

**COMMUNITY ROWING, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED OCTOBER 31, 2015 AND 2014

**COMMUNITY ROWING, INC.
TABLE OF CONTENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	8
STATEMENTS OF FUNCTIONAL EXPENSES	20

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Rowing, Inc.
Brighton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Community Rowing, Inc., which comprise the statements of financial position as of October 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Rowing, Inc. as of October 31, 2015 and 2014, and the results of its operations and its 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 financial statements as a whole. The supplementary information consisting of the statements of functional expenses for Community Rowing Inc. is presented for purposes of additional analysis and is not a required part of the 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 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

Boston, Massachusetts
January 14, 2016

COMMUNITY ROWING, INC.
STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,035,357	\$ 505,158
Investments, Board Designated	273,409	265,186
Investments	248,878	216,545
Program Receivables	112,542	28,058
Unconditional Promises to Give	188,567	24,989
Prepaid Expenses and Other Current Assets	151,388	62,354
Total Current Assets	2,010,141	1,102,290
PROPERTY AND EQUIPMENT		
Building	15,862,348	15,844,025
Rowing Equipment	2,646,102	1,560,960
Furniture and Fixtures	112,144	106,460
Motor Vehicles	151,829	151,829
Construction in Progress - Launch Project	79,777	48,230
Total	18,852,200	17,711,504
Less: Accumulated Depreciation	(4,378,713)	(3,845,546)
Property and Equipment, Net	14,473,487	13,865,958
OTHER ASSETS		
Investments, Permanently Restricted	400,700	400,700
Unconditional Promises to Give, Net of Current Portion	24,997	-
Computer Software, Net	-	1,954
Total Other Assets	425,697	402,654
Total Assets	\$ 16,909,325	\$ 15,370,902
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 154,037	\$ 93,993
Current Maturities of Long-Term Debt and Capital Lease Obligations	181,621	74,919
Current Portion of Deferred Revenue	50,004	50,004
Deposits	102,755	76,775
Accrued Expenses	13,723	2,732
Accrued Payroll	68,533	49,449
Total Current Liabilities	570,673	347,872
LONG-TERM LIABILITIES		
Deferred Revenue, Less Current Maturities	2,079,221	2,130,245
Deferred Rent	57,057	51,926
Notes Payable and Capital Lease Obligations, Less Current Maturities	1,172,615	102,660
Total Long-Term Liabilities	3,308,893	2,284,831
NET ASSETS		
Unrestricted	11,750,449	12,034,920
Temporarily Restricted	878,610	302,579
Permanently Restricted	400,700	400,700
Total Net Assets	13,029,759	12,738,199
Total Liabilities and Net Assets	\$ 16,909,325	\$ 15,370,902

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ROWING, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2015**

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Contributions	\$ 1,080,243	\$ 573,384	\$ -	\$ 1,653,627
Program Fees	2,653,731	-	-	2,653,731
Less: Financial Aid	(178,919)	-	-	(178,919)
Storage and Rental Fees	216,698	-	-	216,698
Facility Usage Fees	281,545	-	-	281,545
Non-Cash Support	93,261	-	-	93,261
Special Events	107,577	-	-	107,577
Other Revenue	26,000	-	-	26,000
Appropriation of Endowment Assets for Operations	4,896	-	-	4,896
Net Assets Released from Restrictions	50,000	(50,000)	-	-
Total Revenue and Support	<u>4,335,032</u>	<u>523,384</u>	<u>-</u>	<u>4,858,416</u>
EXPENSES				
Program	3,396,492	-	-	3,396,492
General and Administrative	1,107,027	-	-	1,107,027
Fundraising	548,901	-	-	548,901
Total Expenses	<u>5,052,420</u>	<u>-</u>	<u>-</u>	<u>5,052,420</u>
INCOME (LOSS) FROM OPERATIONS	(717,388)	523,384	-	(194,004)
NON-OPERATING INCOME (EXPENSE)				
Rental Income	51,024	-	-	51,024
Net Investment Return	18,467	15,417	-	33,884
Contributions for Property and Equipment	-	257,318	-	257,318
Gain on Sale of Property and Equipment	148,234	-	-	148,234
Appropriation of Endowment Assets for Operations	-	(4,896)	-	(4,896)
Net Assets Released from Restriction	215,192	(215,192)	-	-
Total Non-Operating Income	<u>432,917</u>	<u>52,647</u>	<u>-</u>	<u>485,564</u>
CHANGE IN NET ASSETS	(284,471)	576,031	-	291,560
Net Assets - Beginning of Year	<u>12,034,920</u>	<u>302,579</u>	<u>400,700</u>	<u>12,738,199</u>
NET ASSETS - END OF YEAR	<u>\$ 11,750,449</u>	<u>\$ 878,610</u>	<u>\$ 400,700</u>	<u>\$ 13,029,759</u>

