

COMMUNITY ROWING, INC. AND SUBSIDIARY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED OCTOBER 31, 2013 AND 2012

**COMMUNITY ROWING, INC. AND SUBSIDIARY
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YEARS ENDED OCTOBER 31, 2013 AND 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Rowing, Inc.
Brighton, Massachusetts

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Rowing, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of October 31, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Community Rowing, Inc.

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, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information consisting of the consolidating statements of financial position, consolidating statement of activities and changes in net assets, and statement of functional expenses for Community Rowing Inc. is presented for purposes of additional analysis and is not a required part of the 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 27, 2014

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2013 AND 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 305,407	\$ 302,129
Investments	288,648	59,129
Program Receivables	84,528	36,090
Unconditional Promises to Give, Net	17,095	362,578
Prepaid Expenses and Other Current Assets	52,010	60,700
Total Current Assets	747,688	820,626
PROPERTY AND EQUIPMENT		
Building	15,839,919	15,839,919
Rowing Equipment	1,558,739	1,487,513
Furniture and Fixtures	135,964	88,273
Motor Vehicles	151,829	66,265
Total	17,686,451	17,481,970
Less: Accumulated Depreciation	(3,351,651)	(2,787,569)
Property and Equipment, Net	14,334,800	14,694,401
OTHER ASSETS		
Investments, Permanently Restricted	360,000	350,000
Note Receivable	-	73,675
Computer Software, Net	5,304	8,654
Total Other Assets	365,304	432,329
Total Assets	\$ 15,447,792	\$ 15,947,356
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 135,882	\$ 109,056
Current Maturities of Long-Term Debt	71,409	47,475
Current Portion of Deferred Revenue	50,004	50,004
Deferred Rent	46,617	41,133
Deposits	77,485	98,750
Accrued Expenses	2,900	20,000
Accrued Payroll	61,721	97,834
Total Current Liabilities	446,018	464,252
LONG-TERM LIABILITIES		
Deferred Revenue, Less Current Maturities	2,181,269	2,232,293
Long-Term Debt, Less Current Maturities	177,316	154,606
Total Long-Term Liabilities	2,358,585	2,386,899
NET ASSETS		
Unrestricted	12,180,205	12,680,402
Temporarily Restricted	102,984	65,803
Permanently Restricted	360,000	350,000
Total Net Assets	12,643,189	13,096,205
Total Liabilities and Net Assets	\$ 15,447,792	\$ 15,947,356

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2013

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 596,163	\$ 50,000	\$ -	\$ 646,163
Program Fees	2,460,169	-	-	2,460,169
Less: Scholarships	(71,160)	-	-	(71,160)
Storage and Rental Fees	217,973	-	-	217,973
Membership Dues	223,000	-	-	223,000
Non-Cash Support	61,149	-	-	61,149
Special Events	95,148	-	-	95,148
Other Revenue	41,731	-	-	41,731
Total Revenue and Support	3,624,173	50,000	-	3,674,173
EXPENSES				
Program	2,861,530	-	-	2,861,530
General and Administrative	1,095,359	-	-	1,095,359
Fundraising	284,609	-	-	284,609
Total Expenses	4,241,498	-	-	4,241,498
INCOME (LOSS) FROM OPERATIONS	(617,325)	50,000	-	(567,325)
NON-OPERATING INCOME (EXPENSE)				
Rental Income	51,024	-	-	51,024
Interest Income	166	7,776	-	7,942
Unrealized Gain on Investments	-	21,780	-	21,780
Realized Gain on Investments	82	7,625	-	7,707
Contributions for Long-Term Purposes	-	-	10,000	10,000
Gain on Sale of Property and Equipment	19,228	-	-	19,228
Temporary Location Costs	(3,372)	-	-	(3,372)
Total Non-Operating Income	67,128	37,181	10,000	114,309
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES	(550,197)	87,181	10,000	(453,016)
Net Assets Released from Restrictions	50,000	(50,000)	-	-
CHANGE IN NET ASSETS	(500,197)	37,181	10,000	(453,016)
Net Assets - Beginning of Year	12,680,402	65,803	350,000	13,096,205
NET ASSETS - END OF YEAR	\$ 12,180,205	\$ 102,984	\$ 360,000	\$ 12,643,189

