

**AMERICAN WHITEWATER**  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016



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, 2016, 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 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 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, 2016, 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 2015 financial statements of American Whitewater, and our report dated May 20, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss + Solomon, PLLC*

Asheville, North Carolina

May 23, 2017

**American Whitewater**  
**Statement of Financial Position**

As of December 31, 2016

(With summarized comparative totals as of December 31, 2015)

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 596,693	\$ 486,643
Accounts Receivable	13,478	17,550
Grants Receivable	60,650	53,800
Investments	238,055	193,725
Prepaid Expenses	29,340	15,622
Inventory	17,609	8,638
Total Current Assets	955,825	775,978
<u>Long-Term Assets</u>		
Property and Equipment, Net	11,285	25,608
Lands Held for Protection	58,317	58,317
Total Long Term Assets	69,602	83,925
<b>Total Assets</b>	<b>\$ 1,025,427</b>	<b>\$ 859,903</b>
<b>Liabilities and Net Assets</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 27,017	\$ 13,210
Deferred Revenue	1,500	-
Other Liabilities	867	529
Payroll Liabilities	3,561	1,737
Total Current Liabilities	32,945	15,476
<u>Net Assets</u>		
Unrestricted Net Assets		
Available for Operations	636,288	531,587
Invested in Long Term Assets	69,602	83,925
Total Unrestricted Net Assets	705,890	615,512
Temporarily Restricted Net Assets	286,592	228,915
Total Net Assets	992,482	844,427
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,025,427</b>	<b>\$ 859,903</b>

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

**American Whitewater**  
**Statement of Activities**

Year Ended December 31, 2016

(With summarized comparative totals from the prior year)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b><u>Support and Revenue</u></b>				
Membership Dues	\$ 380,316	\$ -	\$ 380,316	\$ 366,537
Grants	-	427,247	427,247	271,474
Contributions	221,397	16,079	237,476	247,527
In-Kind Contributions	189,594	-	189,594	155,669
Sponsorships/Corporate Programs	136,390	-	136,390	117,171
Events and Festivals	123,820	-	123,820	84,861
Product and Journal Sales	40,569	-	40,569	51,914
Advertising	36,440	-	36,440	44,419
Other Income	855	-	855	1,270
Investment Income	1,591	-	1,591	903
Investment Gains/(Losses)	2,222	-	2,222	(760)
Net Assets Released from Restrictions	385,649	(385,649)	-	-
<b>Total Support and Revenue</b>	<b>1,518,843</b>	<b>57,677</b>	<b>1,576,520</b>	<b>1,340,985</b>
<b><u>Expenses</u></b>				
Program Services:				
Access and Conservation	704,733	-	704,733	627,805
Public Education	423,225	-	423,225	407,763
Total Program Services	1,127,958	-	1,127,958	1,035,568
Supporting Services:				
Management and General	165,506	-	165,506	186,865
Fundraising	114,277	-	114,277	84,780
Total Supporting Services	279,783	-	279,783	271,645
<b>Total Expenses</b>	<b>1,407,741</b>	<b>-</b>	<b>1,407,741</b>	<b>1,307,213</b>
Changes in Net Assets Before Website Write-down	111,102	57,677	168,779	33,772
Website Write-down	(20,724)	-	(20,724)	(132,274)
<b>Total Change in Net Assets</b>	<b>90,378</b>	<b>57,677</b>	<b>148,055</b>	<b>(98,502)</b>
Net Assets, Beginning of Year	615,512	228,915	844,427	942,929
<b>Net Assets, End of Year</b>	<b>\$ 705,890</b>	<b>\$ 286,592</b>	<b>\$ 992,482</b>	<b>\$ 844,427</b>

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

**American Whitewater**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

(With summarized comparative totals from the prior year)

