

AMERICAN WHITEWATER
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

American Whitewater

Table of Contents

Year Ended December 31, 2020

Independent Auditor's Report.....	1 - 2
Financial Statements:	
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Functional Expenses</i>	5
<i>Statement of Cash Flows</i>	6
Financial Statement Disclosures	7 - 12



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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related financial statement disclosures.

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, 2020, 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 2019 financial statements of American Whitewater, and our report dated May 28, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
June 24, 2021

American Whitewater
Statement of Financial Position
As of December 31, 2020

(With summarized comparative totals as of December 31, 2019)

	2020	2019
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 863,567	\$ 961,542
Accounts Receivable	7,739	59,937
Grants Receivable	33,633	30,714
Investments	924,707	624,442
Prepaid Expenses	35,255	24,987
Intangible Assets	5,004	-
Inventory	14,408	8,100
Total Current Assets	1,884,313	1,709,722
<u>Long-Term Assets</u>		
Property and Equipment, Net	96,484	16,178
Lands Held for Protection	58,317	58,317
Total Long Term Assets	154,801	74,495
Total Assets	\$ 2,039,114	\$ 1,784,217
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 34,110	\$ 19,641
Deferred Revenue	185,925	199,436
Note Payable (PPP Loan)	171,700	-
Payroll Liabilities	48,382	44,132
Total Current Liabilities	440,117	263,209
<u>Net Assets</u>		
Available for Operations	-	-
Invested in Long Term Assets	-	-
Board Designated	-	-
Without Donor Restrictions	1,217,430	1,094,431
With Donor Restrictions	381,567	426,577
Total Net Assets	1,598,997	1,521,008
Total Liabilities and Net Assets	\$ 2,039,114	\$ 1,784,217

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

American Whitewater

Statement of Activities

Year Ended December 31, 2020

(With summarized comparative totals from the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Membership Dues	\$ 518,525	\$ -	\$ 518,525	\$ 419,713
Grants	52,909	621,034	673,943	540,932
Contributions	341,405	56,263	397,668	448,867
In-Kind Contributions	58,096	-	58,096	58,346
Sponsorships/Corporate Programs	124,062	-	124,062	109,633
Events and Festivals	-	-	-	151,184
Product and Journal Sales	14,077	-	14,077	24,754
Advertising	650	-	650	4,176
Other Income	1,065	-	1,065	1,013
Investment Income	1,671	4,498	6,169	14,398
Investment Gains	-	6,918	6,918	40,704
Net Assets Released from Restrictions	733,723	(733,723)	-	-
Total Support and Revenue	1,846,183	(45,010)	1,801,173	1,813,720
Expenses				
Program Expenses	1,510,135	-	1,510,135	1,355,681
Management and General	198,144	-	198,144	210,129
Fundraising	14,905	-	14,905	103,453
Total Expenses	1,723,184	-	1,723,184	1,669,263
Changes in Net Assets	122,999	(45,010)	77,989	144,457
Net Assets, Beginning of Year	1,094,431	426,577	1,521,008	1,376,551
Net Assets, End of Year	\$ 1,217,430	\$ 381,567	\$ 1,598,997	\$ 1,521,008

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

American Whitewater
Statement of Functional Expenses
Year Ended December 31, 2020

(With summarized comparative totals from the prior year)