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2012

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	3,513,329	50,000	-	3,563,329
EXPENSES				
Program	2,592,765	-	-	2,592,765
General and Administrative	791,477	-	-	791,477
Fundraising	268,592	-	-	268,592
Total Expenses	3,652,834	-	-	3,652,834
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
Interest Expense	(1,088)	-	-	(1,088)
Total Non-Operating Income	69,820	15,803	-	85,623
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES	(69,685)	65,803	-	(3,882)
Net Assets Released from Restrictions	-	-	-	-
CHANGE IN NET ASSETS	(69,685)	65,803	-	(3,882)
Net Assets - Beginning of Year	12,750,087	-	350,000	13,100,087
NET ASSETS - END OF YEAR	\$ 12,680,402	\$ 65,803	\$ 350,000	\$ 13,096,205

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (453,016)	\$ (3,882)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operations:		
Donated Property and Equipment	(46,395)	(31,370)
Gain on Sale of Property and Equipment	(19,228)	-
Reduction of Costs in Lieu of Property, Plant and Equipment		
Payment	-	(8,320)
Unrealized and Realized Gains on Investments	(29,487)	(13,141)
Contributions for Long-Term Purposes	(10,000)	-
Depreciation and Amortization	583,420	542,139
Bad Debts	311,617	22,961
(Increase) Decrease in:		
Unconditional Promises to Give	217,304	(125,886)
Prepaid Expenses and Other Current Assets	15,120	(16,523)
Program Receivables	(158,201)	(11,928)
Note Receivable	-	(73,675)
Increase (Decrease) in:		
Accounts Payable	26,825	1,328
Deferred Revenue	(51,024)	(51,024)
Deferred Rent	5,484	5,652
Deposits	(21,265)	43,575
Accrued Construction Expense	-	(4,320)
Accrued Expenses	(17,100)	(4,080)
Accrued Payroll	(36,113)	15,804
Net Cash Provided by Operating Activities	317,941	287,310
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Property and Equipment	500	16,150
Purchases of Property and Equipment	(51,855)	(45,151)
Purchases of Investments	(210,032)	(187,363)
Net Cash Used by Investing Activities	(261,387)	(216,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long Term Debt	(63,276)	(1,570)
Contributions for Long-Term Purposes	10,000	-
Net Cash Used by Financing Activities	(53,276)	(1,570)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,278	69,376
Cash and Cash Equivalents - Beginning of Year	302,129	232,753
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 305,407	\$ 302,129

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013	2012
SUPPLEMENTARY DISCLOSURES		
Interest Paid	\$ 12,878	\$ -
 Non-Cash Investing Activities:		
Additions to Property, Plant, and Equipment	\$ 238,740	\$ 290,931
Less: Miscellaneous Non-Cash Adjustments	-	(4,320)
Less: Donations of Property, Plant, and Equipment	(46,395)	(31,370)
Less: Amounts Financed Directly by Equipment Vendors	(103,490)	(191,090)
Less: Reduction in Fundraising Costs	-	(4,000)
Less: Amount Forgiven on Pledge Receivable	-	(15,000)
Less: Equipment Replaced by Vendor	(37,000)	-
Cash Paid for Property, Plant, and Equipment	\$ 51,855	\$ 45,151
 Non-Cash Financing Transactions:		
Debt Incurred	\$ 109,920	\$ 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	(103,490)	(191,090)
Less: Prepaid Maintenance Charges on Vehicle Financing	(6,430)	-
Cash Proceeds from Debt	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012**

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, 2013 AND 2012**

**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, 2013 AND 2012

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 and Contributions

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.

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.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

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 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
Furniture and Fixtures Under Capital Lease	5 Years
Motor Vehicles	5 Years
Motor Vehicles Under Capital Lease	5 Years

Depreciation expense, which includes depreciation for assets under capital leases, amounted to \$580,070 and \$540,743 for the years ended October 31, 2013 and 2012, respectively.

Property and equipment under capital leases has a cost basis of \$103,490 and \$-0- and accumulated depreciation of \$16,658 and \$-0- for the years ended October 31, 2013 and 2012, respectively.

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.

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, 2010 through the current year remain open for examination by Federal and state tax authorities.

**COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012**

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

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 include releases from restriction for temporarily restricted contributions.

