

RIVERLINK, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

RiverLink, Inc.
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Year Ended December 31, 2020

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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, 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.

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, 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 RiverLink's 2019 financial statements, and our report dated July 21, 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
September 8, 2021

RiverLink, Inc.

Statement of Financial Position

As of December 31, 2020

(With summarized comparative totals as of December 30, 2019)

	2020	2019
Assets		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 786,895	\$ 706,365
Program Fee Receivable	-	2,483
Note Receivable - Current Portion	5,354	4,302
Grants Receivable	5,000	66,446
Contributions Receivable	5,865	100,000
Prepaid Expenses	4,576	10,777
Total Current Assets	<u>807,690</u>	<u>890,373</u>
<u>Long-Term Assets</u>		
Note Receivable - Long-Term Portion	251,301	282,656
Investments - Legal and Stewardship	28,131	-
Investments - Endowment	51,494	44,983
Property and Equipment, Net	2,779,615	2,800,949
Total Long-Term Assets	<u>3,110,541</u>	<u>3,128,588</u>
Total Assets	<u>\$ 3,918,231</u>	<u>\$ 4,018,961</u>
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts Payable	\$ 14,546	\$ 13,480
Accrued Wages and Vacation	9,814	15,396
Payroll Liabilities	3,932	5,695
Other Current Liabilities	5,856	4,656
Capital Lease	908	881
Notes Payable, Current Portion	-	6,126
Total Current Liabilities	<u>35,056</u>	<u>46,234</u>
<u>Long-Term Liabilities</u>		
Capital Lease	45	904
Notes Payable, Long-Term Portion	-	67,299
Total Long-Term Liabilities	<u>45</u>	<u>68,203</u>
Total Liabilities	<u>35,101</u>	<u>114,437</u>
<u>Net Assets</u>		
Without Donor Restrictions	3,480,315	3,368,037
With Donor Restrictions	402,815	536,487
Total Net Assets	<u>3,883,130</u>	<u>3,904,524</u>
Total Liabilities and Net Assets	<u>\$ 3,918,231</u>	<u>\$ 4,018,961</u>

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

RiverLink, Inc.
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
Support and Revenue				
Contributions	\$ 296,469	\$ 22,524	\$ 318,993	\$ 350,254
Grants	-	200,204	200,204	354,051
Program Income	12,511	-	12,511	22,501
Event Income	8,257	-	8,257	38,159
Rental Income	48,006	-	48,006	59,778
Interest Income	19,075	-	19,075	9,599
Investment Return, Net	3,131	5,421	8,552	7,471
In-Kind Contributions	-	-	-	36,150
Net Assets Released from Restrictions	361,821	(361,821)	-	-
Total Support and Revenue	749,270	(133,672)	615,598	877,963
Expenses				
Program Services	392,060	-	392,060	470,308
Management and General	131,790	-	131,790	235,867
Fundraising	112,242	-	112,242	112,363
Total Expenses	636,092	-	636,092	818,538
Change in Net Assets before Other Changes in Net Assets	113,178	(133,672)	(20,494)	59,425
Other Changes in Net Assets				
Woodfin Greenway/Blueway Project	-	-	-	126,079
Gain/(Loss) Related to Asset Disposal	(900)	-	(900)	57,217
Total Other Changes in Net Assets	(900)	-	(900)	183,296
Total Change in Net Assets	112,278	(133,672)	(21,394)	242,721
Net Assets, Beginning of Year	3,368,037	536,487	3,904,524	3,661,803
Net Assets, End of Year	\$ 3,480,315	\$ 402,815	\$ 3,883,130	\$ 3,904,524