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED OCTOBER 31, 2014

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Contributions	\$ 955,600	\$ 170,022	\$ -	\$ 1,125,622
Program Fees	2,479,327	-	-	2,479,327
Less: Financial Aid	(111,630)	-	-	(111,630)
Storage and Rental Fees	213,758	-	-	213,758
Membership Dues	223,335	-	-	223,335
Non-Cash Support	113,917	-	-	113,917
Special Events	110,957	-	-	110,957
Other Revenue	52,603	-	-	52,603
Appropriation of Endowment Assets for Operations	4,000	-	-	4,000
Net Assets Released from Restrictions	50,000	(50,000)	-	-
Total Revenue and Support	<u>4,091,867</u>	<u>120,022</u>	<u>-</u>	<u>4,211,889</u>
EXPENSES				
Program	2,911,547	-	-	2,911,547
General and Administrative	967,543	-	-	967,543
Fundraising	436,451	-	-	436,451
Total Expenses	<u>4,315,541</u>	<u>-</u>	<u>-</u>	<u>4,315,541</u>
INCOME (LOSS) FROM OPERATIONS	(223,674)	120,022	-	(103,652)
NON-OPERATING INCOME (EXPENSE)				
Rental Income	51,024	-	-	51,024
Net Investment Return	28,403	43,428	-	71,831
Appropriation of Endowment Assets for Operations	-	(4,000)	-	(4,000)
Contributions for Property and Equipment	-	40,145	-	40,145
Contributions for Long-Term Purposes	-	-	40,700	40,700
Gain on Sale of Property and Equipment	7	-	-	7
Loss on Deconsolidation	(1,045)	-	-	(1,045)
Total Non-Operating Income	<u>78,389</u>	<u>79,573</u>	<u>40,700</u>	<u>198,662</u>
CHANGE IN NET ASSETS	(145,285)	199,595	40,700	95,010
Net Assets - Beginning of Year	<u>12,180,205</u>	<u>102,984</u>	<u>360,000</u>	<u>12,643,189</u>
NET ASSETS - END OF YEAR	<u>\$ 12,034,920</u>	<u>\$ 302,579</u>	<u>\$ 400,700</u>	<u>\$ 12,738,199</u>

