

AMERICAN WHITEWATER
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015



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, 2015, 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, 2015, 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 2014 financial statements of American Whitewater, and our report dated May 26, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
May 20, 2016

American Whitewater
Statement of Financial Position

As of December 31, 2015

(With summarized comparative totals as of December 31, 2014)

	2015	2014
Assets		
<u>Current Assets</u>		
Cash and Equivalents	\$ 486,643	\$ 547,192
Accounts Receivable	17,550	11,211
Grants Receivable	53,800	43,652
Investments	193,725	151,668
Prepaid Expenses	15,622	14,005
Inventory	8,638	13,433
Total Current Assets	<u>775,978</u>	<u>781,161</u>
<u>Long-Term Assets</u>		
Lands Held for Protection	58,317	58,317
Property and Equipment, Net	25,608	159,704
Total Long Term Assets	<u>83,925</u>	<u>218,021</u>
Total Assets	<u>859,903</u>	<u>999,182</u>
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts Payable	13,210	22,626
Deferred Revenue	-	9,425
Other Liabilities	529	1,641
Payroll Liabilities	1,737	22,561
Total Current Liabilities	<u>15,476</u>	<u>56,253</u>
<u>Net Assets</u>		
Unrestricted Net Assets		
Available for Operations	531,587	401,206
Invested in Long Term Assets	83,925	218,021
Total Unrestricted Net Assets	<u>615,512</u>	<u>619,227</u>
Temporarily Restricted Net Assets	228,915	323,702
Total Net Assets	<u>844,427</u>	<u>942,929</u>
Total Liabilities and Net Assets	<u>\$ 859,903</u>	<u>\$ 999,182</u>

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

American Whitewater

Statement of Activities

Year Ended December 31, 2015

(With summarized comparative totals from the prior year)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Revenue and Support				
Membership Dues	\$ 366,537	\$ -	\$ 366,537	\$ 358,508
Grants	-	271,474	271,474	463,272
Contributions	185,458	62,069	247,527	213,847
In-Kind Contributions	180,740	-	180,740	235,847
Sponsorships/Corporate Programs	117,171	-	117,171	83,120
Events and Festivals	84,861	-	84,861	86,440
Product and Journal Sales	51,914	-	51,914	52,667
Advertising	44,419	-	44,419	36,584
Other Income	1,270	-	1,270	1,022
Investment Income	903	-	903	973
Investment Gains/(Losses)	(760)	-	(760)	2,648
Net Assets Released from Restriction	428,330	(428,330)	-	-
Total Revenue and Support	1,460,843	(94,787)	1,366,056	1,534,928
Expenses				
Program Services:				
Access and Conservation	627,805	-	627,805	860,774
Public Education	407,763	-	407,763	410,164
Total Program Services	1,035,568	-	1,035,568	1,270,938
Supporting Services:				
Management and General	186,865	-	186,865	134,603
Fundraising	109,851	-	109,851	122,939
Total Supporting Services	296,716	-	296,716	257,542
Total Expenses	1,332,284	-	1,332,284	1,528,480
Change in Net Assets				
Before Gains/(Losses)	128,559	(94,787)	33,772	6,448
Website Write-down (Note 5)	(132,274)	-	(132,274)	-
Total Change in Net Assets	(3,715)	(94,787)	(98,502)	6,448
Net Assets, Beginning of Year	619,227	323,702	942,929	936,481
Net Assets, End of Year	\$ 615,512	\$ 228,915	\$ 844,427	\$ 942,929

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

American Whitewater
Statement of Functional Expenses

Year Ended December 31, 2015

(With summarized comparative totals from the prior year)

	Program Activities						
	Access and Conservation	Public Education	Total Program Expenses	Management and General	Fundraising	Total 2015	Total 2014
Salaries	\$ 307,114	\$ 123,435	\$ 430,549	\$ 83,056	\$ 18,217	\$ 531,822	\$ 527,221
Payroll Taxes	25,254	9,855	35,109	6,515	1,452	43,076	42,521
Retirement Benefits	28,956	12,430	41,386	8,286	1,150	50,822	49,199
Total Personnel	361,324	145,720	507,044	97,857	20,819	625,720	618,941
Bank and Credit Card Fees	205	-	205	12,990	281	13,476	16,316
Cost of Goods Sold	-	1,875	1,875	1,225	36,040	39,140	44,530
Depreciation Expense	-	-	-	3,557	-	3,557	3,918
Equipment Rental & Repairs	4,002	480	4,482	554	-	5,036	2,079
Grant Disbursements	-	-	-	-	-	-	192,000
Insurance Expense	4,911	627	5,538	13,640	-	19,178	20,183
Land Maintenance & Improvement	4,040	-	4,040	668	1,685	6,393	8,024
Marketing and Advertising	1,970	34,238	36,208	-	1,681	37,889	24,411
Meeting and Conference Expenses	2,418	-	2,418	-	35	2,453	2,204
Membership Incentives	-	26,776	26,776	-	1,189	27,965	25,233
Other Expenses	6,208	140	6,348	4,821	1,084	12,253	13,342
Postage & Shipping	6,458	26,732	33,190	2,530	2,800	38,520	37,676
Printing & Reproduction	1,352	39,936	41,288	689	597	42,574	42,546
Professional Fees	167,385	92,884	260,269	29,666	12,103	302,038	323,653
Program Event Expenses	202	4,611	4,813	788	20,342	25,943	36,134
Rent & Utilities	1,078	1,248	2,326	6,271	576	9,173	9,442
Supplies	2,776	4,119	6,895	1,542	-	8,437	6,846
Telephone & Internet Access	8,515	10,580	19,095	6,251	294	25,640	24,941
Travel & Lodging	49,305	15,727	65,032	3,816	8,292	77,140	63,045
Volunteer Rewards	5,656	2,070	7,726	-	2,033	9,759	13,016
Total Expenses	\$ 627,805	\$ 407,763	\$ 1,035,568	\$ 186,865	\$ 109,851	\$ 1,332,284	\$ 1,528,480

