

AMERICAN WHITEWATER
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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, 2014, 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, 2014, 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 2013 financial statements, and our report dated May 14, 2014, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Corliss & Solomon, PLLC

Asheville, North Carolina
May 26, 2015

American Whitewater
Statement of Financial Position

As of December 31, 2014

(With summarized comparative totals as of December 31, 2013)

	2014	2013
Assets		
<u>Current Assets</u>		
Cash and Equivalents	\$ 547,192	\$ 511,776
Accounts Receivable	11,211	10,773
Grants Receivable	43,652	43,722
Investments	151,668	199,004
Prepaid Expenses	14,005	18,698
Inventory	13,433	32,061
Total Current Assets	781,161	816,034
<u>Long-Term Assets</u>		
Lands Held for Protection	58,317	61,056
Property and Equipment, Net	159,704	119,133
Total Long Term Assets	218,021	180,189
Total Assets	999,182	996,223
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts Payable	22,626	31,365
Deferred Revenue	9,425	2,350
Other Liabilities	1,641	1,485
Payroll Liabilities	22,561	24,542
Total Current Liabilities	56,253	59,742
<u>Net Assets</u>		
Unrestricted Net Assets		
Available for Operations	401,206	388,991
Invested in Long Term Assets	218,021	180,189
Total Unrestricted Net Assets	619,227	569,180
Temporarily Restricted Net Assets	323,702	367,301
Total Net Assets	942,929	936,481
Total Liabilities and Net Assets	\$ 999,182	\$ 996,223

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

American Whitewater
Statement of Activities

Year Ended December 31, 2014

(With summarized comparative totals from the prior year)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
<u>Revenue and Support</u>				
Advertising	\$ 36,584	\$ -	\$ 36,584	\$ 54,424
Contributions	173,521	40,326	213,847	164,712
Events and Festivals	86,440	-	86,440	65,160
Grants	8,000	455,272	463,272	403,885
In-Kind Contributions	235,847	-	235,847	195,039
Investment Income	973	-	973	872
Management Fees and Services	-	-	-	17,600
Membership Dues	358,508	-	358,508	354,834
Other Income	1,022	-	1,022	624
Product and Journal Sales	52,667	-	52,667	39,006
Sponsorships/Corp Programs	83,120	-	83,120	139,730
Investment Gains/(Losses)	2,648	-	2,648	2,903
Net Assets Released from Restriction	539,197	(539,197)	-	-
Total Revenue and Support	<u>1,578,527</u>	<u>(43,599)</u>	<u>1,534,928</u>	<u>1,438,789</u>
<u>Expenses</u>				
Program Services:				
Access and Conservation	860,774	-	860,774	710,922
Public Education	410,164	-	410,164	416,293
Total Program Services	<u>1,270,938</u>	<u>-</u>	<u>1,270,938</u>	<u>1,127,215</u>
Supporting Services:				
Management and General	134,603	-	134,603	119,611
Fundraising	122,939	-	122,939	115,789
Total Supporting Services	<u>257,542</u>	<u>-</u>	<u>257,542</u>	<u>235,400</u>
Total Expenses	<u>1,528,480</u>	<u>-</u>	<u>1,528,480</u>	<u>1,362,615</u>
Change in Net Assets	50,047	(43,599)	6,448	76,174
Net Assets, Beginning of Year:	569,180	367,301	936,481	860,307
Net Assets, End of Year	<u>\$ 619,227</u>	<u>\$ 323,702</u>	<u>\$ 942,929</u>	<u>\$ 936,481</u>

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

American Whitewater
Statement of Functional Expenses

Year Ended December 31, 2014

(With summarized comparative totals from the prior year)