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

RiverLink, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020

(With summarized comparative totals from the prior year)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2020</u>	<u>Total 2019</u>
Salaries	\$ 170,094	\$ 60,674	\$ 75,574	\$ 306,342	\$ 292,697
Payroll Taxes	14,680	5,237	6,523	26,440	22,615
Employee Benefits	15,309	5,461	6,802	27,572	23,921
AmeriCorps Members	25,780	-	-	25,780	30,690
Total Personnel Expenses	225,863	71,372	88,899	386,134	369,923
Bank and Merchant Fees	-	3,144	-	3,144	2,701
Contract Services	74,014	19,693	2,000	95,707	256,875
Dues and Subscriptions	13,012	249	424	13,685	5,784
Employee Training	500	199	45	744	4,498
Equipment Repairs/Maintenance	1,339	414	5,802	7,555	3,578
Event Expenses	-	-	321	321	4,194
Fundraising Expense	-	-	2,307	2,307	6,954
Insurance	16,522	3,400	3,230	23,152	21,893
Interest	-	-	-	-	1,626
Marketing	-	-	-	-	3,820
Meals and Accommodations	48	35	52	135	833
Meetings and Conferences	156	90	25	271	1,908
Miscellaneous	-	1,715	-	1,715	-
Office Supplies	486	192	285	963	3,720
Other Program Expenses	6,800	-	-	6,800	17,114
Postage	-	42	1,398	1,440	904
Printing	975	325	2,918	4,218	4,330
Professional Services	5,290	1,763	2,227	9,280	9,920
Property Taxes	-	2,773	-	2,773	2,757
Repairs and Maintenance	1,461	973	611	3,045	5,532
Telephone	1,734	1,327	591	3,652	4,433
Travel	1,600	4	6	1,610	5,783
Utilities	2,617	2,146	1,101	5,864	7,733
Website and Internet	12,031	1,500	-	13,531	3,773
Subtotal Expenses	364,448	111,356	112,242	588,046	750,586
Bad Debt Expense	-	-	-	-	7,301
Contributions to Other Organizations	-	-	-	-	5,530
Depreciation Expense	-	20,434	-	20,434	18,971
Grant Funds Returned	27,612	-	-	27,612	-
In-Kind Contributions Utilized	-	-	-	-	36,150
Total Expenses	\$ 392,060	\$ 131,790	\$ 112,242	\$ 636,092	\$ 818,538

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

RiverLink, Inc.
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	\$ (21,394)	\$ 242,721
Adjustments to Reconcile Change in Net Assets to Net Cash Provided or (Used) by Operating Activities:		
Depreciation	20,434	18,971
Investment Returns, Net	(8,552)	(7,471)
(Gain)/Loss Related to Property & Equipment	900	(57,217)
(Increase)/Decrease in Operating Assets		
Prepaid Expenses	6,201	(487)
Program Fee Receivable	2,483	60,478
Grants Receivable	61,446	(66,446)
Contributions Receivable	94,135	(100,000)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	1,066	886
Accrued Wages and Vacation	(5,582)	(3,202)
Payroll Tax Liabilities	(1,763)	5,695
Other Current Liabilities	1,200	(4,067)
Total Cash Provided by Operating Activities	150,574	89,861
<u>Cash Flows from Investing Activities</u>		
Note Receivable Payments Received	30,303	40,932
Purchase of Property and Equipment	-	(2,673)
Purchase of Investments	(28,000)	-
Withdrawal from Endowment	1,910	3,620
Total Cash Provided by Investing Activities	4,213	41,879
<u>Cash Flows from Financing Activities</u>		
Principal Payments - Note Payable	(73,425)	(5,685)
Lease Payments	(832)	(855)
Total Cash Used by Financing Activities	(74,257)	(6,540)
Net Change in Cash and Cash Equivalents	80,530	125,200
Cash and Cash Equivalents, Beginning of Year	706,365	581,165
Cash and Cash Equivalents, End of Year	\$ 786,895	\$ 706,365

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for Interest	\$ -	\$ 1,626
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The accompanying disclosures are an integral part of these financial statements.

RiverLink, Inc.
Financial Statement Disclosures
Year Ended December 31, 2020

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 on an accrual basis 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 those resources be maintained in perpetuity. 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. Funds currently held by investment brokerage accounts are solely cash and cash equivalents from the redemption of donated stock.

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 consist of shares in pooled investment funds and are reported at fair value on the statement of financial position with net investment return 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 by delivering services. 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. 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.

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

The Board of Directors of the RiverLink has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original of donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, RiverLink classifies (a) the original value of gifts donated to the endowment, (b) the original value of the subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift restriction. Additionally, any accumulation of donor-restricted endowment funds that are not required to be maintained in perpetuity are classified net assets with restrictions until those amounts are appropriated for expenditure by RiverLink subject to Board-approved spending policy. In accordance with UPMIFA, RiverLink considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. RiverLink has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to the operations while also maintaining purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are managed by the Community Foundation of Western North Carolina (CFWNC). RiverLink has no input on how the funds are invested. Investment risk is measured in terms of the total endowment fund, investment assets, and allocation.