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 291,560	\$ 95,010
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Gain on Sale of Property and Equipment	(148,234)	(7)
Cash Reduction as a Result of Deconsolidation	-	(11,870)
Loss on Deconsolidation	-	1,045
Unrealized and Realized Gains on Investments	(7,464)	(56,233)
Contributions for Long-Term Purposes	(223,985)	(40,700)
Depreciation and Amortization	868,638	580,557
Bad Debts	11,559	11,375
(Increase) Decrease in:		
Unconditional Promises to Give	(188,575)	(7,894)
Prepaid Expenses and Other Current Assets	(89,034)	(12,916)
Program Receivables	(96,043)	43,491
Increase (Decrease) in:		
Accounts Payable	60,044	(17,676)
Deferred Revenue	(51,024)	(51,024)
Deferred Rent	5,131	5,310
Deposits	25,980	(710)
Accrued Expenses	10,991	(168)
Accrued Payroll	19,084	(12,272)
Net Cash Provided by Operating Activities	488,628	525,318
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Property and Equipment	156,123	1,900
Purchases of Property and Equipment	(230,599)	(119,460)
Purchases of Investments	(41,988)	(306,863)
Sales of Investments	8,896	129,303
Net Cash Used by Investing Activities	(107,568)	(295,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long Term Debt	(74,846)	(71,147)
Contributions for Long-Term Purposes	223,985	40,700
Net Cash Provided (Used) by Financing Activities	149,139	(30,447)
NET INCREASE IN CASH AND CASH EQUIVALENTS	530,199	199,751
Cash and Cash Equivalents - Beginning of Year	505,158	305,407
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,035,357	\$ 505,158

See accompanying Notes to Consolidated Financial Statements.

COMMUNITY ROWING, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED OCTOBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
SUPPLEMENTARY DISCLOSURES		
Interest Paid	\$ 23,707	\$ 11,564
	<u> </u>	<u> </u>
Non-Cash Investing Activities:		
Changes to Property, Plant, and Equipment	\$ (1,140,696)	\$ (109,860)
Add: Amounts Financed by Bank	1,251,503	-
Less: Original Cost Basis of Disposals	(341,406)	-
Less: Reduction in Property and Equipment due to Deconsolidation	-	(9,600)
Cash Payments for Property, Plant, and Equipment	<u>\$ (230,599)</u>	<u>\$ (119,460)</u>
Non-Cash Financing Transactions:		
Debt Incurred	\$ 1,176,657	\$ -
Less: Payments Directly by Bank	<u>(1,251,503)</u>	<u>-</u>
Cash Payments on Debt	<u>\$ (74,846)</u>	<u>\$ -</u>

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 community youth and adults, as well as physically and intellectually 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 physically and intellectually challenged 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 corporate events that develop teamwork to 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 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, facility usage fees, storage fees, and rental fees. Revenue is recognized as earned.

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.

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

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

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.

Investments in equities and fixed income securities 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.

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. At October 31, 2015, management has deemed that no discount was deemed necessary. 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.

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

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

Unconditional Promises to Give and Contributions (Continued)

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.

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 shorter of the estimated useful lives of the related assets or the lease term 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 \$866,684 and \$577,207 for the years ended October 31, 2015 and 2014, respectively.

Property and equipment under capital leases has a cost basis of \$103,490 and accumulated depreciation of \$58,053 and \$37,356 for the years ended October 31, 2015 and 2014, respectively.

Software

Software with a historical cost of \$10,050 at October 31, 2015 and 2014, respectively, are amortized over a three-year period using the straight-line method. Accumulated amortization amounted to \$10,050 and \$8,096 as of October 31, 2015 and 2014, respectively. Amortization charged to operations amounted to \$1,954 and \$3,350 for the years ended October 31, 2015 and 2014, respectively.

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

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

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.

Operations

Operating activities consist of those items attributable to program activities and support services for programs.

Investment activity, contributions for long-term purposes, and other items not related to the Organization's operations are reported as non-operating activities. Non-cash rental income originating from the amortization of the deferred rent pursuant to the sublease agreement described in Note 8 is treated as a non-operating activity. All other rental income is classified as an operating activity.

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, 2015 and 2014 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.

**COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014**

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

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.

Reclassifications

Certain amounts relating to the prior year have been reclassified to conform to the current year presentation. There is no effect on the change in net assets previously reported.

Subsequent Events

The Organization has evaluated the financial statements for subsequent event disclosures through January 14, 2016, the date when the financial statements were available to be issued.

