

COMMUNITY ROWING, INC. AND SUBSIDIARY
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
YEARS ENDED OCTOBER 31, 2012 AND 2011

**COMMUNITY ROWING, INC. AND SUBSIDIARY
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YEARS ENDED OCTOBER 31, 2012 AND 2011**

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Rowing, Inc.
Brighton, MA

We have audited the consolidated statements of financial position of Community Rowing, Inc. and Subsidiary as of October 31, 2012 and 2011 and the related consolidated statements of activities and changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Quincy, Massachusetts
February 2, 2013

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 302,129	\$ 232,753
Investments	59,129	-
Program Receivables	36,090	64,379
Current Portion of Unconditional Promises to Give	362,578	209,213
Prepaid Expenses and Other Current Assets	60,700	36,139
Total Current Assets	820,626	542,484
PROPERTY AND EQUIPMENT		
Building	15,839,919	15,844,239
Rowing Equipment	1,487,513	1,329,162
Furniture and Fixtures	88,273	88,273
Motor Vehicles	66,265	85,465
Total	17,481,970	17,347,139
Less: Accumulated Depreciation	(2,787,569)	(2,398,674)
Property and Equipment, Net	14,694,401	14,948,465
OTHER ASSETS		
Cash and Cash Equivalents, Permanently Restricted	-	208,625
Investments, Permanently Restricted	350,000	-
Unconditional Promises to Give, Less Current Portion	-	42,479
Note Receivable	73,675	-
Computer Software, Net	8,654	-
Total Other Assets	432,329	251,104
Total Assets	\$ 15,947,356	\$ 15,742,053
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 109,056	\$ 107,559
Current Maturities of Long-Term Debt	47,475	-
Current Portion of Deferred Revenue	50,004	50,004
Deferred Rent	41,133	35,481
Deposits	98,750	55,175
Accrued Construction Expenses	-	4,320
Accrued Expenses	20,000	25,862
Accrued Payroll	97,834	80,248
Total Current Liabilities	464,252	358,649
LONG-TERM LIABILITIES		
Deferred Revenue, Less Current Maturities	2,232,293	2,283,317
Long-Term Debt, Less Current Maturities	154,606	-
Total Long-Term Liabilities	2,386,899	2,283,317
NET ASSETS		
Unrestricted	12,680,402	12,750,087
Temporarily Restricted	65,803	-
Permanently Restricted	350,000	350,000
Total Net Assets	13,096,205	13,100,087
Total Liabilities and Net Assets	\$ 15,947,356	\$ 15,742,053

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, 2012 AND 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Contributions	\$ 828,338	\$ 50,000	\$ -	\$ 878,338
Program Fees	2,220,930	-	-	2,220,930
Less: Scholarships	(76,509)	-	-	(76,509)
Storage and Rental Fees	178,404	-	-	178,404
Membership Dues	176,135	-	-	176,135
Non-Cash Support	77,286	-	-	77,286
Special Events	89,654	-	-	89,654
Other Revenue	19,091	-	-	19,091
Total Revenue and Support	<u>3,513,329</u>	<u>50,000</u>	<u>-</u>	<u>3,563,329</u>
EXPENSES				
Program	2,592,765	-	-	2,592,765
General and Administrative	791,477	-	-	791,477
Fundraising	268,592	-	-	268,592
Total Expenses	<u>3,652,834</u>	<u>-</u>	<u>-</u>	<u>3,652,834</u>
INCOME (LOSS) FROM OPERATIONS	(139,505)	50,000	-	(89,505)
NON-OPERATING INCOME (EXPENSE)				
Rental Income	51,024	-	-	51,024
Interest Income	3,734	2,662	-	6,396
Unrealized Gain on Investments	-	13,141	-	13,141
Gain on Sale of Property and Equipment	16,150	-	-	16,150
Temporary Location Costs	(1,088)	-	-	(1,088)
Total Non-Operating Income	<u>69,820</u>	<u>15,803</u>	<u>-</u>	<u>85,623</u>
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES	(69,685)	65,803	-	(3,882)
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(69,685)	65,803	-	(3,882)
Net Assets - Beginning of Year	<u>12,750,087</u>	<u>-</u>	<u>350,000</u>	<u>13,100,087</u>
NET ASSETS - END OF YEAR	<u>\$ 12,680,402</u>	<u>\$ 65,803</u>	<u>\$ 350,000</u>	<u>\$ 13,096,205</u>

