

AMERICAN WHITEWATER
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

CORLISS & SOLOMON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

American Whitewater

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Whitewater
Sylva, North Carolina

We have audited the accompanying financial statements of American Whitewater, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Whitewater. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the American Whitewater 2012 financial statements, and our report dated May 2, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Corliss & Solomon, PLLC

Corliss & Solomon, PLLC
Asheville, North Carolina
May 14, 2014

American Whitewater
Statement of Financial Position

As of December 31, 2013

(With summarized comparative totals as of December 31, 2012)

	2013	2012
Assets		
<u>Current Assets</u>		
Cash and Equivalents	\$ 511,776	\$ 473,973
Accounts Receivable	10,773	20,183
Grants Receivable	43,722	37,924
Investments	199,004	336,595
Prepaid Expenses	18,698	16,891
Inventory	32,061	10,160
Total Current Assets	816,034	895,726
<u>Long-Term Assets</u>		
Lands Held for Protection	61,056	61,056
Property and Equipment, Net	119,133	12,971
Total Long Term Assets	180,189	74,027
Total Assets	996,223	969,753
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts Payable	31,365	23,970
Deferred Revenue	2,350	63,449
Other Liabilities	1,485	1,638
Payroll Liabilities	24,542	20,389
Total Current Liabilities	59,742	109,446
<u>Net Assets</u>		
Unrestricted Net Assets		
Available for Operations	569,180	501,161
Board Designated	-	21,841
Total Unrestricted Net Assets	569,180	523,002
Temporarily Restricted Net Assets	367,301	337,305
Total Net Assets	936,481	860,307
Total Liabilities and Net Assets	\$ 996,223	\$ 969,753

The accompanying notes are an integral part of these financial statements.

American Whitewater
Statement of Activities

Year Ended December 31, 2013

(With summarized comparative totals from the prior year)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
<u>Revenue and Support</u>				
Advertising	\$ 54,424	\$ -	\$ 54,424	\$ 55,716
Contributions	89,044	75,668	164,712	218,334
Events and Festivals	65,160	-	65,160	77,481
Grants	-	403,885	403,885	298,141
In-Kind Contributions	195,039	-	195,039	254,550
Investment Income	872	-	872	1,851
Management Fees and Services	17,600	-	17,600	42,865
Membership Dues	354,834	-	354,834	327,021
Other Income	624	-	624	564
Product and Journal Sales	39,006	-	39,006	39,339
Sponsorships/Corp Programs	139,730	-	139,730	121,317
Investment Gains/(Losses)	2,903	-	2,903	16,415
Net Assets Released from Restriction				
By Expenditure	449,557	(449,557)	-	-
Total Revenue and Support	1,408,793	29,996	1,438,789	1,453,594
<u>Expenses</u>				
Program Services:				
Access and Conservation	710,922	-	710,922	745,210
Public Education	416,293	-	416,293	403,276
Total Program Services	1,127,215	-	1,127,215	1,148,486
Supporting Services:				
Management and General	119,611	-	119,611	117,385
Fundraising	115,789	-	115,789	84,962
Total Supporting Services	235,400	-	235,400	202,347
Total Expenses	1,362,615	-	1,362,615	1,350,833
Change in Net Assets	46,178	29,996	76,174	102,761
Net Assets, Beginning of Year	523,002	337,305	860,307	757,546
Net Assets, End of Year	\$ 569,180	\$ 367,301	\$ 936,481	\$ 860,307

The accompanying notes are an integral part of these financial statements.

American Whitewater
Statement of Functional Expenses

Year Ended December 31, 2013

(With summarized comparative totals from the prior year)