	Program Expenses	Management and General	Fundraising	Total 2020	Total 2019
Salaries	\$ 787,644	\$ 63,334	\$ 1,675	\$ 852,653	\$ 774,091
Payroll Taxes	67,828	3,705	134	71,667	61,141
Retirement Benefits	102,718	4,984	233	107,935	82,056
Total Personnel Expense	<u>958,190</u>	<u>72,023</u>	<u>2,042</u>	<u>1,032,255</u>	<u>917,288</u>
Bank and Credit Card Fees	121	26,478	-	26,599	20,473
Cost of Goods Sold	-	-	5,001	5,001	17,180
Depreciation Expense	228	5,033	-	5,261	4,488
Equipment Rental and Repairs	442	2,044	-	2,486	2,718
Event Expenses	650	420	173	1,243	56,386
Grant Disbursements	-	-	-	-	11,750
Insurance Expense	6,088	14,682	-	20,770	18,492
Land/Access Point Improvements	2,048	670	-	2,718	3,396
Marketing and Advertising	725	2,497	2,587	5,809	7,388
Meeting and Conference Expenses	1,772	180	-	1,952	31,154
Membership Incentives	19,495	8,955	-	28,450	26,498
Other Expenses	10,718	12,252	284	23,254	26,174
Postage and Shipping	28,225	3,521	2,719	34,465	32,370
Printing and Reproduction	47,241	580	-	47,821	48,337
Professional Fees	326,472	25,561	1,905	353,938	259,905
Rent and Utilities	1,106	8,300	107	9,513	9,558
Supplies	4,166	6,176	61	10,403	9,322
Telephone and Internet Access	23,956	7,752	-	31,708	28,493
Travel and Lodging	20,396	1,020	26	21,442	79,547
Subtotal before In-kind Expenses	<u>1,452,039</u>	<u>198,144</u>	<u>14,905</u>	<u>1,665,088</u>	<u>1,610,917</u>
In-Kind Contributions Utilized					
Professional Services	28,209	-	-	28,209	31,779
Promotional/Educational	29,887	-	-	29,887	13,594
Event and Program Items	-	-	-	-	12,973
Total Expenses	<u>\$ 1,510,135</u>	<u>\$ 198,144</u>	<u>\$ 14,905</u>	<u>\$ 1,723,184</u>	<u>\$ 1,669,263</u>

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

American Whitewater
Statement of Cash Flows
Year Ended December 31, 2020

(With summarized comparative totals from the prior year)

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 77,989	\$ 144,457
Adjustments to reconcile change in net assets to net cash provided or used by operating activities		
Depreciation	5,261	4,488
Investment (Gains)/Losses	(6,918)	(40,704)
(Increase)/Decrease in Operating Assets		
Accounts Receivable	52,198	(50,862)
Grants Receivable	(2,919)	61,662
Prepaid Expenses	(10,268)	(6,226)
Intangible Assets	(5,004)	-
Inventory	(6,308)	(975)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	14,469	(10,860)
Deferred Revenue	(13,511)	(183,170)
Payroll Liabilities	4,250	10,945
Net Cash Provided/(Used) by Operating Activities	109,239	(71,245)
<u>Cash Flows from Investing Activities</u>		
(Purchase)/Sale of Investments, Net	(293,347)	(50,779)
Purchase of Property and Equipment	(85,567)	(11,142)
Net Cash Used by Investing Activities	(378,914)	(61,921)
<u>Cash Flows from Financing Activities</u>		
Proceeds/(Payments) of Loan, Net	171,700	-
Net Cash Used by Financing Activities	171,700	-
Net Change in Cash and Cash Equivalents	(97,975)	(133,166)
Cash and Cash Equivalents, Beginning of Year	961,542	1,094,708
Cash and Cash Equivalents, End of Year	\$ 863,567	\$ 961,542

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

American Whitewater
Financial Statement Disclosures
Year Ended December 31, 2020

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.

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 (U.S. 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 instruments 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 carried at fair value on the statement of financial position. Changes in the market value of the funds are reflected as investment gains or losses 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." Financial assets 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.

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 are recognized when cash, securities or other assets, and unconditional promises to give, or notification of beneficial interest is received. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of such restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A not-for-profit entity may account for PPP loans in accordance with FASB ASC 958-605, Not-for-Profit Entities-Revenue Recognition, as a conditional contribution. Under FASB ASC 958-605, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If the contribution is conditional, it is not recognized until the conditions are substantially met or explicitly waived.

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. GAAP 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 employee 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 2020 and is required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). Management anticipates that no tax will be due. Management believes that the organization 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.

