

**RIVERLINK, INC.**

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019



CORLISS &  
SOLOMON  
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**RiverLink, Inc.**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
RiverLink, Inc.  
Asheville, North Carolina

We have audited the accompanying financial statements of RiverLink, Inc., which comprise the statement of financial position as of December 31, 2019, 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.

### **Auditors' 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 RiverLink, Inc. as of December 31, 2019, 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 RiverLink 2018 financial statements, and our report dated April 25, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
July 21, 2020

**RiverLink, Inc.**  
**Statement of Financial Position**

As of December 31, 2019

(With summarized comparative totals as of December 30, 2018)

<u>Assets</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 473,689	\$ 318,919
Money Funds with Investment Firms	232,676	262,246
Accounts Receivable	168,929	62,961
Note Receivable- Current Portion	4,302	-
Prepaid Expenses	10,777	10,290
Total Current Assets	890,373	654,416
<u>Long-Term Assets</u>		
Note Receivable- Long Term Portion	282,656	-
Endowment Fund	44,983	41,132
Property and Equipment, Net	2,800,949	3,087,920
Total Long-Term Assets	3,128,588	3,129,052
<b>Total Assets</b>	<b>\$ 4,018,961</b>	<b>\$ 3,783,468</b>
<b><u>Liabilities and Net Assets</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 13,480	\$ 12,594
Accrued Wages and Vacation	15,396	18,598
Payroll Liabilities	5,695	-
Other Current Liabilities	4,656	8,723
Notes Payable, Current Portion	7,007	13,120
Total Current Liabilities	46,234	53,035
<u>Long-Term Liabilities</u>		
Notes Payable, Long-Term Portion	68,203	68,630
Total Liabilities	114,437	121,665
<u>Net Assets</u>		
Without Donor Restrictions	3,368,037	3,426,179
With Donor Restrictions	536,487	235,624
Total Net Assets	3,904,524	3,661,803
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,018,961</b>	<b>\$ 3,783,468</b>

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

**RiverLink, Inc.**  
**Statement of Activities**  
Year Ended December 31, 2019

(With summarized comparative totals from the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Support and Revenue</b>				
Contributions	\$ 211,112	\$ 139,142	\$ 350,254	\$ 330,105
Grants	183,566	170,485	354,051	89,196
Program Income	22,501	-	22,501	16,487
Event Income	38,159	-	38,159	29,288
Rental Income	59,778	-	59,778	67,492
Interest Income	9,599	-	9,599	4,095
Endowment Gains/(Losses), Net	-	7,471	7,471	(3,019)
Miscellaneous Income	-	-	-	2,783
In-Kind Contributions	36,150	-	36,150	10,803
Net Assets Released from Restrictions	142,314	(142,314)	-	-
<b>Total Support and Revenue</b>	<b>703,179</b>	<b>174,784</b>	<b>877,963</b>	<b>547,230</b>
<b>Expenses</b>				
Program Services	470,308	-	470,308	470,496
Management and General	235,867	-	235,867	145,691
Fundraising	112,363	-	112,363	67,295
<b>Total Expenses</b>	<b>818,538</b>	<b>-</b>	<b>818,538</b>	<b>683,482</b>
Subtotal - Change in Net Assets before Other Changes in Net Assets	(115,359)	174,784	59,425	(136,252)
Other Changes in Net Assets				
Woodfin Greenway/Blueway Project	-	126,079	126,079	-
Gain on Sale of Property	57,217	-	57,217	-
Subtotal - Other Changes in Net Assets	57,217	126,079	183,296	-
Total Change in Net Assets	(58,142)	300,863	242,721	(136,252)
Net Assets, Beginning of Year	3,426,179	235,624	3,661,803	3,798,055
<b>Net Assets, End of Year</b>	<b>\$ 3,368,037</b>	<b>\$ 536,487</b>	<b>\$ 3,904,524</b>	<b>\$ 3,661,803</b>

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

# RiverLink, Inc.

## Statement of Functional Expenses

Year Ended December 31, 2019

(With summarized comparative totals from the prior year)

