

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY**  
**INFORMATION**  
**YEARS ENDED OCTOBER 31, 2011 AND 2010**

**COMMUNITY ROWING, INC. AND SUBSIDIARY  
TABLE OF CONTENTS  
YEARS ENDED OCTOBER 31, 2011 AND 2010**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>2</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>6</b>
<b>INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION</b>	<b>15</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>CONSOLIDATING STATEMENT OF FINANCIAL POSITION</b>	<b>16</b>
<b>CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>18</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES – COMMUNITY ROWING, INC.</b>	<b>19</b>



CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Rowing, Inc.  
Brighton, MA

We have audited the consolidated statement of financial position of Community Rowing, Inc. and Subsidiary as of October 31, 2011, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of Community Rowing, Inc. as of October 31, 2010, were audited by other auditors whose report dated December 14, 2010, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Rowing, Inc. and Subsidiary as of October 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
January 19, 2012

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2011 AND 2010**

<b>ASSETS</b>	2011	2010
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 232,753	\$ 1,166,333
Program Receivables	64,379	27,667
Current Portion of Unconditional Promises to Give	209,213	256,466
Prepaid Expenses and Other Current Assets	36,139	48,288
Total Current Assets	542,484	1,498,754
<b>PROPERTY AND EQUIPMENT</b>		
Building	15,844,239	15,834,638
Rowing Equipment	1,329,162	1,250,699
Furniture and Fixtures	88,273	88,273
Motor Vehicles	85,465	85,465
Total	17,347,139	17,259,075
Less: Accumulated Depreciation	(2,398,674)	(1,901,588)
Property and Equipment, Net	14,948,465	15,357,487
<b>OTHER ASSETS</b>		
Cash and Cash Equivalents, Permanently Restricted	208,625	250,000
Unconditional Promises to Give, Less Current Portion	42,479	109,830
Total Other Assets	251,104	359,830
Total Assets	\$ 15,742,053	\$ 17,216,071
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ -	\$ 750,000
Accounts Payable	107,559	10,381
Current Portion of Deferred Revenue	50,004	50,404
Deferred Rent	35,481	29,664
Deposits	55,175	34,700
Accrued Construction Expenses	4,320	17,528
Accrued Expenses	25,862	50,129
Accrued Payroll	80,248	58,926
Total Current Liabilities	358,649	1,001,732
<b>LONG-TERM LIABILITIES</b>		
Deferred Revenue, Less Current Maturities	2,283,317	2,333,321
Long-Term Debt, Less Current Maturities	-	550,546
Total Long-Term Liabilities	2,283,317	2,883,867
<b>NET ASSETS</b>		
Unrestricted	12,750,087	12,956,635
Temporarily Restricted	-	123,837
Permanently Restricted	350,000	250,000
Total Net Assets	13,100,087	13,330,472
Total Liabilities and Net Assets	\$ 15,742,053	\$ 17,216,071

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED OCTOBER 31, 2011 AND 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 595,036	\$ -	\$ 100,000	\$ 695,036
Program Fees	1,955,520	-	-	1,955,520
Less: Scholarships	(77,922)	-	-	(77,922)
Storage and Rental Fees	177,866	-	-	177,866
Membership Dues	158,520	-	-	158,520
Non-Cash Support	3,250	-	-	3,250
Special Events	75,096	-	-	75,096
Other Revenue	71,012	-	-	71,012
Total Revenue and Support	<u>2,958,378</u>	<u>-</u>	<u>100,000</u>	<u>3,058,378</u>
<b>EXPENSES</b>				
Program	2,362,959	-	-	2,362,959
General and Administrative	724,762	-	-	724,762
Fundraising	260,543	-	-	260,543
Total Expenses	<u>3,348,264</u>	<u>-</u>	<u>-</u>	<u>3,348,264</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(389,886)	-	100,000	(289,886)
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Rental Income	50,004	-	-	50,004
Interest Income	1,316	-	-	1,316
Gain on Sale of Property and Equipment	10,049	-	-	10,049
Temporary Location Costs	(1,868)	-	-	(1,868)
Total Non-Operating Income	<u>59,501</u>	<u>-</u>	<u>-</u>	<u>59,501</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES</b>	(330,385)	-	100,000	(230,385)
Net Assets Released from Restrictions	<u>123,837</u>	<u>(123,837)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(206,548)	(123,837)	100,000	(230,385)
Net Assets - Beginning of Year	<u>12,956,635</u>	<u>123,837</u>	<u>250,000</u>	<u>13,330,472</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,750,087</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 13,100,087</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED OCTOBER 31, 2011 AND 2010**