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. GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2019, 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. 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 (see next page):

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Financial Assets at year end:		
Cash and Equivalents	\$ 863,567	\$ 961,542
Accounts Receivable	7,739	59,937
Grants Receivable	33,633	30,714
Investments	924,707	624,442
Total Financial Assets	<u>1,829,646</u>	<u>1,676,635</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	381,567	426,577
Less net assets with purpose restrictions to be met in less than a year	<u>(78,985)</u>	<u>(133,553)</u>
Total not available to be used in one year	<u>302,582</u>	<u>293,024</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,527,064</u>	<u>\$ 1,383,611</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>2020</u>	<u>2019</u>
Operating Checking	\$ 540,488	\$ 558,520
Restricted Checking	323,079	403,022
Total Cash and Cash Equivalents	<u>\$ 863,567</u>	<u>\$ 961,542</u>

As of December 31, 2020, American Whitewater exceeded the FDIC limit by \$51,853 at one financial institution. Management believes American Whitewater is not exposed to any significant credit risk on its cash balances.

5. **Investments**

Investments consist of the following asset classes by year:

<u>As of December 31</u>	<u>2020</u>	<u>2019</u>
Mutual Funds-Money Funds	\$ 279,959	\$ 372,630
Mutual Funds-Bonds	448,208	64,679
Mutual Funds-Equities	196,540	187,133
Total Investments	<u>\$ 924,707</u>	<u>\$ 624,442</u>

6. **Accounts and Grants Receivable**

Accounts receivable consists of membership pledges, amounts due from journal advertisers and sponsors that totaled \$7,739 and \$59,937 for the years ended December 31, 2020 and 2019, respectively. Grants receivable totaled \$33,633 and \$30,714 for the years ended December 31, 2020 and 2019, respectively. Management believes all receivables are fully collectible.

7. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31</u>	<u>2020</u>	<u>2019</u>
Property and Equipment	\$ 129,881	\$ 44,314
Less: Accumulated Depreciation	(33,397)	(28,136)
Property and Equipment, Net	<u>\$ 96,484</u>	<u>\$ 16,178</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$5,261 and \$4,488, 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>2020</u>	<u>2019</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. Note Payable (PPP Loan)

On April 19, 2020, the organization received a Paycheck Protection Program loan in the amount of \$171,700. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1% and is due within five years from the date of origination and there is no penalty for early payment. There are no collateral nor personal guarantees associated with this loan. On April 22, 2021, American Whitewater received confirmation from the Small Business Administration that they had met all conditions for loan forgiveness and their PPP loan had been forgiven in full.

10. Deferred Revenue

Deferred revenue was held for the following purposes:

<u>As of December 31</u>	<u>2020</u>	<u>2019</u>
Walton Stewardship Grant	\$ 51,021	\$ 166,834
River Access	133,404	31,045
Other	1,500	1,557
Total Deferred Revenue	<u>\$ 185,925</u>	<u>\$ 199,436</u>

11. Net Assets With Donor Restrictions

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

<u>As of December 31</u>	<u>2020</u>	<u>2019</u>
Safety and Education Outreach Fund	\$ 264,562	\$ 251,743
California	34,375	58,033
Southeast	1,308	11,167
Mid Atlantic	14,359	7,245
Midwest	-	320
National	13,382	22,116
Northeast	3,541	3,565
Pacific Northwest	14,302	26,761
Rockies	35,738	45,627
Total Net Assets with Donor Restriction	<u>\$ 381,567</u>	<u>\$ 426,577</u>

12. In-Kind Contributions

In-kind contributions were received and utilized for the following purposes:

<u>For the Year ended December 31</u>	<u>2020</u>	<u>2019</u>
Legal Services - Access and Conservation	\$ 28,209	\$ 31,779
Promotional/Educational Products	29,887	13,594
Event and Program Services	-	12,973
Total In-Kind Contributions	<u>\$ 58,096</u>	<u>\$ 58,346</u>

13. Lease Commitments

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

14. Benefit Plan

American Whitewater has a benefit plan that provides 403(b) retirement plan contributions. Retirement contribution expenses for the years ended December 31, 2020 and 2019 were \$107,935 and \$82,056.

15. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2020 are as follows:

<u>As of December 31:</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments	\$ 924,707	\$ 924,707	\$ -	\$ -
Total	<u>\$ 924,707</u>	<u>\$ 924,707</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.

16. Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2021.

17. Subsequent Events

Subsequent events have been evaluated through June 24, 2021, which is the date the financial statements were available to be issued.