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2019</b>	<b>Total 2018</b>
Salaries	\$ 138,966	\$ 119,904	\$ 33,827	\$ 292,697	\$ 257,583
Payroll Taxes	10,313	9,624	2,678	22,615	19,465
Employee Benefits	11,949	11,641	331	23,921	23,575
AmeriCorps Members	30,690	-	-	30,690	30,006
Total Personnel Expenses	191,918	141,169	36,836	369,923	330,629
Contract Services	206,995	47,234	2,646	256,875	132,468
Dues and Subscriptions	3,297	1,099	1,388	5,784	5,017
Employee Training	2,944	1,085	469	4,498	4,320
Equipment Repairs/Maintenance	756	360	2,462	3,578	6,526
Event Expenses	-	-	4,194	4,194	24,941
Fundraising Expense	-	-	6,954	6,954	8,387
Insurance	12,479	4,160	5,254	21,893	21,450
Interest	-	1,626	-	1,626	1,949
Meals and Accommodations	475	158	200	833	752
Meetings and Conferences	1,088	363	457	1,908	3,933
Miscellaneous	-	136	-	136	5,080
Office Supplies	2,146	670	904	3,720	4,315
Other Program Expenses	18,589	1,090	-	19,679	20,758
Outreach	300	10	3,510	3,820	3,503
Postage	515	172	217	904	903
Printing	108	1,016	3,206	4,330	5,972
Professional Services	5,654	1,885	2,381	9,920	10,075
Property Taxes	-	2,757	-	2,757	8,244
Repairs and Maintenance	3,153	1,051	1,328	5,532	2,652
Telephone	2,527	842	1,064	4,433	3,470
Travel	5,439	293	51	5,783	5,832
Utilities	4,244	1,702	1,787	7,733	7,110
Website and Internet	2,151	717	905	3,773	11,352
Subtotal Expenses	464,778	209,595	76,213	750,586	629,638
Bad Debt Expense	-	7,301	-	7,301	-
Contributions to Other Organizations	5,530	-	-	5,530	-
Depreciation Expense	-	18,971	-	18,971	16,791
Grant Funds Returned	-	-	-	-	27,500
In-Kind Contributions Utilized	-	-	36,150	36,150	9,553
<b>Total Expenses</b>	<b>\$ 470,308</b>	<b>\$ 235,867</b>	<b>\$ 112,363</b>	<b>\$ 818,538</b>	<b>\$ 683,482</b>

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

# RiverLink, Inc.

## Statement of Cash Flows

Year ended December 31, 2019

(With summarized comparative totals from the prior year)

	<b>2019</b>	<b>2018</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 242,721	\$ (136,252)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided or (Used) by Operating Activities:		
Depreciation	18,971	16,791
Endowment (Gains)/Losses, Net of Fees	(7,471)	3,019
Interest Income, Reinvested	(430)	(2,544)
Gain on Sale of Property	(57,217)	-
(Increase)/Decrease in Operating Assets		
Prepaid Expenses	(487)	-
Accounts Receivable	(105,968)	30,594
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	886	(4,127)
Accrued Wages and Vacation	(3,202)	8,130
Payroll Tax Liabilities	5,695	(5,839)
Other Current Liabilities	(4,067)	3,378
Total Cash Provided/(Used) by Operating Activities	<u>89,431</u>	<u>(86,850)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Sale of Investments, Net	30,000	50,000
Payments Received for Property Purchase	40,932	-
Equipment Purchases	(2,673)	(25,629)
Withdrawal from Endowment	3,620	-
Total Cash Provided by Investing Activities	<u>71,879</u>	<u>24,371</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Principal Payments on Loans	(6,540)	(92,307)
Total Cash Used by Financing Activities	<u>(6,540)</u>	<u>(92,307)</u>
Net Change in Cash and Cash Equivalents	154,770	(154,786)
Cash and Cash Equivalents, Beginning of Year	<u>318,919</u>	<u>473,705</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 473,689</u></b>	<b><u>\$ 318,919</u></b>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	<u>\$ 1,626</u>	<u>\$ 1,949</u>

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



# RiverLink, Inc.

## Notes to Financial Statements

Year Ended December 31, 2019

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

RiverLink promotes the environmental and economic vitality of the French Broad River and its watershed. The organization is funded by foundation and governmental grants and by contributions from the public.

