

**AMERICAN WHITEWATER**  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017



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, 2017, 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, 2017, 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 2016 financial statements of American Whitewater, and our report dated May 23, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Salaman, PLLC*

Asheville, North Carolina  
May 17, 2018

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

As of December 31, 2017

(With summarized comparative totals as of December 31, 2016)

	<b>2017</b>	<b>2016</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Equivalents	\$ 683,257	\$ 596,693
Accounts Receivable	8,530	13,478
Grants Receivable	105,926	60,650
Investments	290,206	238,055
Prepaid Expenses	12,955	29,340
Inventory	13,209	17,609
<b>Total Current Assets</b>	<b>1,114,083</b>	<b>955,825</b>
<b><u>Long-Term Assets</u></b>		
Property and Equipment, Net	12,702	11,285
Lands Held for Protection	58,317	58,317
<b>Total Long Term Assets</b>	<b>71,019</b>	<b>69,602</b>
<b>Total Assets</b>	<b>\$ 1,185,102</b>	<b>\$ 1,025,427</b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 23,327	\$ 27,017
Deferred Revenue	1,500	1,500
Other Liabilities	511	867
Payroll Liabilities	63,345	3,561
<b>Total Current Liabilities</b>	<b>88,683</b>	<b>32,945</b>
<b><u>Net Assets</u></b>		
<b>Unrestricted Net Assets</b>		
Available for Operations	692,036	636,288
Invested in Long Term Assets	71,019	69,602
<b>Total Unrestricted Net Assets</b>	<b>763,055</b>	<b>705,890</b>
Temporarily Restricted Net Assets	333,364	286,592
<b>Total Net Assets</b>	<b>1,096,419</b>	<b>992,482</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,185,102</b>	<b>\$ 1,025,427</b>

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

**American Whitewater**  
**Statement of Activities**  
Year Ended December 31, 2017

(With summarized comparative totals from the prior year)

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b><u>Support and Revenue</u></b>				
Membership Dues	\$ 415,254	\$ -	\$ 415,254	\$ 380,316
Grants	-	399,499	399,499	427,247
Contributions	281,486	18,945	300,431	237,476
In-Kind Contributions	84,015	-	84,015	189,594
Sponsorships/Corporate Programs	129,427	-	129,427	136,390
Events and Festivals	119,782	-	119,782	123,820
Product and Journal Sales	22,977	-	22,977	40,569
Advertising	20,885	-	20,885	36,440
Other Income	628	-	628	855
Investment Income	2,317	-	2,317	1,591
Investment Gains/(Losses)	4,377	-	4,377	2,222
Net Assets Released from Restrictions	371,672	(371,672)	-	-
<b>Total Support and Revenue</b>	<b>1,452,820</b>	<b>46,772</b>	<b>1,499,592</b>	<b>1,576,520</b>
<b><u>Expenses</u></b>				
Program Services:				
Access and Conservation	669,392	-	669,392	704,733
Public Education	500,159	-	500,159	423,225
Total Program Services	1,169,551	-	1,169,551	1,127,958
Supporting Services:				
Management and General	176,522	-	176,522	165,506
Fundraising	49,582	-	49,582	114,277
Total Supporting Services	226,104	-	226,104	279,783
<b>Total Expenses</b>	<b>1,395,655</b>	<b>-</b>	<b>1,395,655</b>	<b>1,407,741</b>
Changes in Net Assets				
Before Website Write-down	57,165	46,772	103,937	168,779
Website Write-down	-	-	-	(20,724)
<b>Total Change in Net Assets</b>	<b>57,165</b>	<b>46,772</b>	<b>103,937</b>	<b>148,055</b>
Net Assets, Beginning of Year	705,890	286,592	992,482	844,427
<b>Net Assets, End of Year</b>	<b>\$ 763,055</b>	<b>\$ 333,364</b>	<b>\$ 1,096,419</b>	<b>\$ 992,482</b>