	Program Activities			Management and General	Fundraising	Total 2014	Total 2013
	Access and Conservation	Public Education	Total Program Expenses				
Salaries	\$ 304,296	\$ 150,074	\$ 454,370	\$ 48,781	\$ 24,070	\$ 527,221	\$ 551,142
Payroll Taxes	25,304	11,582	36,886	3,728	1,907	42,521	45,326
Benefits	26,562	16,056	42,618	4,764	1,817	49,199	69,733
Total Personnel	<u>356,162</u>	<u>177,712</u>	<u>533,874</u>	<u>57,273</u>	<u>27,794</u>	<u>618,941</u>	<u>666,201</u>
Bank and Credit Card Fees	21	-	21	15,674	621	16,316	16,014
Cost of Goods Sold	-	-	-	-	44,530	44,530	43,809
Depreciation Expense	-	-	-	3,918	-	3,918	2,840
Equipment Rental & Repairs	810	-	810	1,269	-	2,079	3,121
Grant Disbursements	192,000	-	192,000	-	-	192,000	-
Insurance Expense	4,944	956	5,900	14,283	-	20,183	20,064
Land Maintenance & Improvement	6,108	-	6,108	666	1,250	8,024	46,305
Marketing and Advertising	1,595	22,657	24,252	-	159	24,411	30,385
Meeting and Conference Expenses	2,168	36	2,204	-	-	2,204	2,969
Membership Discounts/Expenses	-	24,374	24,374	189	670	25,233	35,896
Other Expenses	8,205	200	8,405	4,515	422	13,342	13,369
Postage and Shipping	6,504	26,909	33,413	2,188	2,075	37,676	38,816
Printing & Reproduction	263	42,140	42,403	14	129	42,546	46,009
Professional Fees	219,724	80,659	300,383	16,544	6,726	323,653	243,516
Program Event Expenses	2,302	10,558	12,860	1,174	22,100	36,134	28,723
Rent & Utilities	1,133	1,534	2,667	6,339	436	9,442	9,775
Supplies	906	3,244	4,150	2,696	-	6,846	9,316
Telephone and Internet Access	8,897	9,487	18,384	6,234	323	24,941	25,477
Travel & Lodging	43,717	8,696	52,413	1,281	9,351	63,045	80,010
Volunteer Rewards	5,315	1,002	6,317	346	6,353	13,016	-
Total Expenses	<u>\$ 860,774</u>	<u>\$ 410,164</u>	<u>\$ 1,270,938</u>	<u>\$ 134,603</u>	<u>\$ 122,939</u>	<u>\$ 1,528,480</u>	<u>\$ 1,362,615</u>

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

American Whitewater
Statement of Cash Flows

Year Ended December 31, 2014

(With summarized comparative totals from the prior year)

	2014	2013
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 6,448	\$ 76,174
Adjustments to reconcile change in net assets to net cash provided or used by operating activities		
Depreciation	3,918	2,840
Unrealized (Gains)/Losses	(2,648)	(2,903)
(Increase)/Decrease in Operating Assets		
Accounts Receivable	(438)	9,410
Grants Receivable	70	(5,798)
Prepaid Expenses	4,693	(1,807)
Inventory	18,628	(21,901)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(8,739)	7,395
Deferred Revenue	7,075	(61,099)
Other Liabilities	156	(153)
Payroll Liabilities	(1,981)	4,153
Net Cash Provided by Operating Activities	27,182	6,311
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	-	(40,000)
Sale of Investments	49,984	180,536
Reinvestment of Interest & Dividends	-	(42)
Purchase of Property and Equipment	(41,750)	(109,002)
Net Cash Provided by Investing Activities	8,234	31,492
Net Change in Cash	35,416	37,803
Cash and Equivalents, Beginning of Year	511,776	473,973
Cash and Equivalents, End of Year	\$ 547,192	\$ 511,776

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

American Whitewater
Notes to Financial Statements
Year Ended December 31, 2014

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, 2014)

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 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, 2014. The organization believes that it has appropriate support for tax positions taken on its 2014 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 2011, 2012 and 2013 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>2014</u>	<u>2013</u>
Operating Checking	\$ 243,093	\$ 162,320
Restricted Checking	304,099	348,531
Undeposited Funds	-	925
Total Cash and Cash Equivalents	<u>\$ 547,192</u>	<u>\$ 511,776</u>