In February 2016, RiverLink earned land trust accreditation from the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance (LTA). Accreditation demonstrates that a land trust organization has implemented nationally recognized standards and practices for governing its land protection activities. One such practice is building a Stewardship Fund and a Legal Defense Fund to ensure that the organization has the resources to monitor, preserve and protect its conservation easements in perpetuity. These conservation easement protection funds are included in assets with donor restrictions.

RiverLink is a not-for-profit corporation under the laws of the State of North Carolina and 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 classified as a publicly-supported organization under Section 509(a)(1).

### 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. 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 market 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." Financial assets carried at fair value on a recurring basis consist of money funds held with investment firms, a note receivable, and an endowment fund with the community foundation.

### Property and Equipment

Property and equipment purchases of \$500 or more are capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets: five to seven years for equipment, furniture, and vehicles; 15 years for building improvements; and 31.5 years for buildings. Contributed land is recorded at fair value at the date of donation.

### Conservation Easements

As allowed under U.S. GAAP, RiverLink does not recognize in its financial statements the value of the conservation easements it receives by donation as part of its watershed protection work.

### Support 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.

### 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

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. 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.

### Endowments

North Carolina passed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2009. RiverLink's policy continues to require the preservation of the original value of gifts donated to the permanent endowment. Consistent with U.S. GAAP, the portion of a donor-restricted endowment classified as permanently restricted is not reduced by losses on the investments of the fund. In addition, accumulated gains not permanently restricted by the donor are classified as temporarily restricted net assets until appropriated for expenditure.

### 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 management's 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

RiverLink 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. The organization had no income from unrelated business activities in 2019 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). 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 Pronouncements

The organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the organization's financial reporting.

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The standard is effective for annual reporting periods beginning after December 15, 2018. The organization has adopted the new standard for calendar year 2019 with modified prospective application. Accordingly, the summarized prior period comparative statements for 2018 have not been adjusted. Impacts to the 2018 financial statements from the revenue recognition standards are not considered significant and not required to be adjusted during the transition period.

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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2018, 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 a reserve 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, are comprised of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 473,689	\$ 318,919
Money Funds with Investment Firms	232,676	262,246
Endowment Fund	44,983	41,132
Accounts Receivable	168,929	62,961
Note Receivable	286,958	-
Total Financial Assets	<u>1,207,235</u>	<u>685,258</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	536,487	235,624
Less: Restricted Assets for 2020	(89,911)	(119,962)
Note Receivable- Long Term Portion	282,656	-
Board Designated Net Assets held long-term	122,350	523,250
Total not available to be used in one year	<u>851,582</u>	<u>638,912</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 355,653</u>	<u>\$ 46,346</u>

Riverlink's goal is generally to maintain financial assets to meet a minimum of 90 days of operating expenses (approximately \$185,000). As part of its liquidity plan, excess cash is invested in money funds with investment firms.

**4. Cash and Cash Equivalents**

RiverLink's cash and cash equivalents are as follows:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Checking Account	\$ 89,531	\$ 101,903
Money Market Account	336,114	204,801
Undeposited Funds	48,044	12,215
Total Cash and Equivalents	<u>\$ 473,689</u>	<u>\$ 318,919</u>

As of December 31, 2019, RiverLink had exceeded the FDIC limit by \$86,114. Management believes the organization is not exposed to any significant credit risk on its cash balances.

**5. Money Funds with Investment Firms**

Money funds held with investment firms consists of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Certificates of Deposit (Oppenheimer)	\$ 230,881	\$ 230,536
Money Funds (Ameritrade)	1,795	31,710
Total Investments	<u>\$ 232,676</u>	<u>\$ 262,246</u>

**6. Accounts Receivable**

Accounts receivable by type are listed below.