Program Receivables

Program receivables are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and 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, 2013 and 2012 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, 2013 AND 2012**

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

Software

Software with a historical cost of \$10,050 at October 31, 2013 and 2012, respectively, are amortized over a three-year period using the straight-line method. Accumulated amortization amounted to \$4,746 and \$1,396 as of October 31, 2013 and 2012, respectively. Amortization charged to operations amounted to \$3,350 and \$1,396 for 2013 and 2012, respectively. The estimated amortization amounts to be charged to operations over the next three years is 2014, \$3,350, and 2015 \$1,954.

Subsequent Events

The Organization has evaluated the financial statements for subsequent event disclosures through January 27, 2014, 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:

	2013	2012
Unconditional Promises to Give	\$ 47,095	\$ 363,549
Less Unamortized Discount	-	(971)
	<u>47,095</u>	<u>362,578</u>
Less Allowance for Uncollectible Accounts	(30,000)	-
Net Unconditional Promises to Give	<u>17,095</u>	<u>362,578</u>
Less Amount Due in One Year	<u>(17,095)</u>	<u>(362,578)</u>
Unconditional Promises to Give, Less Current Portion	<u>\$ -</u>	<u>\$ -</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 5%.

NOTE 3 DEMAND NOTE PAYABLE TO A BANK

For the year ended October 31, 2012, the Organization had two demand line of credit agreements. One was with a bank for \$100,000 with an interest rate of the Wall Street Journal's prime rate plus 2.00% that is payable monthly in arrears. In May 2013 this line of credit was closed. 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 1.25%. Both of the lines of credits are/were secured by a security interest in all assets of the Organization. They are/were subject to certain financial and reporting covenants. There was no outstanding balance on either of the lines of credits as of October 31, 2013 and 2012.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 4 LONG-TERM DEBT

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

<u>Description</u>	<u>2013</u>	<u>2012</u>
Note payable in annual installments of \$53,890, including interest (5%) and principal, due February 1, 2016, and secured by equipment.	\$ 146,754	\$ 191,089
Capital lease payable in monthly installments of \$262, due May 1, 2016, and secured by the software license.	7,590	10,992
Capital lease payable in monthly installments of \$523, due November 9, 2015, and secured by equipment.	17,883	-
Capital lease payable in monthly installments of \$819, due January 1, 2018, and secured by a motor vehicle.	38,218	-
Capital lease payable in monthly installments of \$820, due January 1, 2018, and secured by a motor vehicle.	<u>38,280</u>	<u>-</u>
Total Long-Term Debt	248,725	202,081
Less: Current Maturities	<u>71,409</u>	<u>47,475</u>
Long-Term Debt, Less Current Maturities	<u>\$ 177,316</u>	<u>\$ 154,606</u>

The following are the maturities of the note payable for the next three years:

<u>Year Ending October 31,</u>	<u>Amount</u>
2014	\$ 46,552
2015	48,879
2016	51,323

The following are the future minimum lease payments and current maturity of the capital leases:

<u>Year Ending October 31,</u>	<u>Amount</u>
2014	\$ 36,820
2015	34,343
2016	29,917
2017	20,193
2018	<u>6,532</u>
Total Future Minimum Lease Payments	127,805
Less Amounts Representing Interest	<u>(25,834)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 101,971</u>
Current Maturity of the Capital Lease Obligations	\$ 24,857

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were comprised of the following at October 31:

	<u>2013</u>	<u>2012</u>
Program Services	\$ 50,000	\$ 50,000
Net Appreciation on Endowment	52,984	15,803
	<u>\$ 102,984</u>	<u>\$ 65,803</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.

The changes in endowment net assets were the following for the year ended October 31, 2013 and 2012.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning Balance, Year Ended October 31, 2012	\$ -	\$ -	\$ 350,000
Endowment Contributions	39,592	-	-
Net Appreciation on Endowment	3,734	15,803	-
Withdrawals from Endowment	-	-	-
Ending Balance, Year Ended October 31, 2012	<u>\$ 43,326</u>	<u>\$ 15,803</u>	<u>\$ 350,000</u>
Beginning Balance, Year Ended October 31, 2013	\$ 43,326	\$ 15,803	\$ 350,000
Endowment Contributions	192,090	-	10,000
Net Appreciation on Endowment	248	37,181	-
Withdrawals from Endowment	-	-	-
Ending Balance, Year Ended October 31, 2013	<u>\$ 235,664</u>	<u>\$ 52,984</u>	<u>\$ 360,000</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 6 ENDOWMENTS (CONTINUED)