3. Investments

Investments consist of the following held by investment firms:

<u>As of December 31</u>	<u>2014</u>	<u>2013</u>
Money Market Funds	\$ 104,919	\$ 156,005
Equities	46,749	42,999
Total Investments	<u>\$ 151,668</u>	<u>\$ 199,004</u>

4. Property and Equipment

Property and Equipment consisted of the following:

<u>As of December 31</u>	<u>2014</u>	<u>2013</u>
Equipment	\$ 23,709	\$ 17,459
Website Design - In Process	145,987	107,748
Less: Accumulated Depreciation	(9,992)	(6,074)
Property and Equipment, Net	<u>\$ 159,704</u>	<u>\$ 119,133</u>

Depreciation expense for 2014 and 2013 was \$3,918 and \$2,840 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>2014</u>	<u>2013</u>
Hydropower Reform Coalition	\$ 43,652	\$ 40,389
Firedoll Foundation	-	3,333
Total Grants Receivable	<u>\$ 43,652</u>	<u>\$ 43,722</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>2014</u>	<u>2013</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
Total Lands Held for Preservation	<u>\$ 58,317</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 403(b) retirement plan contributions. Retirement contribution expense for the year ending December 31, 2014 and 2013 is \$49,199 and \$57,758, respectively. In 2013, American Whitewater provided health insurance benefits of \$11,975.

10. In-Kind Contributions

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

<u>For the Year ended December 31</u>	<u>2014</u>	<u>2013</u>
Legal Services - Access and Conservation	\$ 169,942	\$ 98,228
Promotional/Educational Products	41,179	72,087
Program Services	24,726	24,724
Total In-Kind Contributions	<u>\$ 235,847</u>	<u>\$ 195,039</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31</u>	<u>2014</u>	<u>2013</u>
Conservation Alliance		
Colorado Region	\$ 10,100	\$ 32,786
Wild Olympics	44,849	3,942
California: RLF	17,339	23,325
CO Basin	86,370	149,840
Hydropower Reform Coalition Projects		
Frog Study	1,533	2,454
National	50,568	27,780
Pooled Funds	32,196	32,437
National: W&S Fund	-	9,910
MT Headwaters Campaign	10,653	-
Northeast: Contoocook Access	3,843	3,343
Save the Colorado	1,019	-
Stewardship		
California	594	13,000
Southeast	5,251	-
New York	1,078	2,480
Mid Atlantic	2,412	-
Northeast	30,383	38,671
Pacific Northwest	9,736	1,984
Rockies	10,224	13,884
Upper Yough	2,009	2,343
Other Restricted Funds	3,545	9,122
Total Temporarily Restricted Net Assets	<u>\$ 323,702</u>	<u>\$ 367,301</u>

12. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2014 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices In		
<u>As of December 31:</u>	<u>Fair Value</u>	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 104,919	\$ 104,919	\$ -	\$ -
Equities	46,749	46,749	-	-
Total	<u>\$ 151,668</u>	<u>\$ 151,668</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. Grant Disbursements

During the year, American Whitewater received a grant in the amount of \$200,000 from a foundation and subsequently disbursed these funds for a special project grant to the Outdoor Alliance for the project entitled “Grasstops Program” in the amount of \$192,000, in accordance with the grant proposal. American Whitewater is responsible to the funder for the project outcomes and financial accountability.

14. Contingency

American Whitewater entered into arbitration with a vendor over non-performance related to the construction of a new website for the organization (see Website Design – In Progress Note #4). The effect this arbitration may have on the financial statements has not been determined and no allowance has been included in this contingency.

16. 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, 2013 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.

15. Subsequent Events

Subsequent events have been evaluated through May 26, 2015, which is the date the financial statements were available to be issued.