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Program Fee Receivable	\$ 3,000	\$ 5,618
Grants Receivable	66,446	45,000
Contributions Receivable	99,483	12,343
Total Accounts Receivable	<u>\$ 168,929</u>	<u>\$ 62,961</u>

**7. Note Receivable**

In 2019, Riverlink finalized the sale of the 704 Riverside Drive Property to one of their long-time tenants, River Pirate Investments, LLC, (see Note 8). RiverLink decided to do owner financing to help facilitate this process. Notes receivable consist of the following as of December 31, 2019:

**Note Receivable from River Pirate Investments, LLC.**

Mortgage note receivable. Terms call for payments of \$1,546 per month, consisting of principal and 5% interest based on a 30-year amortization.

Note is secured by a Deed of Trust.

Final payment due September 2029.

Balance as of December 31, 2019	<u>\$ 286,958</u>
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**Summary of Notes Receivable:**

Total Notes Receivable	<u>\$ 286,958</u>
Less Current Maturities	<u>4,302</u>
Notes Receivable, Net of Current Maturities	<u>\$ 282,656</u>

Receipts for the Note Receivable are expected to be collected as follows:

<u>Years ending December 31:</u>	
2020	\$ 4,302
2021	4,523
2022	4,754
2023	4,997
2024	5,253
Thereafter	263,129
Total	<u>\$ 286,958</u>

**8. Property and Equipment**

RiverLink's property and equipment, stated at original cost value, are summarized below.

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Warehouse Studios Building:	\$ 255,751	\$ 255,751
Development Properties	2,748,170	3,048,879
Office Furniture and Equipment	114,334	111,661
Company Vehicle	16,099	16,099
Less: Accumulated Depreciation	(333,405)	(344,470)
Total Property and Equipment, Net	<u>\$ 2,800,949</u>	<u>\$ 3,087,920</u>

Depreciation expense was \$18,971 and \$16,791 for the year ended December 31, 2019 and 2018, respectively.

During 2019, RiverLink finalized the sale of one of its Development Properties to a long-time tenant for \$320,000. RiverLink realized a gain of \$57,217 on this transaction, which is reflected in Other Changes in Net Assets on the Statement of Activities.

**9. Conservation Easements**

RiverLink holds 21 conservation easements on small tracts of property bordering or accessing streams and rivers in the French Broad watershed. All the easements were received by donation. As permitted by U.S. GAAP, the organization has elected not to recognize the value of the easements in its financial statements.

**10. Endowment Fund**

RiverLink maintains the RiverLink Fund at the Community Foundation of WNC. Activity in the fund during the year ended December 31, 2019 by net asset class is as follows:

Principal-Contribution Held in Perpetuity	\$	12,803
Prior Accumulated Income/Gains		28,329
Current Year Activity:		
Investment Income		480
Investment Gains		7,331
Community Foundation Fees		(340)
Distributions to RiverLink		(3,620)
Asset Value as of December 31, 2019	<u>\$</u>	<u>44,983</u>

**11. Notes Payable**

Notes payable consist of the following as of December 31, 2019:

**Note payable to Oshun Mountain Sanctuary:**

Note dated July 2013 for purchase of property at 704 Riverside Drive. Terms call for payments of \$564 per month, consisting of principal and 1% interest based on a 30-year amortization. Note is unsecured. Final payment due July 2021.  
Balance as of December 31, 2019

\$ 73,425

Note payable for Capital Lease Asset

Capital lease financing of \$4,324 for a copier.  
 Terms call for monthly payments of \$78 with  
 interest at 3% and a final payment due April 2022.  
 Balance as of December 31, 2019

1,785

## Summary of Notes Payable:

Total Notes Payable	\$	75,210
Less Current Maturities		7,007
Notes Payable, Net of Current Maturities	\$	68,203

Maturities on the notes payable are as follows:

## Years ending December 31:

2020	\$	7,007
2021		68,203
Total	\$	75,210

**12. Net Assets Without Donor Restrictions**

Net assets without donor restrictions totaled \$3,368,037 and \$3,426,179 as of December 31, 2019 and 2018, respectively. The Board designated a portion of these Net Assets for future contingencies and purposes. Board designated funds have no donor restrictions and are held in cash and money funds with investment firms (See Note 5). Net assets designated by the Board as of December 31, 2019 are for the following purposes:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Legal Defense Fund	\$ -	\$ 70,000
Operating Budget Reserve	-	330,000
Building Maintenance Fund	7,350	8,250
Revolving Land Acquisition Fund	115,000	115,000
Total Board Designated Net Assets	\$ 122,350	\$ 523,250