The donor and board purpose restrictions for the endowment funds were as follows as of October 31:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Boathouse Fund	\$ 235,664	\$ 40,800	\$ 260,000	\$ 536,464
Scholarship Fund	-	12,184	100,000	112,184
Totals	\$ 235,664	\$ 52,984	\$ 360,000	\$ 648,648

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Boathouse Fund	\$ 43,326	\$ 10,207	\$ 250,000	\$ 303,533
Scholarship Fund	-	5,596	100,000	105,596
Totals	\$ 43,326	\$ 15,803	\$ 350,000	\$ 409,129

Boathouse Fund:

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 the 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 to extend until June 30, 2013 the deadline to receive donations or to allocate unrestricted funds to make up the deficiency. Prior to June 30, 2013 the Organization fulfilled the terms of the donor instrument by restoring the full \$250,000 to the endowment from a combination of contributions, other unrestricted resources and investment income earned during the interim.

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.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 7 DONATED GOODS AND SERVICES

The Organization received services including grant writing and legal services during the year ended October 31, 2013 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, 2013 and 2012 were recorded at \$13,004 and \$43,977, respectively.

Contributed goods and the associated expenses for the years ended October 31, 2013 and 2012 were recorded at \$48,145 and \$33,309, 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 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 \$46,617 and \$41,133 for the years ended October 31, 2013 and 2012, respectively. Lease expense for each of 2013 and 2012 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, 2013 and 2012 was \$2,231,273 and \$2,282,297, respectively. Additional rent is assessed at a percentage of the Organization's operating expenses.

Storage and rental income under lease agreements is comprised of the above sub-lease, facilities, equipment rentals and boat storage. Storage and rental income amounted to \$268,997 and \$229,428 for the years ended October 31, 2013 and 2012, respectively.

The Organization entered into a lease for office equipment which was terminated in November 2012. The lease required monthly payments of \$454 plus maintenance charges. Lease expense related to office equipment for the year ended October 31, 2012 was \$5,444.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 8 LEASES (CONTINUED)

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>
2014	\$ 5,970
2015	6,149
2016	6,334
2017	6,524
2018	6,720
Thereafter	488,731
Total	<u>\$ 520,428</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 100% of the employee's contribution up to 5% of the employee's annual salary. During the years ended October 31, 2013 and 2012, the Organization incurred \$30,011 and \$24,245, respectively, of matching contribution expense to the retirement plan.

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, 2013, the Organization had cash and cash equivalents in excess of FDIC limits in the amount of \$70,935.

The Organization has promises to give in the amount of \$17,095 as of the years ended October 31, 2013 that will be received in future years.

NOTE 11 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.

COMMUNITY ROWING, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents the Organizations' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of October 31, 2013 and 2012.

2013				
	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	\$ 253,100	\$ 253,100	\$ -	\$ -
Fixed Income Funds	196,677	-	196,677	-
Equities	198,871	198,871	-	-
Total Investments at Fair Value	\$ 648,648	\$ 451,971	\$ 196,677	\$ -
Cash Equivalents in Investments				
Total Investments	\$ 648,648			

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	144,223	-	144,223	-
Equities	151,759	151,759	-	-
Total Investments at Fair Value	\$ 394,387	\$ 250,164	\$ 144,223	\$ -
Cash Equivalents in Investments				
Total Investments	\$ 409,129			

NOTE 12 SUBSEQUENT EVENTS

Effective November 1, 2013, New Bedford Community Rowing, Inc. amended its by-laws to become a director based organization and, as such, Community Rowing, Inc. will no longer be their sole corporate member. Consequently, New Bedford Community Rowing, Inc. will be deconsolidated from the financial statements of Community Rowing, Inc. in fiscal year 2014.

**COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2013 AND 2012**

	2013			2012	
	Community Rowing, Inc.	New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total	Consolidated Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 293,537	\$ 11,870	\$ -	\$ 305,407	\$ 302,129
Investments	288,648	-	-	288,648	59,129
Program Receivables	83,313	1,215	-	84,528	36,090
Current Portion of Unconditional Promises to Give	17,095	-	-	17,095	362,578
Prepaid Expenses and Other Current Assets	49,437	2,573	-	52,010	60,700
Total Current Assets	<u>732,030</u>	<u>15,658</u>	<u>-</u>	<u>747,688</u>	<u>820,626</u>
PROPERTY AND EQUIPMENT					
Building	15,830,319	9,600	-	15,839,919	15,839,919
Rowing Equipment	1,558,739	-	-	1,558,739	1,487,513
Furniture and Fixtures	135,964	-	-	135,964	88,273
Motor Vehicles	151,829	-	-	151,829	66,265
Total	<u>17,676,851</u>	<u>9,600</u>	<u>-</u>	<u>17,686,451</u>	<u>17,481,970</u>
Less: Accumulated Depreciation	<u>(3,351,651)</u>	<u>-</u>	<u>-</u>	<u>(3,351,651)</u>	<u>(2,787,569)</u>
Property and Equipment, Net	<u>14,325,200</u>	<u>9,600</u>	<u>-</u>	<u>14,334,800</u>	<u>14,694,401</u>
OTHER ASSETS					
Investments, Permanently Restricted	360,000	-	-	360,000	350,000
Note Receivable	-	-	-	-	73,675
Computer Software, Net	5,304	-	-	5,304	8,654
Total Other Assets	<u>365,304</u>	<u>-</u>	<u>-</u>	<u>365,304</u>	<u>432,329</u>
Total Assets	<u>\$ 15,422,534</u>	<u>\$ 25,258</u>	<u>\$ -</u>	<u>\$ 15,447,792</u>	<u>\$ 15,947,356</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
OCTOBER 31, 2013 AND 2012

	2013			2012	
	Community Rowing, Inc.	New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total	Consolidated Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 111,669	\$ 24,213	\$ -	\$ 135,882	\$ 109,056
Current Maturities of Long-Term Debt	71,409	-	-	71,409	47,475
Current Portion of Deferred Revenue	50,004	-	-	50,004	50,004
Deferred Rent	46,617	-	-	46,617	41,133
Deposits	77,485	-	-	77,485	98,750
Accrued Expenses	2,900	-	-	2,900	20,000
Accrued Payroll	61,721	-	-	61,721	97,834
Total Current Liabilities	<u>421,805</u>	<u>24,213</u>	<u>-</u>	<u>446,018</u>	<u>464,252</u>
LONG-TERM LIABILITIES					
Deferred Revenue, Less Current Maturities	2,181,269	-	-	2,181,269	2,232,293
Long-Term Debt, Less Current Maturities	177,316	-	-	177,316	154,606
Total Long-Term Liabilities	<u>2,358,585</u>	<u>-</u>	<u>-</u>	<u>2,358,585</u>	<u>2,386,899</u>
NET ASSETS					
Unrestricted	12,179,160	1,045	-	12,180,205	12,680,402
Temporarily Restricted	102,984	-	-	102,984	65,803
Permanently Restricted	360,000	-	-	360,000	350,000
Total Net Assets	<u>12,642,144</u>	<u>1,045</u>	<u>-</u>	<u>12,643,189</u>	<u>13,096,205</u>
Total Liabilities and Net Assets	<u>\$ 15,422,534</u>	<u>\$ 25,258</u>	<u>\$ -</u>	<u>\$ 15,447,792</u>	<u>\$ 15,947,356</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED OCTOBER 31, 2013 AND 2012