NOTE 2 UNCONDITIONAL PROMISES TO GIVE

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

	2015	2014
Unconditional Promises to Give	\$ 213,564	\$ 24,989
Less: Allowance for Uncollectible Accounts	-	-
Net Unconditional Promises to Give	<u>\$ 213,564</u>	<u>\$ 24,989</u>

The allowance for doubtful accounts is estimated based on collection experience and other circumstances that may affect the ability of donors to meet their obligations. Amounts are written off when they are determined to be uncollectible. Management has deemed that an allowance was not necessary at both October 31, 2015 and 2014.

Net unconditional promises to give are expected to be collected in the future fiscal years as follows:

Year Ended October 31:

2016	\$ 188,567
2017	\$ 24,997

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

NOTE 3 LONG-TERM DEBT

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

<u>Description</u>	<u>2015</u>	<u>2014</u>
Advances under a line of credit (see below)	\$ 1,251,503	\$ -
Note payable in annual installments of \$53,890, including interest (5%) and principal, due March 1, 2016, and secured by equipment.	51,462	100,202
The Organization holds four capital leases with maturity dates ranging from May 2016 to January 2018 and payment amounts ranging from \$262 to \$820 and interest at 5%. These leases are secured by the capital assets that were leased.	<u>51,271</u>	<u>77,377</u>
Total Long-Term Debt	1,354,236	177,579
Less: Current Maturities	<u>181,621</u>	<u>74,919</u>
Long-Term Debt, Less Current Maturities	<u><u>\$ 1,172,615</u></u>	<u><u>\$ 102,660</u></u>

During the fiscal year ended October 31, 2015, the Organization entered into a credit facility with Brookline Bank with a maximum borrowing capacity of \$1,475,000. The facility consists of a line of credit that can be drawn down in three tranches for equipment purchases. The agreement contemplates that, at the end of each calendar year, the tranches would be converted into term loans having various maturities. The line of credit accrues interest on outstanding advances at the rate of LIBOR plus 2.2% (2.393% at October 31, 2015). The agreement provides that the first tranche will be converted into a term loan amortizing over ten years with level monthly payments of interest and principal, due October 2025. The first tranche accrues interest at the fixed rate of 3.75% annually. Tranches two and three will be subject to variable interest rates and will amortize over seven years. Loans made under this credit facility are secured by all business assets of the Organization including equipment and monetary assets, not including the building. Under this credit facility, the Organization is subject to certain financial and reporting covenants.

The first tranche of the line of credit was drawn during the fiscal year for boat purchases in the amount of \$1,251,503. It was converted into a ten-year term loan in accordance with the provisions stated above on November 1, 2015. At October 31, 2015, there is approximately \$223,000 available for advances under the line of credit.

Interest expense on long-term debt amounted to \$23,707 and \$11,564 for the years ended October 31, 2015 and 2014, respectively.

**COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014**

NOTE 3 LONG-TERM DEBT (CONTINUED)

The following are the maturities of the equipment loan and note payable for the next five years:

<u>Year Ending October 31,</u>	<u>Amount</u>
2016	\$ 155,981
2017	118,344
2018	122,859
2019	127,547
2020	134,413

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

<u>Year Ending October 31,</u>	<u>Amount</u>
2016	\$ 27,613
2017	20,194
2018	<u>6,238</u>
Total Future Minimum Lease Payments	54,045
Less: Amounts Representing Interest	<u>(2,774)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 51,271</u>
Current Maturity of the Capital Lease Obligations	<u>\$ 25,640</u>

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Program Services	\$ 76,197	\$ 50,000
Institute for Rowing Leadership	227,500	-
Let's Row Boston (Outreach)	249,172	-
Net Appreciation on Endowment	102,933	92,412
Innovation Fund	140,537	120,022
Boat Purchase and Debt Service	<u>82,271</u>	<u>40,145</u>
	<u>\$ 878,610</u>	<u>\$ 302,579</u>

NOTE 5 ENDOWMENTS

The Organization's endowment consists of three (3) 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 by the board of directors to function in the same manner as the boathouse endowment fund. The third fund was established to provide scholarships to defray or reduce program fees for qualifying participants.