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 2,023,413	\$ 1,300	\$ 250,000	\$ 2,274,713
Program Fees	1,454,091	-	-	1,454,091
Less: Scholarships	(30,743)	-	-	(30,743)
Storage and Rental Fees	195,618	-	-	195,618
Membership Dues	122,691	-	-	122,691
Non-Cash Support	97,718	-	-	97,718
Special Events	73,776	-	-	73,776
Other Revenue	38,827	-	-	38,827
Total Revenue and Support	<u>3,975,391</u>	<u>1,300</u>	<u>250,000</u>	<u>4,226,691</u>
<b>EXPENSES</b>				
Program	1,809,964	-	-	1,809,964
General and Administrative	609,008	-	-	609,008
Fundraising	273,793	-	-	273,793
Total Expenses	<u>2,692,765</u>	<u>-</u>	<u>-</u>	<u>2,692,765</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	1,282,626	1,300	250,000	1,533,926
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Rental Income	50,008	-	-	50,008
Interest Income	2,707	-	-	2,707
Gain on Sale of Property and Equipment	(450)	-	-	(450)
Interest Expense	(7,817)	-	-	(7,817)
Total Non-Operating Income	<u>44,448</u>	<u>-</u>	<u>-</u>	<u>44,448</u>
<b>EXCESS OF REVENUE AND SUPPORT OVER EXPENSES</b>	1,327,074	1,300	250,000	1,578,374
Net Assets Released from Restrictions	<u>2,463</u>	<u>(2,463)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	1,329,537	(1,163)	250,000	1,578,374
Net Assets - Beginning of Year	<u>11,627,098</u>	<u>125,000</u>	<u>-</u>	<u>11,752,098</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,956,635</u>	<u>\$ 123,837</u>	<u>\$ 250,000</u>	<u>\$ 13,330,472</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED OCTOBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (230,385)	\$ 1,578,374
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Donated Property and Equipment	-	(37,400)
(Gain) Loss on Sale of Property and Equipment	(10,049)	450
Depreciation	519,636	517,540
Decrease in Cash Surrender Value of Life Insurance	-	22,222
(Increase) Decrease in:		
Unconditional Promises to Give	114,604	(23,789)
Prepaid Expenses and Other Current Assets	(24,562)	64
Increase (Decrease) in:		
Accounts Payable	97,249	(21,756)
Deferred Revenue	(50,404)	(49,608)
Deferred Rent	5,817	5,974
Deposits	20,475	21,000
Accrued Construction Expense	(13,208)	(453,816)
Accrued Expenses	(24,267)	12,434
Accrued Payroll	21,250	22,032
Transfer of Permanently Restricted Funds	(208,625)	-
Net Cash Provided by Operating Activities	217,531	1,593,721
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Property and Equipment	10,049	750
Purchases of Property and Equipment	(110,614)	(158,561)
Net Cash Used by Investing Activities	(100,565)	(157,811)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	(1,300,546)	(1,691,318)
Net Cash Used by Financing Activities	(1,300,546)	(1,691,318)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,183,580)	(255,408)
Cash and Cash Equivalents - Beginning of Year	1,416,333	1,671,741
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 232,753	\$ 1,416,333
<b>SUPPLEMENTARY DISCLOSURES</b>		
Cash Paid for Interest	\$ -	\$ 7,817

Non-Cash Investing and Financing Transactions:

During the years ended October 31, 2011 and October 31, 2010, the Organization received donated property and equipment with a fair market value of \$0 and \$37,400, respectively.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Community Rowing, Inc. and Subsidiary (collectively the "Organization") include the accounts of Community Rowing, Inc. and New Bedford Community Rowing, Inc., of which Community Rowing, Inc. is the sole corporate member.