**13. Net Assets with Donor Restrictions**

Net assets with donor restrictions consists of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Land Resource Management	\$ 89,340	\$ 90,844
Watershed Resource Management	59,271	2,032
Legal Defense and Stewardship Funds	89,473	68,883
Education	20,900	17,197
Capacity Development	-	10,006
RiverLink Endowment	44,982	41,132
Economic Impact Study	29,767	-
Timing Restrictions	89,911	-
Woodfin Greenway & Blueway Project	112,843	-
Other Restricted Assets	-	5,530
Total Net Assets With Donor Restrictions	\$ 536,487	\$ 235,624

**14. Woodfin Greenway Blueway Project**

In January 2019, the Town of Woodfin agreed to transfer authority and control of the Friends of Woodfin Greenway & Blueway to RiverLink to further RiverLink's mission to promote the environmental and economic vitality of the French Broad River and its watershed. As of the time of the agreement, Friends of Woodfin Greenway & Blueway directed \$126,079 to RiverLink and is reflected in Other Changes in Net Assets on the Statement of Activities.

**15. Rental Income**

As an ongoing program to demonstrate adaptive reuse of historic buildings, one of the tenets of its mission, RiverLink rents space to artists and other like-minded businesses in the River District. The leases typically include terms of one year. As of December 31, 2019, all RiverLink's available rental properties were occupied. Rental income was \$59,778 and \$67,492 for the year ended December 31, 2019 and 2018, respectively.

**16. In Kind Contributions**

RiverLink received in kind contributions of goods and services totaling \$36,150 to help with direct program activities and events during the year ended December 31, 2019.

RiverLink also makes extensive use of volunteers to carry out its programs. For the year ended December 31, 2019 volunteers contributed a total of 1,800 hours with a total value of \$45,774 based on the rate of \$25.43 per hour updated annually by the nonprofit "independent sector." The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in income.

**17. Retirement Plan**

RiverLink maintains a Simple IRA benefit plan to which the organization contributes up to 3% of gross salary once an employee has received \$5,000 in compensation during the calendar year. The employee may make their own pre-tax elective contributions through payroll withholding. RiverLink contributions to the plan were \$6,974 and \$5,815 the years ended December 31, 2019 and 2018, respectively.

**18. Fair Value Measurements**

Fair values of assets measured on a recurring basis as of December 31, 2019 are shown below:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Money Funds with Investment Firms	\$ 232,676	\$ 232,676	\$ -	\$ -
Note Receivable	286,958	-	286,958	-
Endowment Fund with Community Foundation	44,983	-	-	44,983
Total	\$ 564,617	\$ 232,676	\$ 286,958	\$ 44,983

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 partially on unobservable inputs and/or management estimate.



Endowment with community foundation—the applicable unobservable estimates are developed by the foundation and the fair values reported by the foundation are used without adjustment.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fair Value</u>	
	<u>Endowment Fund</u>	
Balance as of January 1, 2019	\$	41,132
Change in Value, Net (Note 10)		7,471
Distributions		<u>(3,620)</u>
Balance as of December 31, 2019	\$	<u>44,983</u>

### 19. *Subsequent Events*

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of the geographical area in which the organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the organization, to date, the organization is expecting a decline in revenue through the remainder of 2020. A subsequent potential decline in foundation grants and major/individual contributions make it reasonably possible that the organization is vulnerable to the risk of a near-term impact.

In January 2020, RiverLink paid off the remaining balance on the Oshun Mountain Sanctuary Note Payable listed in Note 11.

On May 8, 2020 the organization received a Paycheck Protection Program loan in the amount of \$67,400. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1% and is due five years from the date of origination. There are no collateral nor personal guarantees associated with this loan.

Subsequent events have been evaluated through July 21, 2020, which is the date the financial statements were available to be issued.