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

NOTE 5 ENDOWMENTS (CONTINUED)

The changes in endowment net assets were the following for the year ended October 31, 2015 and 2014.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance, Year Ended October 31, 2014	\$ 235,664	\$ 52,984	\$ 360,000	\$ 648,648
Endowment Contributions	-	-	40,700	40,700
Net Appreciation on Endowment	29,522	43,428	-	72,950
Appropriation of Endowment for Expenditure	-	(4,000)	-	(4,000)
Ending Balance, Year Ended October 31, 2014	<u>\$ 265,186</u>	<u>\$ 92,412</u>	<u>\$ 400,700</u>	<u>\$ 758,298</u>
Beginning Balance, Year Ended October 31, 2015	\$ 265,186	\$ 92,412	\$ 400,700	\$ 758,298
Endowment Contributions	-	-	-	-
Net Appreciation on Endowment	8,223	15,417	-	23,640
Appropriation of Endowment for Expenditure	-	(4,896)	-	(4,896)
Ending Balance, Year Ended October 31, 2015	<u>\$ 273,409</u>	<u>\$ 102,933</u>	<u>\$ 400,700</u>	<u>\$ 777,042</u>

The donor restricted and board designated endowment funds were classified as follows as of October 31:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Boathouse Fund	\$ 273,409	\$ 84,525	\$ 300,700	\$ 658,634
Scholarship Fund	-	18,408	100,000	118,408
Totals	<u>\$ 273,409</u>	<u>\$ 102,933</u>	<u>\$ 400,700</u>	<u>\$ 777,042</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Boathouse Fund	\$ 265,186	\$ 72,931	\$ 300,700	\$ 638,817
Scholarship Fund	-	19,481	100,000	119,481
Totals	<u>\$ 265,186</u>	<u>\$ 92,412</u>	<u>\$ 400,700</u>	<u>\$ 758,298</u>

COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

NOTE 5 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 while earning a return that equals or exceeds inflation. The endowment assets are invested in stock and bond mutual funds. The investment strategy is evaluated annually to meet the Organization's overall investment objectives.

The Board has stipulated that the permanently restricted and board restricted Boathouse funds combined must have at least \$1,000,000 in assets before any distributions can be made. As a result, no distributions were made in 2015 or 2014. For the Scholarship fund, the Board approved distributions of \$4,896 and \$4,000 for the years ended December 31, 2015 and 2014, respectively. In determining annual distributions, the board considers what is most prudent based on the ending fund balance and investment returns earned during the year.

NOTE 6 DONATED GOODS AND SERVICES

The Organization received program coaching and legal services during the year ended October 31, 2015 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, 2015 and 2014 were recorded at \$37,726 and \$11,600, respectively.

Contributed goods and the associated expenses for the years ended October 31, 2015 and 2014 were recorded at \$55,535 and \$102,317, respectively.

NOTE 7 LEASES

Lease Obligations

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 difference in the rent paid and the rent expense recognized during the fiscal year. The cumulative impact of these differences is reflected as a liability on the statement of financial position. Lease expense was \$11,280 for the years ended October 31, 2015 and 2014, respectively.

**COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014**

NOTE 7 LEASES (CONTINUED)

The minimum rental commitments under the Ground Lease are approximately as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2016	\$ 6,334
2017	6,524
2018	6,720
2019	6,921
2020	7,129
Thereafter	485,896
Total	<u>\$ 519,524</u>

Rental Income

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, 2015 and 2014 was \$2,129,225 and \$2,180,249, respectively. Additional rent is assessed at a percentage of the Organization's operating expenses.

Storage and rental income consists of the cash portion of the sub lease described above, leasing of premises for events, equipment rentals and boat storage. These activities generated \$216,698 and \$213,758 for the years ended October 31, 2015 and 2014, respectively.