The Organization is a Massachusetts nonprofit company organized for the purpose of providing opportunities for instruction, training and competition in the sport of rowing to the community youth and adults, as well as the physically and mentally challenged youth and adults.

The Organization provides free opportunities to underserved populations, including youth at the Middle and High School levels in the Boston Public Schools, as well as free instruction for mentally and physically disabled youth and adults. In addition to these programs, the Organization provides free programming for Military Veterans. As part of its ongoing mission to make rowing available to the community, the Organization provides fee-based programming at all levels for individuals and hosts company events that use the sport of rowing to develop teamwork and achieve specific goals.

Recognizing the strong need for coaches and leadership, the Organization provides extensive professional development opportunities for rowing coaches which include a year-long, master's level education program as well as weekly seminars and other educational opportunities that are open to the community.

**Basis of Consolidation**

The consolidated financial statements include the accounts of the above entities. All material inter-organization transactions, balances and investments have been eliminated.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with the accrual basis of accounting.

**Revenue**

The Organization generates revenue primarily from program fees, contributions, membership dues, storage fees and rental fees.



**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Net Assets**

Net assets are classified into unrestricted, temporarily restricted and permanently restricted categories to properly disclose the nature and amount of resources that have been restricted in accordance with specified donor objectives. The net assets of the Organization are reported as follows:

**Unrestricted Net Assets**

Represent funds that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the board of directors.

**Temporarily Restricted Funds**

Represent funds subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**Permanently Restricted Funds**

Represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be used for specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates that were used.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three (3) months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes by donors, limiting their use are not considered cash and cash equivalents for purposes of financial statement presentation.

**Unconditional Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at cost. Assets that cost over \$2,000 and have an estimated useful life of at least one year are capitalized. Donated property is recorded at its estimated fair value at the date of receipt. Gifts of long-lived assets are recorded at their fair market value at the date of donation and reported as unrestricted support unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

**Depreciation**

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Asset</u>	<u>Life in Years</u>
Building	39
Rowing Equipment	5
Furniture and Fixtures	5-7
Motor Vehicles	5

Depreciation expense amounted to \$519,636 and \$517,540 for the years ended October 31, 2011 and 2010, respectively.

**Contributions**

The Organization accounts for contributions in accordance with Generally Accepted Accounting Principles in the United States of America. Accordingly, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor 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.

**Endowment**

The Board of Director's (the Board) classifies its endowment and related appreciation in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was signed into Massachusetts general law under G.L.c 180A. The Board has interpreted Massachusetts general law as requiring net realized and unrealized gains of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board for expenditure unless the donor stipulated otherwise. Massachusetts general law allows the Board to appropriate as much of net appreciation of permanently restricted net assets as prudent considering the Organization's short and long-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Income Taxes**

The Organization is exempt from income tax pursuant to Section 501(c) (3) of the Internal Revenue Code. Tax years from October 31, 2008 through the current year remain open for examination by Federal and state tax authorities.

**Excess (Deficiency) of Revenues and Support over Expenses**

The statement of activities and changes in net assets includes excess (deficiency) of revenues and support over expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues and support over expenses, consistent with industry practice, include the changes in unrealized gains and losses on investments, transfer of assets to and from affiliates other than for goods and services, and releases from restriction for contributions used for long-term purposes.

**Reclassification of Prior Year's Balance**

Certain account balances as of and for the year ended October 31, 2010 have been reclassified to enhance financial statement comparability.

**Program Receivables**

Program receivables are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. Credit is extended to participants and collateral is not required. The Organization determines delinquent accounts based on individual facts and circumstances. Historically, the Organization has not charged interest on accounts that are deemed to be delinquent. At October 31, 2011 and 2010 there was no allowance reflected against program receivables.

**Subsequent Events**

The Organization has evaluated the financial statements for subsequent event disclosures through January 19, 2012, the date when the consolidated financial statements were available to be issued.