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED OCTOBER 31, 2012 AND 2011

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
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>
EXPENSES				
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>
INCOME (LOSS) FROM OPERATIONS	(389,886)	-	100,000	(289,886)
NON-OPERATING INCOME (EXPENSE)				
Rental Income	50,004	-	-	50,004
Interest Income	1,316	-	-	1,316
Gain on Sale of Property and Equipment	10,049	-	-	10,049
Interest Expense	(1,868)	-	-	(1,868)
Total Non-Operating Income	<u>59,501</u>	<u>-</u>	<u>-</u>	<u>59,501</u>
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES	(330,385)	-	100,000	(230,385)
Net Assets Released from Restrictions	<u>123,837</u>	<u>(123,837)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(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>
NET ASSETS - END OF YEAR	<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 CASH FLOWS
YEARS ENDED OCTOBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,882)	\$ (230,385)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Donated Property and Equipment	(31,370)	-
Gain on Sale of Property and Equipment	-	(10,049)
Reduction of Costs in Lieu of Property, Plant and Equipment Payment	(8,320)	-
Unrealized Gain on Investments	(13,141)	-
Depreciation	542,139	519,636
Bad Debts	22,961	-
(Increase) Decrease in:		
Unconditional Promises to Give	(125,886)	114,604
Prepaid Expenses and Other Current Assets	(16,523)	(24,562)
Program Receivables	(11,928)	-
Note Receivable	(73,675)	-
Increase (Decrease) in:		
Accounts Payable	1,328	97,249
Deferred Revenue	(51,024)	(50,404)
Deferred Rent	5,652	5,817
Deposits	43,575	20,475
Accrued Construction Expense	(4,320)	(13,208)
Accrued Expenses	(4,080)	(24,267)
Accrued Payroll	15,804	21,250
Transfer of Permanently Restricted Funds	-	(208,625)
Net Cash Provided by Operating Activities	287,310	217,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Property and Equipment	16,150	10,049
Purchases of Property and Equipment	(45,151)	(110,614)
Purchases of Investments	(187,363)	-
Net Cash Used by Investing Activities	(216,364)	(100,565)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long Term Debt	(1,570)	(1,300,546)
Net Cash Used by Financing Activities	(1,570)	(1,300,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	69,376	(1,183,580)
Cash and Cash Equivalents - Beginning of Year	232,753	1,416,333
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 302,129	\$ 232,753

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED OCTOBER 31, 2012 AND 2011

SUPPLEMENTARY DISCLOSURES	2012	2011
Non-Cash Investing Activities:		
Additions to Property, Plant, and Equipment	\$ 290,931	\$ 110,614
Less: Miscellaneous Non-Cash Adjustments	(4,320)	-
Less: Donations of Property, Plant, and Equipment	(31,370)	-
Less: Amounts Financed Directly by Equipment Vendors	(191,090)	-
Less: Reduction in Fundraising Costs	(4,000)	-
Less: Amount Forgiven on Pledge Receivable	(15,000)	-
Cash Paid for Property, Plant, and Equipment	\$ 45,151	\$ 110,614
Non-Cash Financing Transactions:		
Debt Incurred	\$ 203,652	\$ -
Less: Payments Directly to Software Vendors	(10,050)	-
Less: Prepaid Maintenance Charges on Software Lease	(2,512)	-
Less: Payments Directly to Equipment Vendors	(191,090)	-
Cash Proceeds from Debt	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

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, 2012 AND 2011**

**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.

Investments

Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

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

Investments (Continued)

Investments in equities, fixed income securities, and mutual funds that are traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each period presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using investment manager's best estimates. Investments in money market funds are valued based on cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses on trading securities are included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

Declines in fair market values below original cost of individual securities are evaluated to determine if the declines are other-than-temporary impairments. Changes in the economic environment, earnings performance, general market conditions and the investor's ability to hold a security until the market recovers are indicators that are used. If the impairment is determined to be other-than-temporary, an impairment loss is recognized and the fair value of the investment becomes the new cost.