	2013			2012			
	Community Rowing, Inc.			New Bedford Community Rowing, Inc.	Eliminating Entries	Consolidated Total	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted			
REVENUE AND SUPPORT							
Contributions	\$ 556,558	\$ 50,000	\$ -	\$ 39,605	\$ -	\$ 646,163	\$ 878,338
Program Fees	2,444,704	-	-	15,465	-	2,460,169	2,220,930
Less: Scholarships	(71,160)	-	-	-	-	(71,160)	(76,509)
Storage and Rental Fees	217,973	-	-	-	-	217,973	178,404
Membership Dues	223,000	-	-	-	-	223,000	176,135
Non-Cash Support	61,149	-	-	-	-	61,149	77,286
Special Events	94,846	-	-	302	-	95,148	89,654
Other Revenue	41,011	-	-	720	-	41,731	19,091
Total Revenue and Support	<u>3,568,081</u>	<u>50,000</u>	<u>-</u>	<u>56,092</u>	<u>-</u>	<u>3,674,173</u>	<u>3,563,329</u>
EXPENSES							
Program	2,820,925	-	-	40,605	-	2,861,530	2,592,765
General and Administrative	1,084,025	-	-	11,334	-	1,095,359	791,477
Fundraising	284,609	-	-	-	-	284,609	268,592
Total Expenses	<u>4,189,559</u>	<u>-</u>	<u>-</u>	<u>51,939</u>	<u>-</u>	<u>4,241,498</u>	<u>3,652,834</u>
INCOME (LOSS) FROM OPERATIONS	(621,478)	50,000	-	4,153	-	(567,325)	(89,505)
NON-OPERATING INCOME (EXPENSE)							
Rental Income	51,024	-	-	-	-	51,024	51,024
Interest Income	166	7,776	-	-	-	7,942	6,396
Unrealized Gain on Investments	-	21,780	-	-	-	21,780	13,141
Realized Gain on Investments	82	7,625	-	-	-	7,707	-
Contributions for Long-Term Purposes	-	-	10,000	-	-	10,000	-
Gain on Sale of Property and Equipment	19,228	-	-	-	-	19,228	16,150
Temporary Location Costs	-	-	-	(3,372)	-	(3,372)	(1,088)
Total Non-Operating Income	<u>70,500</u>	<u>37,181</u>	<u>10,000</u>	<u>(3,372)</u>	<u>-</u>	<u>114,309</u>	<u>85,623</u>
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES	(550,978)	87,181	10,000	781	-	(453,016)	(3,882)
Net Assets Released from Restrictions	50,000	(50,000)	-	-	-	-	-
CHANGE IN NET ASSETS	(500,978)	37,181	10,000	781	-	(453,016)	(3,882)
Net Assets - Beginning of Year	12,680,138	65,803	350,000	264	-	13,096,205	13,100,087
NET ASSETS - END OF YEAR	<u>\$ 12,179,160</u>	<u>\$ 102,984</u>	<u>\$ 360,000</u>	<u>\$ 1,045</u>	<u>\$ -</u>	<u>\$ 12,643,189</u>	<u>\$ 13,096,205</u>

COMMUNITY ROWING, INC. AND SUBSIDIARY
STATEMENTS OF FUNCTIONAL EXPENSES – COMMUNITY ROWING, INC.
YEARS ENDED OCTOBER 31, 2013 AND 2012
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2013</u>	<u>2012</u>
PROGRAM EXPENSES		
Salaries	\$ 1,087,275	\$ 977,683
Depreciation and Amortization	583,420	542,139
Regatta Costs	489,424	467,914
Transportation	191,167	166,525
Insurance	108,498	80,370
Payroll Taxes	109,023	109,208
Bad Debt	73,675	-
Boat Maintenance and Supplies	68,790	57,892
Third Party Registration Fees	3,276	1,888
Rental Equipment and Other Supplies	38,886	33,401
Staff and Volunteer Development	12,418	10,853
Gas and Oil	20,265	27,550
Miscellaneous	34,808	20,958
Total Program Expenses	<u>\$ 2,820,925</u>	<u>\$ 2,496,381</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries	\$ 315,978	\$ 282,892
Employee Benefits	141,599	105,971
Rent and Utilities	83,129	79,305
Office	84,090	64,288
Legal	66,112	79,989
Payroll Tax	17,775	22,925
Accounting	21,800	16,870
Office Supplies	28,044	28,947
Telephone	19,560	20,537
Computer	17,480	3,269
Payroll Services	6,658	5,417
Dues and Subscriptions	13,218	31,073
Bank Charges	14,269	17,182
Interest Expense	12,878	-
Bad Debt	237,417	18,606
Miscellaneous	4,018	6,143
Total General and Administrative Expenses	<u>\$ 1,084,025</u>	<u>\$ 783,414</u>
FUNDRAISING EXPENSE		
Salaries	\$ 155,769	\$ 168,829
Marketing and Public Relations	97,166	80,908
Payroll Taxes	29,528	13,121
Annual Appeal Direct Costs	2,146	5,159
Miscellaneous	-	125
Total Fundraising Expenses	<u>\$ 284,609</u>	<u>\$ 268,142</u>