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

American Whitewater
Statement of Cash Flows
Year Ended December 31, 2015
(With summarized comparative totals from the prior year)

	2015	2014
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ (98,502)	\$ 6,448
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation	3,557	3,918
Unrealized (Gains)/Losses	760	(2,648)
Website Write-down (Note 5)	132,274	-
(Increase)/Decrease in Operating Assets		
Accounts Receivable	(6,339)	(438)
Grants Receivable	(10,148)	70
Prepaid Expenses	(1,617)	4,693
Inventory	4,795	18,628
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(9,416)	(8,739)
Deferred Revenue	(9,425)	7,075
Other Liabilities	(1,112)	156
Payroll Liabilities	(20,824)	(1,981)
Net Cash Provided/(Used) by Operating Activities	<u>(15,997)</u>	<u>27,182</u>
<u>Cash Flows from Investing Activities</u>		
(Purchase)/Sale of Investments, Net	(42,393)	49,984
Purchase of Property and Equipment	(2,159)	(41,750)
Net Cash Provided/(Used) by Investing Activities	<u>(44,552)</u>	<u>8,234</u>
Net Change in Cash	<u>(60,549)</u>	<u>35,416</u>
Cash and Equivalents, Beginning of Year	<u>547,192</u>	<u>511,776</u>
Cash and Equivalents, End of Year	<u>\$ 486,643</u>	<u>\$ 547,192</u>

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

American Whitewater
Notes to Financial Statements
Year Ended December 31, 2015

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 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, 2015).

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 that are expected to be collected within one year are recorded at net realizable value.

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.

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 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.

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.

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, 2015. The organization believes that it has appropriate support for tax positions taken on its 2015 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>2015</u>	<u>2014</u>
Operating Checking	\$ 267,906	\$ 243,093
Restricted Checking	218,737	304,099
Total Cash and Cash Equivalents	<u>\$ 486,643</u>	<u>\$ 547,192</u>

3. Investments

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

<u>As of December 31</u>	<u>2015</u>	<u>2014</u>
Money Market Mutual Funds	\$ 147,548	\$ 104,919
Mutual Funds	46,177	46,749
Total Investments	<u>\$ 193,725</u>	<u>\$ 151,668</u>

4. Property and Equipment

Property and Equipment consist of the following:

<u>As of December 31</u>	<u>2015</u>	<u>2014</u>
Equipment	\$ 20,422	\$ 23,709
Website Design - In Process	13,713	145,987
Less: Accumulated Depreciation	(8,527)	(9,992)
Property and Equipment, Net	<u>\$ 25,608</u>	<u>\$ 159,704</u>

Depreciation expense for 2015 and 2014 was \$3,557 and \$3,918 respectively.

5. Website Write-down

The 2015 statement of activities reflects a \$132,274 net realizable write-down, from a total of \$145,987, in website development costs. In 2014, American Whitewater entered into arbitration with a vendor over the non-performance related to the construction of a new website for the organization. During 2015, arbitration was finalized and denied.

6. Accounts and Grants Receivable

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

Grants receivable consist of the following amounts due from foundations:

<u>Years Ended December 31</u>	2015	2014
Hydropower Reform Coalition	\$ 43,800	\$ 43,652
Oregon Natural Desert Association	10,000	-
Total Grants Receivable	<u>\$ 53,800</u>	<u>\$ 43,652</u>

7. 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>	2015	2014
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>

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 ending December 31, 2015 and 2014 is \$50,822 and \$49,199, respectively.

11. In-Kind Contributions

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

<u>For the Year ended December 31</u>	2015	2014
Legal Services - Access and Conservation	\$ 116,535	\$ 169,942
Promotional/Educational Products	32,305	41,179
Program Services	31,900	24,726
Total In-Kind Contributions	<u>\$ 180,740</u>	<u>\$ 235,847</u>

12. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31</u>	<u>2015</u>	<u>2014</u>
Conservation Alliance		
Colorado Region	\$ 4,399	\$ 10,100
Wild Olympics	24,399	44,849
California:RLF	-	17,339
CO Basin	-	86,370
Hydropower Reform Coalition Projects		
National	50,334	50,568
Pooled Funds	31,639	32,196
MT Headwaters Campaign	-	10,653
Northeast: Contoocook Access	3,243	3,843
Stewardship		
California	11,393	594
Southeast	5,334	5,251
Colorado	1,494	-
New York	-	1,078
Mid Atlantic	-	2,412
Northeast	7,439	30,383
Pacific Northwest	14,004	9,736
Rockies	68,829	10,224
Upper Yough	1,367	2,009
Other Restricted Funds	5,041	6,097
Total Temporarily Restricted Net Assets	<u>\$ 228,915</u>	<u>\$ 323,702</u>

13. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2015 are as follows:

<u>Fair Value Measurements at Reporting Date Using</u>				
<u>As of December 31:</u>	<u>Fair Value</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>
Money Market Fund:	\$ 147,548	\$ 147,548	\$ -	\$ -
Mutual Funds	46,177	46,177	-	-
Total	<u>\$ 193,725</u>	<u>\$ 193,725</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. Grant Disbursements

In the prior year, American Whitewater received a grant in the amount of \$200,000 from a foundation and subsequently disbursed \$192,000 of these funds for a special project grant for the project entitled “Grasstops Program,” in accordance with the grant proposal.

15. 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, 2014 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.

16. Subsequent Events

Subsequent events have been evaluated through May 20, 2016, which is the date the financial statements were available to be issued.