

AMERICAN WHITEWATER
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018



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, 2018, 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, 2018, 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 2017 financial statements of American Whitewater, and our report dated May 17, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina

June 3, 2019

American Whitewater
Statement of Financial Position

As of December 31, 2018

(With summarized comparative totals as of December 31, 2017)

	2018	2017
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 1,094,708	\$ 683,257
Accounts Receivable	9,075	8,530
Grants Receivable	92,376	105,926
Investments	532,959	290,206
Prepaid Expenses	18,761	12,955
Inventory	7,125	13,209
Total Current Assets	1,755,004	1,114,083
<u>Long-Term Assets</u>		
Property and Equipment, Net	9,524	12,702
Lands Held for Protection	58,317	58,317
Total Long Term Assets	67,841	71,019
Total Assets	\$ 1,822,845	\$ 1,185,102
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 30,501	\$ 23,838
Deferred Revenue	382,606	1,500
Payroll Liabilities	33,187	63,345
Total Current Liabilities	446,294	88,683
<u>Net Assets</u>		
Without Donor Restrictions	879,523	763,055
With Donor Restrictions	497,028	333,364
Total Net Assets	1,376,551	1,096,419
Total Liabilities and Net Assets	\$ 1,822,845	\$ 1,185,102

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

American Whitewater
Statement of Activities
Year Ended December 31, 2018

(With summarized comparative totals from the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support and Revenue				
Membership Dues	\$ 416,365	\$ -	\$ 416,365	\$ 415,254
Grants	-	354,274	354,274	399,499
Contributions	328,172	274,617	602,789	300,431
In-Kind Contributions	70,350	-	70,350	84,015
Sponsorships/Corporate Programs	158,752	-	158,752	129,427
Events and Festivals	120,868	-	120,868	119,782
Product and Journal Sales	23,194	-	23,194	22,977
Advertising	5,905	-	5,905	20,885
Other Income	1,844	-	1,844	628
Investment Income	12,593	-	12,593	2,317
Investment Gains/(Losses)	(2,490)	(13,643)	(16,133)	4,377
Net Assets Released from Restrictions	451,584	(451,584)	-	-
Total Support and Revenue	1,587,137	163,664	1,750,801	1,499,592
Expenses				
Program Services:				
Access and Conservation	643,057	-	643,057	669,392
Public Education	575,512	-	575,512	500,159
Total Program Services	1,218,569	-	1,218,569	1,169,551
Supporting Services:				
Management and General	174,133	-	174,133	176,522
Fundraising	77,967	-	77,967	49,582
Total Supporting Services	252,100	-	252,100	226,104
Total Expenses	1,470,669	-	1,470,669	1,395,655
Changes in Net Assets	116,468	163,664	280,132	103,937
Net Assets, Beginning of Year	763,055	333,364	1,096,419	992,482
Net Assets, End of Year	\$ 879,523	\$ 497,028	\$ 1,376,551	\$ 1,096,419

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

American Whitewater
Statement of Functional Expenses
Year Ended December 31, 2018

(With summarized comparative totals from the prior year)