**NOTE 2 PROMISES TO GIVE**

Unconditional promises to give at October 31 consisted of the following:

	2011	2010
Unconditional Promises to Give	\$ 259,214	\$ 373,838
Less Unamortized Discount	(5,542)	(5,542)
	<u>253,672</u>	<u>368,296</u>
Less Allowance for Uncollectible Accounts	(1,980)	(2,000)
Net Unconditional Promises to Give	<u>251,692</u>	<u>366,296</u>
Less Amount Due in One Year	<u>(209,213)</u>	<u>(256,466)</u>
Unconditional Promises to Give, Less Current Portion	<u>\$ 42,479</u>	<u>\$ 109,830</u>

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 2 PROMISES TO GIVE (CONTINUED)**

Aggregate maturities of unconditional promises to give are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2012	\$ 209,213
2013	42,479
Total	<u>\$ 251,692</u>

Unconditional promises to give due in more than one (1) year are reflected at the present value of estimated future cash flows using a discount rate of five percent (5%).

**NOTE 3 DEMAND NOTE PAYABLE TO A BANK**

For the years ended October 31, 2011 and 2010, the Organization had a demand line of credit agreement with a bank for \$100,000. Interest at the Wall Street Journal's prime rate plus two percent (2.00%) is payable monthly in arrears. The line of credit is secured by a security interest in all assets of the Organization. It is subject to certain financial and reporting covenants. There was no outstanding balance on the line of credit as of October 31, 2011 and 2010.

For the years ended October 31, 2011 and 2010, the Organization had a demand line of credit agreement with a bank for \$100,000. Interest at the Wall Street Journal's prime rate plus one and one quarter percent (1.25%) is payable monthly in arrears. The line of credit is secured by a first security interest in all assets of the Organization. There was no outstanding balance on the line of credit as of October 31, 2011 and 2010.

**NOTE 4 NOTES PAYABLE**

The Organization has executed notes payable as follows:

<u>Description</u>	<u>2011</u>	<u>2010</u>
Note payable to a bank in varying annual principal installments, plus interest at .3% (at October 31, 2010), through December 2012, secured by the building. It is subject to certain financial and reporting covenants.	\$ -	\$ 1,300,546
	-	1,300,546
Less Current Maturities of Long-Term Debt	-	750,000
Long-Term Debt, Less Current Maturities	<u>\$ -</u>	<u>\$ 550,546</u>

As of October 31, 2011 the note payable was paid off by the Organization.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were comprised of and restricted as follows at October 31:

	2011	2010
Boathouse	\$ -	\$ 123,837
	\$ -	\$ 123,837

The note payable related to the construction of the boathouse was paid off during the fiscal year ended October 31, 2011. As a result, net assets in the amount of \$123,837 related to the boathouse construction was released from restriction as of the year then ended.

**NOTE 6 ENDOWMENTS**

The Organization's endowments consist of two (2) funds. The first fund was established for a boathouse endowment fund, the income only of which shall be used for the maintenance and repair of the Organization's (i) Harry Parker Boathouse, (ii) Ruth W. Somerville Sculling Pavilion, (iii) adjacent docks and grounds, and (iv) successor facilities thereto. If all of those facilities are no longer in existence or are no longer used for the sport of rowing, it is the donor's desire that income from the endowment funds be used for maintenance or replacement of a community public access rowing facility in the Greater Boston area, preferably on the Charles River. The second fund was established for a scholarship endowment fund, the income only of which shall be used to reduce rowing programs fees for qualifying participants.

Changes in Endowment net assets for the year ended October 31, 2011 were as follows:

	Permanently Restricted
Endowment Net Assets, Beginning of Year	\$ 250,000
Endowment Contribution	100,000
Endowment Net Assets, End of Year	\$ 350,000

**Funds with Deficiencies:**

In accordance with the donor instrument for the boathouse endowment fund, the Organization, at its discretion, could use the \$250,000 of the donor's challenge grant originally intended for the boathouse endowment fund and apply those funds to the payment of the boathouse construction loan; provided, however that Organization shall take an equivalent amount of funds from gifts to the Organization's boathouse campaign received by the Organization after the pay-off of the construction loan and shall apply such funds specifically to the boathouse endowment fund, so that the total amount of gifts allocated to the boathouse endowment fund as of December 31, 2012, shall not be less than \$250,000. The Organization decided to use the \$250,000 endowment towards paying off the boathouse construction loan during 2011. As of October 31, 2011 the Organization has replenished \$100,000 of the boathouse endowment fund. The Organization intends to replenish the endowment in full by December 31, 2012.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 6 ENDOWMENTS (CONTINUED)**