	Program Activities			Management and General	Fundraising	Total 2013	Total 2012
	Access and Conservation	Public Education	Total Program Expenses				
Salaries	\$ 328,720	\$ 153,030	\$ 481,750	\$ 47,313	\$ 22,079	\$ 551,142	\$ 509,833
Payroll Taxes	27,589	12,223	39,812	3,728	1,786	45,326	41,221
Benefits	42,343	23,543	65,886	1,304	2,543	69,733	70,768
Total Personnel	<u>398,652</u>	<u>188,796</u>	<u>587,448</u>	<u>52,345</u>	<u>26,408</u>	<u>666,201</u>	<u>621,822</u>
Bank and Credit Card Fees	44	2	46	15,968	-	16,014	15,074
Bad Debt Expense	-	524	524	-	-	524	-
Cost of Goods Sold	-	324	324	-	43,485	43,809	49,302
Depreciation Expense	-	-	-	2,840	-	2,840	2,816
Equipment Rental & Repairs	971	1,809	2,780	341	-	3,121	5,583
Program Event Expenses	266	6,778	7,044	1,298	20,381	28,723	27,638
Insurance Expense	5,312	1,212	6,524	13,540	-	20,064	20,760
Land Maintenance & Improvement	45,650	-	45,650	655	-	46,305	20,399
Marketing and Advertising	1,909	28,243	30,152	-	233	30,385	27,067
Meeting and Conference Expenses	1,481	1,488	2,969	-	-	2,969	4,065
Membership Discounts/Expenses	-	29,049	29,049	-	6,847	35,896	29,800
Other Expenses	5,715	720	6,435	6,210	200	12,845	13,295
Postage and Shipping	6,392	27,718	34,110	1,958	2,748	38,816	36,375
Printing & Reproduction	1,518	44,322	45,840	112	57	46,009	48,492
Professional Fees	175,153	51,033	226,186	10,896	6,434	243,516	309,586
Rent & Utilities	781	1,677	2,458	6,692	625	9,775	8,309
Supplies	1,911	5,110	7,021	1,984	311	9,316	6,517
Telephone and Internet Access	12,123	10,411	22,534	2,889	54	25,477	24,871
Travel & Lodging	53,044	17,077	70,121	1,883	8,006	80,010	79,062
Total Expenses	<u>\$ 710,922</u>	<u>\$ 416,293</u>	<u>\$ 1,127,215</u>	<u>\$ 119,611</u>	<u>\$ 115,789</u>	<u>\$ 1,362,615</u>	<u>\$ 1,350,833</u>

The accompanying notes are an integral part of these financial statements.

American Whitewater
Statement of Cash Flows
Year Ended December 31, 2013

(With summarized comparative totals from the prior year)

	2013	2012
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 76,174	\$ 102,761
Adjustments to reconcile change in net assets to net cash provided or used by operating activities		
Depreciation	2,840	2,816
Unrealized (Gains)/Losses	(2,903)	(16,415)
(Increase)/Decrease in Operating Assets		
Accounts Receivable	9,410	31,043
Grants Receivable	(5,798)	10,414
Prepaid Expenses	(1,807)	(4,356)
Inventory	(21,901)	(7,766)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	7,395	(8,691)
Deferred Revenue	(61,099)	(20,491)
Other Liabilities	(153)	(517)
Payroll Liabilities	4,153	1,376
Net Cash Provided by Operating Activities	6,311	90,174
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	(40,000)	(96,850)
Sale of Investments	180,536	2,385
Reinvestment of Interest & Dividends	(42)	(1,736)
Purchase of Property and Equipment	(109,002)	(10,241)
Net Cash Provided/(Used) by Investing Activities	31,492	(106,442)
Net Change in Cash	37,803	(16,268)
Cash and Equivalents, Beginning of Year	473,973	490,241
Cash and Equivalents, End of Year	\$ 511,776	\$ 473,973

The accompanying notes are an integral part of these financial statements.

American Whitewater
Notes to Financial Statements
Year Ended December 31, 2013

1. General Information and Summary of Significant Accounting Policies

Description of the Organization

American Whitewater is a nationally recognized non-profit organization whose mission is “To conserve and restore America’s whitewater resources and to enhance opportunities to enjoy them safely.” The organization’s central program areas are environmental conservation, river access, safety of recreational users and public education.

Funding

American Whitewater funds its operations primarily through membership fees, grants and contributions.

Corporate and Tax-Exempt Status

American Whitewater was incorporated under the laws of the state of Missouri in 1961 and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is also classified as a publicly supported organization under Section 509(a)(2).

Basis of Accounting

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net assets released from restrictions.”

Financial Statement Presentation

U.S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. (American Whitewater had no permanently restricted net assets as of December 31, 2013)

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Money market funds held with brokerage firms are not considered cash and cash equivalents.

Contributions and Grants Receivable

Unconditional contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value.

Investments

In accordance with U.S. GAAP, investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets in the statement of activities.

Fair Value Measurements

American Whitewater follows FASB ASC 820-10 (Formerly SFAS No. 157) "Fair Value Measurements." This standard establishes a single definition of fair value and a framework for measuring fair value in U.S. GAAP. The new standard also expands disclosures about fair value measurements. Fair Value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market." Items carried at fair value on a recurring basis by the AW consist primarily of investments and money market funds held at a brokerage firm.

Inventory

The inventory of books and promotional products is recorded at cost on the statement of financial position and is maintained on a first-in, first-out basis.

In Kind Contributions

In kind contributions are recognized in income and in expenses at estimated fair market value on the date of receipt. In situations where tangible goods are donated for sale or used for marketing purposes in the future, those items are recorded as inventory on the statement of financial position. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Equipment

Purchases of equipment of \$1,500 or more per item are capitalized at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Use of Estimates

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

Income Taxes/Uncertain Tax Positions

American Whitewater is generally exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. However, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income tax expense from unrelated business activities for the year ended December 31, 2013. The organization believes that it has appropriate support for tax positions taken on its 2013 federal Exempt Organization Business Income Tax Return (Form 990-T), and otherwise, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Form's 990 and 990-T for 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Lands Held for Protection

Land acquisitions are recorded at cost if purchased and at estimated fair market value if received by donation.