	Program Activities			Supporting Services		Total 2018	Total 2017
	Access and Conservation	Public Education	Program Expenses	Management and General	Fundraising		
Salaries	\$ 368,866	\$ 238,268	\$ 607,134	\$ 70,403	\$ 16,851	\$ 694,388	\$ 692,358
Payroll Taxes	29,669	18,343	48,012	5,253	1,319	54,584	52,755
Retirement Benefits	35,404	25,191	60,595	9,373	1,114	71,082	71,140
Total Personnel	433,939	281,802	715,741	85,029	19,284	820,054	816,253
Bank and Credit Card Fees	-	-	-	20,914	-	20,914	16,848
Cost of Goods Sold	-	-	-	-	16,164	16,164	13,302
Depreciation Expense	-	-	-	5,103	-	5,103	4,449
Equipment Rental & Repairs	-	-	-	2,625	-	2,625	1,865
Event Expenses	15,734	22,937	38,671	2,511	8,822	50,004	42,652
Insurance Expense	4,461	882	5,343	11,011	-	16,354	14,992
Land/Access Point Improvements	7,718	-	7,718	351	-	8,069	3,686
Marketing and Advertising	2,644	1,824	4,468	-	2,500	6,968	8,105
Meeting and Conference Expenses	1,785	-	1,785	-	-	1,785	1,706
Membership Incentives	-	21,988	21,988	2,873	-	24,861	24,540
Other Expenses	7,950	515	8,465	10,334	2,368	21,167	15,870
Postage & Shipping	506	24,310	24,816	1,874	4,157	30,847	33,807
Printing & Reproduction	331	39,166	39,497	1,048	1,275	41,820	39,544
Professional Fees	72,256	114,607	186,863	12,709	11,148	210,720	158,252
Rent & Utilities	1,400	3,082	4,482	6,152	732	11,366	9,163
Supplies	1,817	4,875	6,692	2,585	-	9,277	9,430
Telephone & Internet Access	12,166	10,903	23,069	4,252	36	27,357	23,677
Travel & Lodging	41,933	25,150	67,083	4,762	3,019	74,864	72,750
Sub-Total before In-kind Expenses	604,640	552,041	1,156,681	174,133	69,505	1,400,319	1,310,891
In-kind Contributions Utilized							
Professional Services	38,417	-	38,417	-	-	38,417	44,158
Promotional/Educational	-	22,571	22,571	-	-	22,571	35,393
Event and Program Items	-	900	900	-	8,462	9,362	5,213
Total Expenses	\$ 643,057	\$ 575,512	\$ 1,218,569	\$ 174,133	\$ 77,967	\$ 1,470,669	\$ 1,395,655

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

American Whitewater
Statement of Cash Flows
Year Ended December 31, 2018

(With summarized comparative totals from the prior year)

	2018	2017
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 280,132	\$ 103,937
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation	5,103	4,449
Investment (Gains)/Losses	16,133	(4,377)
(Increase)/Decrease in Operating Assets		
Accounts Receivable	(545)	4,948
Grants Receivable	13,550	(45,276)
Prepaid Expenses	(5,806)	16,385
Inventory	6,084	4,400
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	6,663	(4,046)
Deferred Revenue	381,106	-
Payroll Liabilities	(30,158)	59,784
Net Cash Provided by Operating Activities	672,262	140,204
<u>Cash Flows from Investing Activities</u>		
(Purchase)/Sale of Investments, Net	(258,886)	(47,774)
Purchase of Property and Equipment	(1,925)	(5,866)
Net Cash Used by Investing Activities	(260,811)	(53,640)
Net Change in Cash	411,451	86,564
Cash and Equivalents, Beginning of Year	683,257	596,693
Cash and Equivalents, End of Year	\$ 1,094,708	\$ 683,257

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

American Whitewater
Notes to Financial Statements
Year Ended December 31, 2018

1. Description of the Organization, Corporate and Tax-Exempt Status

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 area is river stewardship. Elements of river stewardship include; environmental conservation, river access, safety of recreational users and public education.

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).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor- imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial assets that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at fair value on the statement of financial position with realized and unrealized gains and losses reflected on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, the organization follows "Fair Value Measurements." This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. 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.

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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program services fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially 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.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as "Net Assets Released from Restrictions."

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require managements allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on time and effort.

Income Taxes/Uncertain Tax Positions

The organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. American Whitewater had income from unrelated business activities in 2018 and was required to file Federal Form 990-T (Exempt Organization Business Income Tax Return) resulting in no tax due. The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. American Whitewater has implemented ASU 2016-14 and the presentation of these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2017, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account. Occasionally, the Board may designate a portion of operating surplus to its operating reserve.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Financial Assets at year end:		
Cash and Equivalents	\$ 1,094,708	\$ 683,257
Accounts Receivable	9,075	8,530
Grants Receivable	92,376	105,926
Investments	532,959	290,206
Total Financial Assets	<u>1,729,118</u>	<u>1,087,919</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	497,028	333,364
Less net assets with purpose restrictions to be met in less than a year	<u>(244,260)</u>	<u>(244,382)</u>
Total not available to be used in one year	<u>252,768</u>	<u>88,982</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,476,350</u>	<u>\$ 998,937</u>

American Whitewater's goal is generally to maintain financial assets to meet a minimum of 90 days of essential operating expenses (approximately \$345,300).

4. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

<u>As of December 31</u>	<u>2018</u>	<u>2017</u>
Operating Checking	\$ 478,524	\$ 426,566
Restricted Checking	616,184	256,691
Total Cash and Cash Equivalents	<u>\$ 1,094,708</u>	<u>\$ 683,257</u>

5. Investments

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

<u>As of December 31</u>	<u>2018</u>	<u>2017</u>
Mutual Funds-Money Funds	\$ 329,432	\$ 286,938
Mutual Funds-Bonds	53,842	-
Mutual Funds-Equities	149,685	3,268
Total Investments	<u>\$ 532,959</u>	<u>\$ 290,206</u>

6. Accounts and Grants Receivable

Accounts receivable of \$9,075 consists of membership pledges, 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>2018</u>	<u>2017</u>
Hydropower Reform Coalition	\$ 52,050	\$ 64,000
Colorado Water Conservation Board	36,244	39,200
United States Coast Guard	4,082	2,726
Total Grants Receivable	<u>\$ 92,376</u>	<u>\$ 105,926</u>

7. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31</u>	<u>2018</u>	<u>2017</u>
Property and Equipment	\$ 33,172	\$ 31,247
Less: Accumulated Depreciation	(23,648)	(18,545)
Property and Equipment, Net	<u>\$ 9,524</u>	<u>\$ 12,702</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$5,103 and \$4,449, respectively.

8. 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>2018</u>	<u>2017</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>

9. In-Kind Contributions

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

<u>For the Year ended December 31</u>	<u>2018</u>	<u>2017</u>
Legal Services - Access and Conservation	\$ 38,417	\$ 43,409
Promotional/Educational Products	22,571	35,393
Event and Program Services	9,362	5,213
Total In-Kind Contributions	<u>\$ 70,350</u>	<u>\$ 84,015</u>

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31</u>	<u>2018</u>	<u>2017</u>
Conservation Alliance Wild Olympics	\$ 6,333	\$ 34,393
Hydropower Reform Coalition Projects		
National	65,380	64,000
Pooled Funds	13,398	21,519
Mid Atlantic: Eckert's Bridge	5,000	-
MT Headwaters Campaign	5,118	12,258
Northeast: Contocook Access	1,083	1,788
Outdoor Alliance Monument Defense	278	1,167
Stewardship		
California	36,794	14,008
Southeast	747	915
Midwest	270	220
National	16,819	-
Northeast	5,150	4,229
Pacific Northwest	32,700	21,965
Rockies	102,194	156,255
Upper Yough	2,193	523
Safety and Education Outreach Fund	203,571	-
Other Restricted Funds	-	124
Total net assets with donor restriction	<u>\$ 497,028</u>	<u>\$ 333,364</u>

11. Lease Commitments

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

12. Benefit Plan

American Whitewater has a benefit plan that provides 403(b) retirement plan contributions. Retirement contribution expense for the year ended December 31, 2018 and 2017 was \$71,082 and \$71,140.

13. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2018 are as follows:

<u>As of December 31:</u>	<u>Fair Value</u>	<u>Fair Value Measurements at</u>		
		<u>Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds-Money Funds	\$ 329,432	\$ 329,432	\$ -	\$ -
Mutual Funds-Bonds	53,842	53,842	-	-
Mutual Funds-Equities	149,685	149,685	-	-
Total	<u>\$ 532,959</u>	<u>\$ 532,959</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.

14. Subsequent Events

Subsequent events have been evaluated through June 3, 2019, which is the date the financial statements were available to be issued.