Spending Policy. RiverLink appropriates only annual interest income for an annual distribution from the fund.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require managements allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on 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 2020 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.

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, 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 money market accounts. Occasionally, the Board may designate a portion of operating surplus to reserve funds. The Board has the authority to release board designated funds as needed to best serve RiverLink objectives.

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:

As of December 31:

	<u>2020</u>	<u>2019</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 786,895	\$ 706,365
Investments - Legal and Stewardship	28,131	-
Investments - Endowment	51,494	44,983
Program Fee Receivable	-	2,483
Note Receivable	256,655	286,958
Grants Receivable	5,000	66,446
Contributions Receivable	5,865	100,000
Total Financial Assets	<u>1,134,040</u>	<u>1,207,235</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	402,815	536,487
Less Restricted Net Assets Released		
Subsequent Year	(5,000)	(89,911)
Note Receivable- Long-Term Portion	251,301	282,656
Board Designated Net Assets	122,350	122,350
Total not available to be used in one year	<u>771,466</u>	<u>851,582</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 362,574</u>	<u>\$ 355,653</u>

4. Cash and Cash Equivalents

RiverLink's cash and cash equivalents are as follows:

As of December 31:

	<u>2020</u>	<u>2019</u>
Checking Account	\$ 211,580	\$ 89,531
Money Market Account	312,866	336,114
Cash Held by Brokerages	232,765	232,676
Undeposited Funds	29,684	48,044
Total Cash and Cash Equivalents	<u>\$ 786,895</u>	<u>\$ 706,365</u>

As of December 31, 2020, RiverLink exceeded the FDIC limit by \$146,372. Management believes the organization is not exposed to any significant credit risk on its cash balances. RiverLink holds accounts at investment brokerages for the purpose of redeeming donated stock.

5. Investments

RiverLink holds two pooled investments funds with Community Foundation of Western North Carolina (CFWNC). CFWNC estimates the fair values of the funds using net asset value per share. RiverLink may withdraw available funds on a quarterly basis with a notice of 90 days. Pooled fund investments are valued at contract value, which approximates fair value. Contract value represents contributions made under contract, plus earnings, less withdrawals and administrative expenses. CFWNC's investment strategy strives to maximize annual return while prudently mitigating risk within a long-term time horizon. The balances for these pooled investment funds are reported in the statement of financial position as Investments – Legal and Stewardship and Investments – Endowment.

6. Grants and Contributions Receivable

Grants and contributions receivable total \$10,865 and \$167,929 as of December 31, 2020 and 2019, respectively. The current year balance is considered fully collectible, with no allowance for doubtful accounts considered necessary.

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. RiverLink decided to do owner financing to help facilitate this process. Notes receivable consist of the following as of December 31, 2020:

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, 2020	\$ 256,655
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Summary of Notes Receivable:

Total Notes Receivable	\$ 256,655
Less Current Maturities	5,354
Notes Receivable, Net of Current Maturities	\$ 251,301

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

Years ending December 31:

2021	\$ 5,354
2022	6,127
2023	6,440
2024	6,769
2025	7,116
Thereafter	224,849
Total	\$ 256,655

8. Property and Equipment

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

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Warehouse Studios Building:	\$ 255,751	\$ 255,751
Development Properties	2,747,270	2,748,170
Office Furniture and Equipment	114,334	114,334
Company Vehicle	16,099	16,099
Less: Accumulated Depreciation	(353,839)	(333,405)
Total Property and Equipment, Net	<u>\$ 2,779,615</u>	<u>\$ 2,800,949</u>

Depreciation expense was \$20,434 and \$18,971 for the year ended December 31, 2020 and 2019, respectively.

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. Leases

RiverLink financed a copier purchase as a capital lease in 2017. Terms call for monthly payments of \$78 and annual interest of 3%. Remaining balance of \$953 requires \$908 due in 2021 and \$45 due in 2022.

