-	3,261	-	3,261	-	4,507	-	4,507
Miscellaneous	1,993	-	-	1,993	781	391	-	1,172
Occupancy	118,238	-	-	118,238	111,892	-	-	111,892
Postage	-	-	195	195	-	-	25	25
Security	1,115	-	-	1,115	1,601	-	-	1,601
Supplies	8,486	-	21	8,507	5,167	-	12	5,179
Telephone	1,487	-	-	1,487	1,660	-	-	1,660
Total EXPENSES	\$ 229,584	\$ 16,157	\$ 6,200	\$ 251,941	\$ 170,840	\$ 9,295	\$ 1,787	\$ 181,922

See notes to financial statements and accountants' report.

**CLEVELAND ROWING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008**

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 exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Organization is further classified as a public charity. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization reported no unrelated business income during the years that ended December 31, 2009 and 2008. Tax years ended December 31, 2006 through 2009 are considered open for purposes of potential income tax audit.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization 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. As of December 31, 2009 there were no permanently restricted net assets.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

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.

Note 2. Summary of Significant Accounting Policies, continued

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 has funds on hand at financial institutions which may, at times, exceed federally insured amounts.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. 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.

Expense Classification

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification

Certain amounts in the prior fiscal year financial statements have been reclassified to conform to the current fiscal year financial statements.

Note 3. 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>
12/31/09	\$ 25,818
12/31/08	24,109

New flooring with a fair value of \$29,000 was donated to the organization and was installed in its boathouse during the year that ended December 31, 2009.

Note 4. Assets Set Aside for Long-term Purposes

Assets set aside for long-term purposes 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.

Note 5. Temporarily Restricted Net Assets

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

<u>Purpose</u>	<u>12/31/09</u>	<u>12/31/08</u>
Scholarships	\$ 1,742	\$ 3,392
Urban rowing program	2,230	2,230
Totals	\$ 3,972	\$ 5,622

Note 6. Net Assets Released From Restrictions

Net assets were released from restrictions during the years ended December 31, 2009 and 2008 by incurring expenditures that satisfied either time or purpose restrictions placed by donors as listed in the following table:

<u>Purpose</u>	<u>2009</u>	<u>2008</u>
Scholarships	\$ 1,650	\$ -0-

Note 7. Loans and Notes Payable

Loans and notes payable consisted of the following:

	<u>12/31/09</u>	<u>12/31/08</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.	\$ 1,204	\$ 3,465
Term notes payable to individual members, interest free, payable at the end of their terms which vary from 3 to 5 years.	4,800	4,300
Loan payable to a member organization, interest free, payable \$5,000 annually as an offset to member dues.	5,000	10,000
Total	<u>\$ 11,004</u>	<u>\$ 17,765</u>

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

<u>Year</u>	<u>Amount</u>
2010	\$ 6,204
2011	1,600
2012	1,600
2013	1,600
Thereafter	-0-

Note 8. 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
2009	7,015

The Organization can offset rent up to \$6,000 per year for leasehold improvements. As of the date of this report, the landlord had not yet accepted offsets accumulated during the years that ended December 31, 2006 through 2009. The Organization expects that the full amount of the payable due to the landlord will be offset by the value of capital improvements that the Organization has made to the landlord's property. Negotiations on this issue are ongoing and the Organization expects favorable resolution to the matter in 2010.

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 \$99,653 for the year ended December 31, 2009 and \$99,231 for the year ended December 31, 2008. Minimum rental payments for future years are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 105,463
2011	105,463
2012	105,463
2013	105,463
2014	105,463
2015	105,463
2016	105,463
Thereafter	-0-

Note 9. Commitments and Refundable Advances

The Organization has developed plans to relocate its base of operations to another location on the banks of the Cuyahoga River. The purpose of the move is for the Organization to own the real estate it uses for its operations rather than renting as it has done in the past.

The Organization has entered into an agreement to purchase a riverfront tract of land, including a 19,000 square foot structure, for \$3.2 million dollars. This agreement expires on March 31, 2010 unless the parties agree to an extension of time. The purchase agreement is conditioned on the Organization raising sufficient capital to fund the project.

The Organization commenced a capital campaign during 2009 in order to raise capital to acquire the tract of land described above. Donors are either making current gifts for the project or are pledging future support. In its solicitations, the Organization states that gifts are refundable to donors if the project fails to materialize. All cash gifts received will be recorded as refundable advances in the statement of activities until all conditions of the gifts are satisfied. Pledges receivable will not be recorded in the financial statements until all conditions of the gifts are satisfied.

At December 31, 2009, the Organization had secured the following conditional pledges and gifts:

Pledges and gifts, gross	\$ 186,528
Cash gifts received and recorded as refundable advances in the statement of financial position	(97,133)
Estimate for uncollectible pledges	<u>(9,000)</u>
Pledges receivable, net	\$ 80,395

In addition to the conditional pledges and gifts listed above, an anonymous donor has made a challenge grant towards the project. The donor will match dollar for dollar against pledges and gifts by others up to a maximum of \$250,000. The challenge grant is scheduled to expire on March 31, 2010. However, the donor will consider extending the deadline if the option to purchase the real estate described above is also extended.