**Investment and Spending Policy:**

The Organization has adopted investment and spending policies for endowment assets that set prudent limits for both asset allocation and asset quality. The Organization's investment policy is designed to preserve capital and provide an absolute return on endowment assets. The endowment assets are invested in cash and cash equivalents. The investment strategy is evaluated annually to meet the Organization's overall investment objectives.

Funds invested in the Organization's endowment are distributed on an annual basis. The objective of the Organization's spending policy is to appropriate between 4% and 7% of the average market value of the endowment. This policy is consistent with the Organization's objective to preserve capital and provide an absolute return on endowment assets.

**NOTE 7 DONATED GOODS AND SERVICES**

The Organization received marketing services including billboard advertisements and local radio advertisements during the year ended October 31, 2011 without charge. The estimated fair value of the services has been reported as contribution revenue and marketing expense. Both contribution revenue and expenses for the year ended October 31, 2011 and 2010 were recorded at \$2,500 and \$53,925, which pertained to general administrative expenses.

Contributed goods and the associated expenses for the year ended October 31, 2011 and 2010 were recorded at \$750 and \$43,793, respectively.

**NOTE 8 LEASES**

The Organization entered into a lease ("Ground Lease") with the Commonwealth of Massachusetts and the Department of Conservation and Recreation. The lease is for land at 100 Nonantum Road, Brighton, Massachusetts. The term of the lease is fifty (50) years with annual payments of \$5,000 beginning on the lease commencement date and increasing three percent (3%) every year. Rent expense is recognized on a straight-line basis which results in a timing difference between rent paid and rent expense recognized. The difference between rent paid and rent expense is recorded as deferred rent expense. Deferred rent expense amounted to \$35,481 and \$29,664 for the years ended October 31, 2011 and 2010, respectively. Lease expense for each of 2011 and 2010 was \$11,280.

Additionally, the Organization entered into a sub-lease agreement to the Ground Lease with an unrelated party. The lessee paid \$2,500,000 of rent prior to the commencement of lease. The initial rent payment was made to help with the construction of the Organization's building. The initial rent amount is reflected as deferred revenue and is being amortized into rental income over the life of the lease. Deferred revenue remaining at the years ended October 31, 2011 and 2010 was \$2,333,321 and \$2,383,725, respectively. Annual rent is paid to the Organization at a percentage of the Organization's operating expenses.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 8 LEASES (CONTINUED)**

Rental income amounted to \$102,000 and \$102,004 for the years ended October 31, 2011 and 2010, respectively.

The Organization entered into a lease for office equipment. The lease expires on April 30, 2012 and requires monthly payments of \$251 plus maintenance charges. In June 2010, the lease was terminated, and the Organization entered into a new lease for office equipment. The lease expires in June 2014 and requires monthly payments of \$454 plus maintenance charges. Lease expense related to office equipment for the years ended October 31, 2011 and 2010 was \$5,503 and \$3,266, respectively.

The minimum rental commitments under operating leases in which the Organization is the lessee are approximately as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2012	\$ 11,200
2013	11,500
2014	10,200
2015	6,300
2016	6,500
Thereafter	<u>506,600</u>
Total	<u>\$ 552,300</u>

**NOTE 9 RETIREMENT PLAN**

The Organization has a 403(B) Retirement Savings plan for qualified employees, as defined. In accordance with the terms of the plan, the Organization will match one hundred percent (100%) of the employee's contribution up to five percent (5%) of the employee's annual salary. During the years ended October 31, 2011 and 2010, the Organization incurred \$21,944 and \$11,478, respectively, of matching contribution expense to the retirement plan.

**NOTE 10 RELATED PARTY TRANSACTIONS**

The Organization received \$-0- and \$882,015 of unrestricted promises to give associated with the Boathouse Campaign during the fiscal years ended October 31, 2011 and 2010, respectively, from its Board of Directors and Trustees.