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

**American Whitewater**  
**Statement of Functional Expenses**  
Year Ended December 31, 2017

(With summarized comparative totals from the prior year)

	<b>Program Activities</b>			<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>Access and Conservation</b>	<b>Public Education</b>	<b>Program Expenses</b>				
Salaries	\$ 402,178	\$ 192,776	\$ 594,954	\$ 79,781	\$ 17,623	\$ 692,358	\$ 571,064
Payroll Taxes	31,676	14,184	45,860	5,502	1,393	52,755	44,922
Retirement Benefits	40,597	20,469	61,066	9,136	938	71,140	68,009
Total Personnel	<u>474,451</u>	<u>227,429</u>	<u>701,880</u>	<u>94,419</u>	<u>19,954</u>	<u>816,253</u>	<u>683,995</u>
Bank and Credit Card Fees	196	41	237	16,392	219	16,848	16,668
Cost of Goods Sold	-	-	-	-	13,302	13,302	12,844
Depreciation Expense	-	-	-	4,449	-	4,449	5,569
Equipment Rental & Repairs	115	913	1,028	837	-	1,865	4,417
Event Expenses	2,270	28,535	30,805	7,998	3,849	42,652	41,134
Insurance Expense	5,400	756	6,156	8,836	-	14,992	16,148
Land/Access Point Improvements	3,437	249	3,686	-	-	3,686	18,698
Marketing and Advertising	-	4,850	4,850	-	3,255	8,105	4,360
Meeting and Conference Expenses	1,107	599	1,706	-	-	1,706	2,213
Membership Incentives	-	23,827	23,827	713	-	24,540	19,774
Other Expenses	7,775	1,884	9,659	6,211	-	15,870	11,870
Postage & Shipping	286	29,443	29,729	2,695	1,383	33,807	30,691
Printing & Reproduction	469	39,048	39,517	27	-	39,544	47,090
Professional Fees	74,130	65,714	139,844	12,465	5,943	158,252	187,832
Rent & Utilities	264	1,232	1,496	7,223	444	9,163	9,095
Supplies	1,391	3,935	5,326	4,068	36	9,430	7,930
Telephone & Internet Access	8,146	11,053	19,199	4,455	23	23,677	23,601
Travel & Lodging	43,146	24,443	67,589	4,852	309	72,750	73,539
Sub-Total before In-kind Expenses	<u>622,583</u>	<u>463,951</u>	<u>1,086,534</u>	<u>175,640</u>	<u>48,717</u>	<u>1,310,891</u>	<u>1,217,468</u>
In-kind Contributions Utilized							
Legal Services	44,158	-	44,158	-	-	44,158	112,478
Promotional/Educational	-	35,393	35,393	-	-	35,393	69,497
Event and Program Items	2,651	815	3,466	882	865	5,213	8,298
<b>Total Expenses</b>	<u>\$ 669,392</u>	<u>\$ 500,159</u>	<u>\$ 1,169,551</u>	<u>\$ 176,522</u>	<u>\$ 49,582</u>	<u>\$ 1,395,655</u>	<u>\$ 1,407,741</u>

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

**American Whitewater**  
**Statement of Cash Flows**  
Year Ended December 31, 2017

(With summarized comparative totals from the prior year)

	<b>2017</b>	<b>2016</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 103,937	\$ 148,055
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation	4,449	5,569
Investment (Gains)/Losses	(4,377)	(2,222)
Website Write-down	-	20,724
(Increase)/Decrease in Operating Assets		
Accounts Receivable	4,948	4,072
Grants Receivable	(45,276)	(6,850)
Prepaid Expenses	16,385	(13,718)
Inventory	4,400	(8,971)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(3,690)	13,807
Deferred Revenue	-	1,500
Other Liabilities	(356)	338
Payroll Liabilities	59,784	1,824
Net Cash Provided by Operating Activities	140,204	164,128
<b><u>Cash Flows from Investing Activities</u></b>		
(Purchase)/Sale of Investments, Net	(47,774)	(42,108)
Purchase of Property and Equipment	(5,866)	(11,970)
Net Cash Used by Investing Activities	(53,640)	(54,078)
Net Change in Cash	86,564	110,050
Cash and Equivalents, Beginning of Year	596,693	486,643
<b>Cash and Equivalents, End of Year</b>	<b>\$ 683,257</b>	<b>\$ 596,693</b>

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



**American Whitewater**  
Notes to Financial Statements  
Year Ended December 31, 2017

**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 area is river stewardship. Elements of river stewardship include; 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, 2017).