Functional Allocation of Expenses

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

2. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

<u>As of December 31</u>	<u>2013</u>	<u>2012</u>
Operating Checking	\$ 162,320	\$ 144,679
Restricted Checking	348,531	329,294
Undeposited Funds	925	-
Total Cash and Cash Equivalents	<u>\$ 511,776</u>	<u>\$ 473,973</u>

3. Investments

Investments consist of the following held by investment firms:

<u>As of December 31</u>	<u>2013</u>	<u>2012</u>
Money Market Funds	\$ 156,005	\$ 336,595
Equities	42,999	-
Total Investments	<u>\$ 199,004</u>	<u>\$ 336,595</u>

4. Property and Equipment

Property and Equipment consisted of the following:

<u>As of December 31</u>	<u>2013</u>	<u>2012</u>
Equipment	\$ 17,459	\$ 16,209
Website Design (In Process)	107,748	-
Less: Accumulated Depreciation	(6,074)	(3,238)
Property and Equipment, Net	<u>\$ 119,133</u>	<u>\$ 12,971</u>

Depreciation expense for 2013 and 2012 was \$2,840 and \$2,816 respectively.

5. Accounts and Grants Receivable

Accounts receivable consists of amounts due from journal advertisers and sponsors. Management believes the receivables are fully collectible.

Grants receivable consists of the following amounts due from foundations:

<u>Years Ended December 31</u>	<u>2013</u>	<u>2012</u>
Hydropower Reform Coalition	\$ 40,389	\$ 37,924
Firedoll Foundation	3,333	-
Total Grants Receivable	<u>\$ 43,722</u>	<u>\$ 37,924</u>

6. Lands Held for Protection

Lands held for protection consist of parcels of land held for river access. The lands are held for protection in accordance with the mission of the organization and will be preserved in perpetuity.

<u>As of December 31</u>	<u>2013</u>	<u>2012</u>
Whitewater Estates, KY (Elkhorn)	\$ 31,367	\$ 31,367
Warson Island, TN (Watauga)	17,414	17,414
Craig County, VA (John's Creek)	9,536	9,536
Hendricks, WV (Blackwater)	2,739	2,739
Total Lands Held for Preservation	<u>\$ 61,056</u>	<u>\$ 61,056</u>

7. Lease Commitments

American Whitewater leases office space on a month-to-month lease. Rent is \$450 per month.

8. Deferred Revenue

Deferred revenue consists primarily of unearned portions of sponsorship agreements unfulfilled as of year-end.

9. Benefit Plan

American Whitewater has a benefit plan that provides each employee with 15 percent of base salary which can be taken in the form of health insurance and/or 403(b) retirement plan contributions.

10. In-Kind Contributions

In-Kind Contributions were received and utilized for the following purposes:

<u>Years Ended December 31</u>	<u>2013</u>	<u>2012</u>
Program Related Legal Services	\$ 98,228	\$ 99,260
Promotional and Educational Products	72,087	55,510
Event and Program Services	24,725	99,780
Total	<u>\$ 195,040</u>	<u>\$ 254,550</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31</u>	<u>2013</u>	<u>2012</u>
Conservation Alliance		
Colorado Region	\$ 32,786	\$ -
Wild Olympics	3,942	22,117
California: RLF	23,325	-
CO Basin	149,840	-
Hydropower Reform Coalition Projects		
California	-	2,921
Frog Study	2,454	2,802
National	27,780	37,924
Pooled Funds	32,437	55,654
National Safety	-	7,400
National: W&S Fund	9,910	-
Northeast: Contoocook Access	3,343	-
Panebaker Memorial Fund	-	14,970
Save the Colorado	-	5,400
Stewardship		
California	13,000	-
Colorado	-	115,598
New York	2,480	5,464
Mid Atlantic	-	5,537
Northeast	38,671	52,001
Pacific Northwest	1,984	3,000
Rockies	13,884	-
Upper Yough	2,343	1,807
Other Restricted Funds	9,122	4,710
Total Temporarily Restricted Net Assets	<u>\$ 367,301</u>	<u>\$ 337,305</u>

12. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2013 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>As of December 31:</u>	<u>Fair Value</u>			
Money Market Funds	\$ 156,005	\$ 156,005	\$ -	\$ -
Equities	42,999	42,999	-	-
Total	<u>\$ 199,004</u>	<u>\$ 199,004</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are based on unobservable inputs such as those that apply to derivatives and split interest agreements.

13. Subsequent Events

Subsequent events have been evaluated through May 14, 2014, which is the date the financial statements were available to be issued.

14. Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2012 from which the summarized information was derived. In addition, certain reclassifications have been made to prior year information to facilitate comparison to the current year.