The Organization also received \$-0- and \$24,300 for the fiscal years ended October 31, 2011 and 2010, respectively, in additional support from its Board of Directors and Trustees participating in programs and supporting fundraising efforts.

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011 AND 2010**

**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

The Organization has a potential concentration of credit risk in that it maintains deposits with a financial institution that during the year may be in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is \$250,000, which is applied per depositor, per insured depository institution for each account ownership category. As of October 31, 2011, the Organization had no cash and cash equivalents in excess of FDIC limits.

The Organization has promises to give in the amount of \$251,691 as of October 31, 2011 that will be received in future years.





**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Community Rowing, Inc.  
Brighton, MA

Our report on our audit of the basic consolidated financial statements of Community Rowing, Inc. and Subsidiary for the year ended October 31, 2011 appears on page 1. The audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information contained on pages 16 to 19 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to auditing procedures applied to the basic consolidated financial statements and, in our opinion, is fairly stated, all material respects in relation to the consolidated financial statements taken as a whole.

The financial statements of Community Rowing, Inc. for the year ended October 31, 2010, were audited by other auditors and their report thereon dated December 14, 2010, which expressed an unqualified opinion on those financial statements. Their report, as of the same date, on the supplementary information on page 19 stated that, such information was fairly stated in all material respects in relation to the financial statements for the year ended October 31, 2010, as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
January 19, 2012

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**OCTOBER 31, 2011**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

**ASSETS**

	2011			
	Community Rowing, Inc.	New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 226,566	\$ 6,187	\$ -	\$ 232,753
Program Receivables	64,379	-	-	64,379
Current Portion of Unconditional Promises to Give	209,213	-	-	209,213
Prepaid Expenses and Other Current Assets	50,932	7,124	(21,917)	36,139
Total Current Assets	551,090	13,311	(21,917)	542,484
<b>PROPERTY AND EQUIPMENT</b>				
Building	15,834,639	9,600	-	15,844,239
Rowing Equipment	1,329,162	-	-	1,329,162
Furniture and Fixtures	88,273	-	-	88,273
Motor Vehicles	85,465	-	-	85,465
Total	17,337,539	9,600	-	17,347,139
Less: Accumulated Depreciation	(2,398,674)	-	-	(2,398,674)
Property and Equipment, Net	14,938,865	9,600	-	14,948,465
<b>OTHER ASSETS</b>				
Cash and Cash Equivalents, Permanently Restricted	208,625	-	-	208,625
Unconditional Promises to Give, Less Current Portion	42,479	-	-	42,479
Total Other Assets	251,104	-	-	251,104
Total Assets	\$ 15,741,059	\$ 22,911	\$ (21,917)	\$ 15,742,053

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**OCTOBER 31, 2011**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

**LIABILITIES AND NET ASSETS**

	2011			
	Community Rowing, Inc.	New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 106,306	\$ 23,170	\$ (21,917)	\$ 107,559
Current Portion of Deferred Revenue	50,004	-	-	50,004
Deferred Rent	35,481	-	-	35,481
Deposits	55,175	-	-	55,175
Accrued Construction Expenses	4,320	-	-	4,320
Accrued Expenses	22,961	2,901	-	25,862
Accrued Payroll	80,176	72	-	80,248
Total Current Liabilities	354,423	26,143	(21,917)	358,649
<b>LONG-TERM LIABILITIES</b>				
Deferred Revenue, Less Current Maturities	2,283,317	-	-	2,283,317
Total Long-Term Liabilities	2,283,317	-	-	2,283,317
<b>NET ASSETS</b>				
Unrestricted	12,753,319	(3,232)	-	12,750,087
Permanently Restricted	350,000	-	-	350,000
Total Net Assets	13,103,319	(3,232)	-	13,100,087
Total Liabilities and Net Assets	\$ 15,741,059	\$ 22,911	\$ (21,917)	\$ 15,742,053