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.

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.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

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

Depreciation

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

Building	39 Years
Rowing Equipment	5 Years
Furniture and Fixtures	5 - 7 Years
Motor Vehicles	5 Years

Depreciation expense amounted to \$540,743 and \$519,636 for the years ended October 31, 2012 and 2011, 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, 2012 AND 2011

**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.

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, 2012 and 2011 there was no allowance reflected against program receivables.

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011**

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

Software

Software with a historical cost of \$10,050 and \$0 at October 31, 2012 and 2011, respectively, are amortized over a three-year period using the straight-line method. Accumulated amortization amounted to \$1,396 and \$0 as of October 31, 2012 and 2011, respectively. Amortization charged to operations amounted to \$1,396 and \$0 for 2012 and 2011, respectively. The estimated amortization amounts to be charged to operations over the next three years is 2013, \$3,350, 2014, \$3,350, and 2015 \$1,954.

Subsequent Events

The Organization has evaluated the financial statements for subsequent event disclosures through February 2, 2013, 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:

	2012	2011
Unconditional Promises to Give	\$ 363,549	\$ 259,214
Less Unamortized Discount	(971)	(5,542)
	362,578	253,672
Less Allowance for Uncollectible Accounts	-	(1,980)
Net Unconditional Promises to Give	362,578	251,692
Less Amount Due in One Year	(362,578)	(209,213)
	<u>\$ -</u>	<u>\$ 42,479</u>
Unconditional Promises to Give, Less Current Portion	<u>\$ -</u>	<u>\$ 42,479</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, 2012 and 2011, the Organization had two demand line of credit agreements. One is with a bank for \$100,000 with an interest rate of the Wall Street Journal's prime rate plus two percent (2.00%) that is payable monthly in arrears. The other line of credit is with a bank for \$200,000 with an interest rate of the Wall Street Journal's prime rate plus one and a quarter percent (1.25%). Both of the lines of credits are secured by a security interest in all assets of the Organization. They are subject to certain financial and reporting covenants. There was no outstanding balance on either of the lines of credits as of October 31, 2012 and 2011.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

NOTE 4 LONG-TERM DEBT

The Organization is obligated under the following long-term debt:

<u>Description</u>	<u>2012</u>	<u>2011</u>
Note payable in annual installments of \$53,890, including interest (5%) and principal, due February 1, 2016, and secured by equipment.	\$ 191,089	\$ -
Capital lease payable in monthly installments of \$262, due May 1, 2016, and secured by the software license.	10,992	-
Total Long-Term Debt	202,081	-
Less: Current Maturities	47,475	-
Long-Term Debt, Less Current Maturities	<u>\$ 154,606</u>	<u>\$ -</u>

Following are maturities of capital lease payables for the next five years:

<u>Year Ending October 31,</u>	<u>Amount</u>
2013	\$ 47,476
2014	49,692
2015	52,020
2016	52,893
2017	-

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Program Services	\$ 50,000	\$ -
Net Appreciation on Endowment	15,803	-
	<u>\$ 65,803</u>	<u>\$ -</u>

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.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

NOTE 6 ENDOWMENTS (CONTINUED)

For the year ended October 31, 2012 net appreciation on endowment funds amounted to \$15,803. There were no withdrawals from the endowment fund during 2012.

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. In 2012, the Organization amended the donor instrument for the boathouse endowment fund to extend the deadline to receive gifts to allocate to the boathouse endowment to June 30, 2013. The Organization has allocated unrestricted resources to cover the endowment deficiency as of October, 31, 2012, however; will allocate subsequent gift collections to the endowment when received.