	Program Activities			Management and General	Fundraising	Total 2016	Total 2015
	Access and Conservation	Public Education	Program Expenses				
Salaries	\$ 342,011	\$ 124,610	\$ 466,621	\$ 75,482	\$ 28,961	\$ 571,064	\$ 531,822
Payroll Taxes	27,591	10,296	37,887	4,990	2,045	44,922	43,076
Retirement Benefits	36,505	18,301	54,806	10,746	2,457	68,009	50,822
<b>Total Personnel</b>	<b>406,107</b>	<b>153,207</b>	<b>559,314</b>	<b>91,218</b>	<b>33,463</b>	<b>683,995</b>	<b>625,720</b>
Bank and Credit Card Fees	368	-	368	16,003	297	16,668	13,476
Cost of Goods Sold	-	-	-	-	12,844	12,844	14,070
Depreciation Expense	268	-	268	5,301	-	5,569	3,557
Equipment Rental & Repairs	992	-	992	3,425	-	4,417	5,036
Event Expenses	343	19,607	19,950	-	21,184	41,134	23,468
Insurance Expense	5,254	693	5,947	10,201	-	16,148	19,178
Land/Access Point Improvements	16,492	-	16,492	291	1,915	18,698	6,393
Marketing and Advertising	1,150	3,060	4,210	-	150	4,360	2,491
Meeting and Conference Expenses	2,213	-	2,213	-	-	2,213	2,453
Membership Incentives	-	17,133	17,133	989	1,652	19,774	20,122
Other Expenses	6,120	500	6,620	5,035	215	11,870	13,476
Postage & Shipping	371	27,112	27,483	1,661	1,547	30,691	32,270
Printing & Reproduction	3,985	42,554	46,539	544	7	47,090	42,574
Professional Fees	80,817	82,030	162,847	10,946	14,039	187,832	178,356
Rent & Utilities	554	1,754	2,308	6,454	333	9,095	9,173
Supplies	1,628	4,083	5,711	2,219	-	7,930	8,422
Telephone & Internet Access	8,278	10,608	18,886	4,425	290	23,601	24,109
Travel & Lodging	46,056	15,334	61,390	6,232	5,917	73,539	76,967
<b>Sub-Total before In-kind Expense:</b>	<b>580,996</b>	<b>377,675</b>	<b>958,671</b>	<b>164,944</b>	<b>93,853</b>	<b>1,217,468</b>	<b>1,121,311</b>
<b>In-kind Contributions Utilized</b>							
Legal Services	112,478	-	112,478	-	-	112,478	116,535
Promotional/Educational	5,246	43,665	48,911	562	20,024	69,497	54,438
Event and Program	6,013	1,885	7,898	-	400	8,298	14,929
<b>Total Expenses</b>	<b>\$ 704,733</b>	<b>\$ 423,225</b>	<b>\$ 1,127,958</b>	<b>\$ 165,506</b>	<b>\$ 114,277</b>	<b>\$ 1,407,741</b>	<b>\$ 1,307,213</b>

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

**American Whitewater**  
**Statement of Cash Flows**  
Year Ended December 31, 2016  
(With summarized comparative totals from the prior year)

	<u>2016</u>	<u>2015</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 148,055	\$ (98,502)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation	5,569	3,557
Unrealized (Gains)/Losses	(2,222)	760
Website Write-down	20,724	132,274
(Increase)/Decrease in Operating Assets		
Accounts Receivable	4,072	(6,339)
Grants Receivable	(6,850)	(10,148)
Prepaid Expenses	(13,718)	(1,617)
Inventory	(8,971)	4,795
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	13,807	(9,416)
Deferred Revenue	1,500	(9,425)
Other Liabilities	338	(1,112)
Payroll Liabilities	1,824	(20,824)
Net Cash Provided/(Used) by Operating Activities	<u>164,128</u>	<u>(15,997)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
(Purchase)/Sale of Investments, Net	(42,108)	(42,393)
Purchase of Property and Equipment	(11,970)	(2,159)
Net Cash Used by Investing Activities	<u>(54,078)</u>	<u>(44,552)</u>
Net Change in Cash	<u>110,050</u>	<u>(60,549)</u>
Cash and Equivalents, Beginning of Year	<u>486,643</u>	<u>547,192</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 596,693</u></b>	<b><u>\$ 486,643</u></b>

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



**American Whitewater**  
**Notes to Financial Statements**  
Year Ended December 31, 2016

**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 obtained a Certificate of Authority to do business in North Carolina in 2006. The organization 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).

**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 not subject to donor-imposed restrictions and generally available for operating expenses of the organization. This class also includes net assets designated by the board of directors for particular purposes and the net assets corresponding to property and equipment assets.

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, 2016).

**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

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.”

### Contributions and Grants Receivable

Unconditional contributions and grants receivable expected to be collected within one year are recorded at net realizable value. Grants awarded but subject to conditions before being paid are not recognized in income until the conditions have been met.

### Membership Dues

American Whitewater uses memberships primarily to generate support for river stewardship. Membership dues support preservation and protection advocacy of whitewater rivers throughout the United States and connect the member interests of human-powered recreational river users with ecological and science-based data to restore and protect rivers. Membership revenue is not deferred as of year-end for partially completed membership years.

### 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.

### 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. Inventory consists primarily of products obtained as promotional gifts from sponsors.

### Lands Held for Protection

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

### Property and 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. The useful lives of fixed assets are generally five years for computer equipment and seven years for rafting and kayaking equipment. Lands held for protection are not capitalized.