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED OCTOBER 31, 2011**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2011					
	Community Rowing, Inc.			New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted		
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 493,006	\$ -	\$ 100,000	\$ 102,030	\$ -	\$ 695,036
Program Fees	1,901,733	-	-	53,787	-	1,955,520
Less: Scholarships	(77,922)	-	-	-	-	(77,922)
Storage and Rental Fees	177,866	-	-	-	-	177,866
Membership Dues	158,520	-	-	-	-	158,520
Non-Cash Support	3,250	-	-	-	-	3,250
Special Events	69,799	-	-	5,297	-	75,096
Other Revenue	62,421	-	-	8,591	-	71,012
Total Revenue and Support	<u>2,788,673</u>	<u>-</u>	<u>100,000</u>	<u>169,705</u>	<u>-</u>	<u>3,058,378</u>
<b>EXPENSES</b>						
Program	2,219,046	-	-	143,913	-	2,362,959
General and Administrative	697,662	-	-	27,100	-	724,762
Fundraising	260,487	-	-	56	-	260,543
Total Expenses	<u>3,177,195</u>	<u>-</u>	<u>-</u>	<u>171,069</u>	<u>-</u>	<u>3,348,264</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(388,522)	-	100,000	(1,364)	-	(289,886)
<b>NON-OPERATING INCOME (EXPENSE)</b>						
Rental Income	50,004	-	-	-	-	50,004
Interest Income	1,316	-	-	-	-	1,316
Gain on Sale of Property and Equipment	10,049	-	-	-	-	10,049
Temporary Location Costs	-	-	-	(1,868)	-	(1,868)
Total Non-Operating Income	<u>61,369</u>	<u>-</u>	<u>-</u>	<u>(1,868)</u>	<u>-</u>	<u>59,501</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES</b>	(327,153)	-	100,000	(3,232)	-	(230,385)
Net Assets Released from Restrictions	<u>123,837</u>	<u>(123,837)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(203,316)	(123,837)	100,000	(3,232)	-	(230,385)
Net Assets - Beginning of Year	<u>12,956,635</u>	<u>123,837</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>13,330,472</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,753,319</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ (3,232)</u>	<u>\$ -</u>	<u>\$ 13,100,087</u>

**COMMUNITY ROWING, INC. AND SUBSIDIARY**  
**STATEMENTS OF FUNCTIONAL EXPENSES – COMMUNITY ROWING, INC.**  
**YEAR ENDED OCTOBER 31, 2011 AND 2010**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2011</u>	<u>2010</u>
<b><u>Program Expenses</u></b>		
Salaries	\$ 875,899	\$ 651,216
Depreciation	519,636	517,540
Regatta Costs	389,120	231,133
Transportation	144,493	124,191
Insurance	68,573	67,443
Payroll Taxes	96,073	66,377
Boat Maintenance and Supplies	44,792	46,825
Third Party Registration Fees	5,128	44,898
Rental Equipment and Other Supplies	35,061	24,124
Staff and Volunteer Development	15,833	13,646
Gas and Oil	20,165	13,393
Miscellaneous	4,273	9,178
Total Program Expenses	<u>\$ 2,219,046</u>	<u>\$ 1,809,964</u>
<b><u>General and Administrative Expenses</u></b>		
Salaries	\$ 289,030	\$ 264,919
Employee Benefits	87,507	66,436
Rent and Utilities	70,973	64,196
Office	66,566	51,974
Legal	41,581	42,988
Payroll Tax	23,088	29,339
Accounting	28,500	22,300
Office Supplies	30,372	19,346
Telephone	16,583	17,135
Computer	12,927	9,298
Payroll Services	5,475	6,886
Dues and Subscriptions	7,083	3,352
Bank Charges	6,900	3,160
Bad Debt	3,610	2,340
Printing	-	785
Miscellaneous	7,467	4,554
Total General and Administrative Expenses	<u>\$ 697,662</u>	<u>\$ 609,008</u>
<b><u>Fundraising Expense</u></b>		
Salaries	\$ 126,748	\$ 135,577
Marketing and Public Relations	119,833	123,510
Payroll Taxes	10,137	11,420
Annual Appeal Direct Costs	3,769	2,696
Miscellaneous	-	590
Total Fundraising Expenses	<u>\$ 260,487</u>	<u>\$ 273,793</u>