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 services including grant writing and legal services during the year ended October 31, 2012 without charge. The estimated fair value of the services has been reported as contribution revenue and expense. Both contribution revenue and expenses for the years ended October 31, 2012 and 2011 were recorded at \$43,977 and \$2,500, respectively.

Contributed goods and the associated expenses for the year ended October 31, 2012 and 2011 were recorded at \$33,309 and \$750, respectively.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

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 \$41,133 and \$35,481 for the years ended October 31, 2012 and 2011, respectively. Lease expense for each of 2012 and 2011 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, 2012 and 2011 was \$2,282,297 and \$2,333,321, respectively. Annual rent is paid to the Organization at a percentage of the Organization's operating expenses.

Rental income amounted to \$102,000 for the years ended October 31, 2012 and 2011, respectively.

The Organization entered into a 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, 2012 and 2011 was \$5,444 and \$5,503, 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>
2013	\$ 11,414
2014	10,232
2015	6,334
2016	6,524
2017	6,720
Thereafter	499,945
Total	<u>\$ 541,169</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, 2012 and 2011, the Organization incurred \$24,245 and \$21,944, respectively, of matching contribution expense to the retirement plan.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2012 AND 2011

NOTE 10 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, 2012, the Organization had no cash and cash equivalents in excess of FDIC limits.

The Organization has promises to give in the amount of \$362,578 and \$251,692 as of the years ended October 31, 2012 and 2011, respectively that will be received in future years.

NOTE 11 NOTE RECEIVABLE

For the year ended October 31, 2012, the Organization had a note receivable for \$70,000. The note was provided to help fund a movie documentary about Harry Parker, an accomplished rowing coach. Interest accrues on the outstanding balance at an annual rate equal to the Wall Street Journal's prime rate plus two percent (2.00%). Interest amounted to \$3,675 as of October 31, 2012. The principal and interest is due on October 1, 2014 or when the Borrower has obtained the aggregate amount of funding required for full financing of the Film Project, whichever is earlier.

NOTE 12 FAIR VALUE MEASUREMENT

The Organizations use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organizations measure fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the Organizations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012.

	2012			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments at Fair Value:				
Money Market Funds	\$ 98,405	\$ 98,405	\$ -	\$ -
Fixed Income Funds	144,223	-	144,223	-
Equities	151,759	151,759	-	-
Total Investments at Fair Value	<u>394,387</u>	<u>\$ 250,164</u>	<u>\$ 144,223</u>	<u>\$ -</u>
Cash Equivalents in Investments	14,742			
Total Investments	<u>\$ 409,129</u>			



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Community Rowing, Inc.
Brighton, MA

Our report on our audits of the basic consolidated financial statements of Community Rowing, Inc. and Subsidiary for the years ended October 31, 2012 and 2011 appears on page 1. The audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information contained on pages 18 to 21 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Quincy, Massachusetts
February 2, 2013

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2012 AND 2011
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