11. Note Payable

RiverLink held a note payable to Oshun Mountain Sanctuary for purchased property at 704 Riverside Drive. The note charged 1% interest. Riverlink paid off the loan January 2020 with no further obligations to Oshun Mountain Sanctuary.

12. Endowment Fund

RiverLink maintains a donor-restricted endowment at the Community Foundation of WNC. The fund's purpose is to support general operations. Activity in the fund during the year ended December 31, 2020 is as follows:

Beginning Balance:		
Principal-Contribution Held in Perpetuity	\$	12,803
Prior Accumulated Income/Gains		32,180
Beginning Balance Total		<u>44,983</u>
Contributions		3,000
Investment Return:		
Investment Income		462
Investment Gains		5,357
Community Foundation Fees		(398)
Investment Return, Net		<u>5,421</u>
Appropriations		(1,910)
Ending Balance	<u>\$</u>	<u>51,494</u>

13. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$3,492,315 and \$3,368,037 as of December 31, 2020 and 2019, respectively. The Board designated a portion of these net assets for future contingencies and purposes. Net assets designated by the Board are for the following purposes:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Building Maintenance Fund	\$ 7,350	\$ 7,350
Revolving Land Acquisition Fund	115,000	115,000
Total Board Designated Net Assets	<u>\$ 122,350</u>	<u>\$ 122,350</u>

14. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Land Resource Management	\$ 89,437	\$ 89,340
Watershed Resource Management	20,195	59,271
Legal Defense and Stewardship Funds	89,473	89,473
Education	19,359	20,900
Economic Impact Study	29,767	29,767
Timing Restrictions	5,000	89,910
Woodfin Greenway & Blueway Project	83,382	112,843
Operations Support	51,494	44,983
River Access Design	10,000	-
Renovations	4,708	-
Total Net Assets With Donor Restrictions	<u>\$ 402,815</u>	<u>\$ 536,487</u>

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, 2020, all RiverLink's available rental properties were occupied. Rental income was \$48,006 and \$59,778 for the years ended December 31, 2020 and 2019, respectively.

16. Contributed Services

RiverLink makes extensive use of volunteers to carry out its programs. For the year ended December 31, 2020 volunteers contributed a total of 250 hours with a total value of \$7,135 based on the rate of \$28.54 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. PPP Conditional Grant Award

In May 2020, the organization received a Paycheck Protection Program loan in the amount of \$67,400. The loan is potentially forgivable if the organization meets certain criteria and can be recognized as income when those conditions are substantially met. During the audit year, conditions were substantially met through December 31, 2020, and \$67,400 of the loan was recognized as grant revenue.

18. 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 \$9,301 and \$6,974 the years ended December 31, 2020 and 2019, respectively.

19. Fair Value Measurements

Fair values of assets measured on a recurring basis as of December 31, 2020 include the note receivable valued at \$256,655 and \$286,958 as of December 31, 2020 and 2019, respectively. The note receivable is measured in the fair value hierarchy using Level 2 inputs. The three levels within the fair value hierarchy are as follows:

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.

20. Grant Funds Returned

In October 2020 RiverLink determined that a \$27,612 Community Foundation of WNC/Pigeon River Fund grant it had received in 2019 for work on a Smith Mill Creek Restoration project would not be able to be utilized because RiverLink was unable to obtain adequate cooperation with developers to move the project forward as a suitable stream restoration with a conservation easement. Accordingly, RiverLink returned the funds to the Community Foundation of WNC, as reflected in Grant Funds Returned on the statement of functional expenses.

21. 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.

22. Subsequent Events

In February 2021, RiverLink received a second Paycheck Protection Program loan in the amount of \$71,400. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1%, is due within two 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 March 22, 2021, the Paycheck Protection Program (PPP) first loan balance was forgiven for the full amount of \$67,400 received in 2020. Refer to note disclosure 17.

In RiverLink's ongoing assessment of operations, RiverLink determined best to sell their current main office building. On July 13, 2021, RiverLink closed on the sale for \$1,625,000. Additionally, in 2021, they are under contract to sell two more properties on Riverside Drive for \$2,800,000. This sale is for a redevelopment project in that area.

Subsequent events have been evaluated through September 8, 2021, which is the date the financial statements were available to be issued.