Rental income related to the sublease agreement has been classified as non-operating in the Statement of Activities and Changes in Net Assets. Non-operating rental income relating to the sub-lease agreement amounted to \$51,024 for both the years ended October 31, 2015 and 2014.

NOTE 8 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, 2015 and 2014, the Organization incurred \$50,435 and \$39,309, respectively, of matching contribution expense to the retirement plan.

**COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014**

NOTE 9 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, 2015, the Organization had cash and cash equivalents in excess of FDIC limits of approximately \$570,000. During the year, there may be times when uninsured cash is significantly higher.

The Organization has investments in the amount of \$922,987 with one financial institution.

The Organization has promises to give in the amount of \$213,564 and program receivables in the amount of \$112,542 at October 31, 2015, that will be received in future years.

During the year ended October 31, 2015, 33% of contribution and support revenue was received from two donors. At October 31, 2015, 23% of unconditional promises to give was receivable from the same two donors.

NOTE 10 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 October 31, 2015 and 2014.

	2015			
	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:				
Fixed Income Funds	\$ 456,026	\$ 456,026	\$ -	\$ -
Equities	466,961	466,961	-	-
Total Investments at Fair Value	<u>\$ 922,987</u>	<u>\$ 922,987</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY ROWING, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014**

NOTE 10 FAIR VALUE MEASUREMENT (CONTINUED)

	2014			
	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:				
Fixed Income	\$ 438,762	\$ 438,762	\$ -	\$ -
Equities	443,669	443,669	-	-
Total Investments at Fair Value	\$ 882,431	\$ 882,431	\$ -	\$ -

Total investment income, gains, and losses for the years ended October 31, 2015 and 2014 were as follows:

	2015	2014
Interest and Dividend Income	\$ 21,339	\$ 16,965
Realized and Unrealized Gains	12,545	54,866
Net Investment Return	\$ 33,884	\$ 71,831

NOTE 11 CONDITIONAL PROMISE TO GIVE

At October 31, 2015, the Organization has received a grant in the amount of \$150,000, which has not yet been recognized due to contingencies imposed regarding annual review of reporting and approval of additional funds. These funds will be recognized as conditions are met and the grantor organization approves additional funds.

COMMUNITY ROWING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED OCTOBER 31, 2015 AND 2014

	2015	2014
PROGRAM EXPENSES		
Salaries	\$ 1,279,514	\$ 1,193,525
Depreciation and Amortization	868,638	580,557
Regatta Costs	472,200	441,733
Transportation	272,447	261,498
Payroll Taxes	118,134	112,906
Insurance	110,957	101,263
Rental Equipment and Other Supplies	98,763	36,637
Boat Maintenance and Supplies	49,459	63,028
Miscellaneous	76,012	82,525
Staff and Volunteer Development	28,942	11,099
Gas and Oil	17,317	23,160
Third Party Registration Fees	4,109	3,616
Total Program Expenses	\$ 3,396,492	\$ 2,911,547
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries	\$ 399,673	\$ 376,717
Employee Benefits	193,048	165,998
Rent and Utilities	113,432	85,951
Legal	97,073	62,134
Office	93,174	87,933
Payroll Tax	38,439	18,072
Computer	27,733	25,218
Dues and Subscriptions	26,162	32,539
Interest Expense	23,707	11,564
Accounting	22,950	24,085
Telephone	21,656	23,421
Office Supplies	17,340	25,061
Bad Debt	11,559	11,375
Bank Charges	11,407	10,487
Payroll Services	6,283	6,148
Miscellaneous	3,391	840
Total General and Administrative Expenses	\$ 1,107,027	\$ 967,543
FUNDRAISING EXPENSE		
Salaries	\$ 158,812	\$ 159,211
Marketing and Public Relations	355,386	237,151
Payroll Taxes	27,219	34,918
Annual Appeal Direct Costs	7,484	5,171
Total Fundraising Expenses	\$ 548,901	\$ 436,451