	<u>2012</u>			<u>2011</u>	
	<u>Community Rowing, Inc.</u>	<u>New Bedford Community Rowing, Inc.</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>	<u>Consolidated Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 288,905	\$ 13,224	\$ -	\$ 302,129	\$ 232,753
Investments	59,129	-	-	59,129	-
Program Receivables	56,441	-	(20,351)	36,090	64,379
Current Portion of Unconditional Promises to Give	362,578	-	-	362,578	209,213
Prepaid Expenses and Other Current Assets	57,591	3,109	-	60,700	36,139
Total Current Assets	<u>824,644</u>	<u>16,333</u>	<u>(20,351)</u>	<u>820,626</u>	<u>542,484</u>
PROPERTY AND EQUIPMENT					
Building	15,830,319	9,600	-	15,839,919	15,844,239
Rowing Equipment	1,487,513	-	-	1,487,513	1,329,162
Furniture and Fixtures	88,273	-	-	88,273	88,273
Motor Vehicles	66,265	-	-	66,265	85,465
Total	<u>17,472,370</u>	<u>9,600</u>	<u>-</u>	<u>17,481,970</u>	<u>17,347,139</u>
Less: Accumulated Depreciation	<u>(2,787,569)</u>	<u>-</u>	<u>-</u>	<u>(2,787,569)</u>	<u>(2,398,674)</u>
Property and Equipment, Net	<u>14,684,801</u>	<u>9,600</u>	<u>-</u>	<u>14,694,401</u>	<u>14,948,465</u>
OTHER ASSETS					
Cash and Cash Equivalents, Permanently Restricted	-	-	-	-	208,625
Investments, Permanently Restricted	350,000	-	-	350,000	-
Unconditional Promises to Give, Less Current Portion	-	-	-	-	42,479
Note Receivable	73,675	-	-	73,675	-
Computer Software, Net	8,654	-	-	8,654	-
Total Other Assets	<u>432,329</u>	<u>-</u>	<u>-</u>	<u>432,329</u>	<u>251,104</u>
Total Assets	<u>\$ 15,941,774</u>	<u>\$ 25,933</u>	<u>\$ (20,351)</u>	<u>\$ 15,947,356</u>	<u>\$ 15,742,053</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
OCTOBER 31, 2012 AND 2011
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS

	<u>2012</u>			<u>2011</u>	
	<u>Community Rowing, Inc.</u>	<u>New Bedford Community Rowing, Inc.</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>	<u>Consolidated Total</u>
CURRENT LIABILITIES					
Accounts Payable	\$ 105,592	\$ 23,815	\$ (20,351)	\$ 109,056	\$ 107,559
Current Maturities of Long-Term Debt	47,475	-	-	47,475	-
Current Portion of Deferred Revenue	50,004	-	-	50,004	50,004
Deferred Rent	41,133	-	-	41,133	35,481
Deposits	98,750	-	-	98,750	55,175
Accrued Construction Expenses	-	-	-	-	4,320
Accrued Expenses	20,000	-	-	20,000	25,862
Accrued Payroll	95,980	1,854	-	97,834	80,248
Total Current Liabilities	<u>458,934</u>	<u>25,669</u>	<u>(20,351)</u>	<u>464,252</u>	<u>358,649</u>
LONG-TERM LIABILITIES					
Deferred Revenue, Less Current Maturities	2,232,293	-	-	2,232,293	2,283,317
Long-Term Debt, Less Current Maturities	154,606	-	-	154,606	-
Total Long-Term Liabilities	<u>2,386,899</u>	<u>-</u>	<u>-</u>	<u>2,386,899</u>	<u>2,283,317</u>
NET ASSETS					
Unrestricted	12,680,138	264	-	12,680,402	12,750,087
Temporarily Restricted	65,803	-	-	65,803	-
Permanently Restricted	350,000	-	-	350,000	350,000
Total Net Assets	<u>13,095,941</u>	<u>264</u>	<u>-</u>	<u>13,096,205</u>	<u>13,100,087</u>
 Total Liabilities and Net Assets	 <u>\$ 15,941,774</u>	 <u>\$ 25,933</u>	 <u>\$ (20,351)</u>	 <u>\$ 15,947,356</u>	 <u>\$ 15,742,053</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED OCTOBER 31, 2012 AND 2011
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2012				2011		
	Community Rowing, Inc.			New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted			
REVENUE AND SUPPORT							
Contributions	\$ 746,393	\$ 50,000	\$ -	\$ 81,945	\$ -	\$ 878,338	\$ 695,036
Program Fees	2,198,952	-	-	21,978	-	2,220,930	1,955,520
Less: Scholarships	(76,509)	-	-	-	-	(76,509)	(77,922)
Storage and Rental Fees	178,404	-	-	-	-	178,404	177,866
Membership Dues	176,135	-	-	-	-	176,135	158,520
Non-Cash Support	77,286	-	-	-	-	77,286	3,250
Special Events	84,299	-	-	5,355	-	89,654	75,096
Other Revenue	18,888	-	-	203	-	19,091	71,012
Total Revenue and Support	<u>3,403,848</u>	<u>50,000</u>	<u>-</u>	<u>109,481</u>	<u>-</u>	<u>3,563,329</u>	<u>3,058,378</u>
EXPENSES							
Program	2,496,381	-	-	96,384	-	2,592,765	2,362,959
General and Administrative	783,414	-	-	8,063	-	791,477	724,762
Fundraising	268,142	-	-	450	-	268,592	260,543
Total Expenses	<u>3,547,937</u>	<u>-</u>	<u>-</u>	<u>104,897</u>	<u>-</u>	<u>3,652,834</u>	<u>3,348,264</u>
INCOME (LOSS) FROM OPERATIONS	(144,089)	50,000	-	4,584	-	(89,505)	(289,886)
NON-OPERATING INCOME (EXPENSE)							
Rental Income	51,024	-	-	-	-	51,024	50,004
Interest Income	3,734	2,662	-	-	-	6,396	1,316
Unrealized Gain on Investments	-	13,141	-	-	-	13,141	-
Gain on Sale of Property and Equipment	16,150	-	-	-	-	16,150	10,049
Temporary Location Costs	-	-	-	(1,088)	-	(1,088)	(1,868)
Total Non-Operating Income	<u>70,908</u>	<u>15,803</u>	<u>-</u>	<u>(1,088)</u>	<u>-</u>	<u>85,623</u>	<u>59,501</u>
CHANGE IN NET ASSETS	(73,181)	65,803	-	3,496	-	(3,882)	(230,385)
Net Assets - Beginning of Year	12,753,319	-	350,000	(3,232)	-	13,100,087	13,330,472
NET ASSETS - END OF YEAR	<u>\$ 12,680,138</u>	<u>\$ 65,803</u>	<u>\$ 350,000</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 13,096,205</u>	<u>\$ 13,100,087</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
STATEMENTS OF FUNCTIONAL EXPENSES – COMMUNITY ROWING, INC.
YEARS ENDED OCTOBER 31, 2012 AND 2011
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2012</u>	<u>2011</u>
<u>Program Expenses</u>		
Salaries	\$ 977,683	\$ 875,899
Depreciation	542,139	519,636
Regatta Costs	467,914	389,120
Transportation	166,525	144,493
Insurance	80,370	68,573
Payroll Taxes	109,208	96,073
Boat Maintenance and Supplies	57,892	44,792
Third Party Registration Fees	1,888	5,128
Rental Equipment and Other Supplies	33,401	35,061
Staff and Volunteer Development	10,853	15,833
Gas and Oil	27,550	20,165
Miscellaneous	20,958	4,273
Total Program Expenses	<u>\$ 2,496,381</u>	<u>\$ 2,219,046</u>
<u>General and Administrative Expenses</u>		
Salaries	\$ 282,892	\$ 289,030
Employee Benefits	105,971	87,507
Rent and Utilities	79,305	70,973
Office	64,288	66,566
Legal	79,989	41,581
Payroll Tax	22,925	23,088
Accounting	16,870	28,500
Office Supplies	28,947	30,372
Telephone	20,537	16,583
Computer	3,269	12,927
Payroll Services	5,417	5,475
Dues and Subscriptions	31,073	7,083
Bank Charges	17,182	6,900
Bad Debt	18,606	3,610
Miscellaneous	6,143	7,467
Total General and Administrative Expenses	<u>\$ 783,414</u>	<u>\$ 697,662</u>
<u>Fundraising Expense</u>		
Salaries	\$ 168,829	\$ 126,748
Marketing and Public Relations	80,908	119,833
Payroll Taxes	13,121	10,137
Annual Appeal Direct Costs	5,159	3,769
Miscellaneous	125	-
Total Fundraising Expenses	<u>\$ 268,142</u>	<u>\$ 260,487</u>