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, 2017. The organization believes that it has appropriate support for tax positions taken on its 2017 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>2017</u>	<u>2016</u>
Operating Checking	\$ 426,566	\$ 335,311
Restricted Checking	256,691	261,382
Total Cash and Cash Equivalents	<u>\$ 683,257</u>	<u>\$ 596,693</u>

## 3. Investments

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

<u>As of December 31</u>	<u>2017</u>	<u>2016</u>
Mutual Funds-Money Funds	\$ 286,938	\$ 186,578
Mutual Funds-Equities	3,268	51,477
Total Investments	<u>\$ 290,206</u>	<u>\$ 238,055</u>

## 4. Accounts and Grants Receivable

Accounts receivable of \$8,530 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>2017</u>	<u>2016</u>
Hydropower Reform Coalition	\$ 64,000	\$ 58,550
Colorado Water Conservation Board	39,200	-
United States Coast Guard	2,726	-
Oregon Natural Desert Association	-	2,100
Total Grants Receivable	<u>\$ 105,926</u>	<u>\$ 60,650</u>

**5. Property and Equipment**

Property and equipment consists of the following:

<u>As of December 31</u>	<u>2017</u>	<u>2016</u>
Equipment	\$ 31,247	\$ 25,381
Less: Accumulated Depreciation	(18,545)	(14,096)
Property and Equipment, Net	<u>\$ 12,702</u>	<u>\$ 11,285</u>

Depreciation expense for 2017 and 2016 was \$4,449 and \$5,569, respectively.

**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>2017</u>	<u>2016</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>2017</u>	<u>2016</u>
Conservation Alliance Wild Olympics	\$ 34,393	\$ 21,642
Hydropower Reform Coalition Projects		
National	64,000	65,371
Pooled Funds	21,519	57,364
MT Headwaters Campaign	12,258	9,685
Northeast: Contoocook Access	1,788	1,788
Outdoor Alliance Monument Defense Stewardship	1,167	-
California	14,008	10,724
Southeast	915	10,400
Mid Atlantic	-	221
Midwest	220	150
Northeast	4,229	3,099
Pacific Northwest	21,965	9,553
Rockies	156,255	95,659
Upper Yough	523	936
Other Restricted Funds	124	-
Total Temporarily Restricted Net Assets	<u>\$ 333,364</u>	<u>\$ 286,592</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, 2017 and 2016 was \$71,140 and \$68,009.

**11. In-Kind Contributions**

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

<u>For the Year ended December 31</u>	<u>2017</u>	<u>2016</u>
Legal Services - Access and Conservation	\$ 43,409	\$ 150,670
Promotional/Educational Products	35,393	12,906
Event and Program Services	5,213	26,018
Total In-Kind Contributions	<u>\$ 84,015</u>	<u>\$ 189,594</u>

**12. Fair Value Measurements**

Fair Values of assets measured on a recurring basis at December 31, 2017 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>As of December 31:</u>	<u>Fair Value</u>			
Money Market Funds	\$ 286,938	\$ 286,938	\$ -	\$ -
Mutual Funds	3,268	3,268	-	-
Total	<u>\$ 290,206</u>	<u>\$ 290,206</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 2016, the organization discontinued use of work performed on its website and the book value of \$20,274 was written off and is reflected on the statement of activities as another change in Net Assets titled Website Write-down.

**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, 2016 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 17, 2018, which is the date the financial statements were available to be issued.