### In-Kind Contributions

In-kind contributions of tangible products are recognized in income at estimated fair market value on the date of receipt. Items donated for sale or for future marketing purposes, are recorded in inventory. 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.

### Fair Value Measurements

In accordance with U.S. GAAP, American Whitewater follows “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon

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.

#### 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.

#### 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, 2016. The organization believes that it has appropriate support for tax positions taken on its 2016 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.

### **2. Cash and Cash Equivalents**

Cash and cash equivalents are as follows:

<u>As of December 31</u>	<u>2016</u>	<u>2015</u>
Operating Checking	\$ 335,311	\$ 267,906
Restricted Checking	261,382	218,737
Total Cash and Cash Equivalents	<u>\$ 596,693</u>	<u>\$ 486,643</u>

### **3. Investments**

Investments consist of the following asset classes held by investment firms:

<u>As of December 31</u>	<u>2016</u>	<u>2015</u>
Mutual Funds-Money Funds	\$ 186,578	\$ 149,546
Mutual Funds-Equities	51,477	44,179
Total Investments	<u>\$ 238,055</u>	<u>\$ 193,725</u>

### **4. Accounts and Grants Receivable**

Accounts receivable of \$13,478 consists of amounts due from journal advertisers and sponsors. Grants receivable consist of the amounts listed below. Management believes all receivables are fully collectible.

<u>Years Ended December 31</u>	<u>2016</u>	<u>2015</u>
Hydropower Reform Coalition	\$ 58,550	\$ 43,800
Oregon Natural Desert Association	2,100	10,000
Total Grants Receivable	<u>\$ 60,650</u>	<u>\$ 53,800</u>

**5. Property and Equipment**

Property and equipment consist of the following:

<u>As of December 31</u>	<u>2016</u>	<u>2015</u>
Equipment	\$ 25,381	\$ 20,422
Website Design	-	13,713
Less: Accumulated Depreciation	(14,096)	(8,527)
Property and Equipment, Net	<u>\$ 11,285</u>	<u>\$ 25,608</u>

Depreciation expense for 2016 and 2015 was \$5,569 and \$3,557.

**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>2016</u>	<u>2015</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
Total Lands Held for Preservation	<u>\$ 58,317</u>	<u>\$ 58,317</u>

**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31</u>	<u>2016</u>	<u>2015</u>
Conservation Alliance		
Colorado Region	\$ -	\$ 4,399
Wild Olympics	21,642	24,399
Hydropower Reform Coalition Projects		
National	65,371	50,334
Pooled Funds	57,364	31,639
MT Headwaters Campaign	9,685	-
Northeast: Contoocook Access	1,788	3,243
Stewardship		
California	10,724	11,393
Southeast	10,400	5,334
Colorado	-	1,494
Mid Atlantic	221	-
Midwest	150	-
Northeast	3,099	7,439
Pacific Northwest	9,553	14,004
Rockies	95,659	68,829
Upper Yough	936	1,367
Other Restricted Funds	-	5,041
Total Temporarily Restricted Net Assets	<u>\$ 286,592</u>	<u>\$ 228,915</u>

**8. Lease Commitments**

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

**9. Deferred Revenue**

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

**10. Benefit Plan**

American Whitewater has a benefit plan that provides 403(b) retirement plan contributions. Retirement contribution expense for the year ended December 31, 2016 and 2015 was \$68,009 and \$50,822.

**11. In-Kind Contributions**

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

<u>For the Year ended December 31</u>	<u>2016</u>	<u>2015</u>
Legal Services - Access and Conservation	\$ 150,670	\$ 116,535
Promotional/Educational Products	12,906	7,234
Program Services	26,018	31,900
Total In-Kind Contributions	<u>\$ 189,594</u>	<u>\$ 155,669</u>

**12. Fair Value Measurements**

Fair Values of assets measured on a recurring basis at December 31, 2016 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices</u>		
		<u>In Active</u>	<u>Significant</u>	<u>Significant</u>
		<u>Markets for</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Identical</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>
<u>As of December 31:</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money Market Fund:	\$ 186,578	\$ 186,578	\$ -	\$ -
Mutual Funds	51,477	51,477	-	-
Total	<u>\$ 238,055</u>	<u>\$ 238,055</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. Website Write-down**

In 2014, American Whitewater entered arbitration with a vendor over non-performance related to the construction of a new website for the organization. During 2015, arbitration was finalized and denied. The comparative 2015 statement of activities reflects a \$132,274 write-down, from a total of \$145,987, in website development costs. In 2016, the remaining website book value of \$20,274 was written off and is reflected on the statement of activities.

**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, 2015 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 23, 2017, which is the date the financial statements were available to be issued.