

**RIVERLINK, INC.**

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021



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

### **Opinion**

We have audited the accompanying financial statements of RiverLink, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

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, 2021, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RiverLink, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RiverLink, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 RiverLink, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RiverLink, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited RiverLink, Inc.'s 2020 financial statements, and our report dated September 8, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
September 6, 2022

# RiverLink, Inc.

## Statement of Financial Position

As of December 31, 2021

(With summarized comparative totals as of December 31, 2020)

	<b>2021</b>	<b>2020</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 958,306	\$ 786,895
Program Fee Receivable	610	-
Contributions Receivable	4,935	5,865
Grants Receivable	13,810	5,000
Note Receivable - Current Portion	7,067	5,354
Other Assets	11,684	4,576
Total Current Assets	<u>996,412</u>	<u>807,690</u>
<b><u>Long-Term Assets</u></b>		
Note Receivable - Long-Term Portion	212,894	251,301
Investments held by Brokerage Firms	2,996,447	-
Endowments held by Community Foundation	1,087,061	79,625
Property and Equipment, Net	2,472,708	2,779,615
Total Long-Term Assets	<u>6,769,110</u>	<u>3,110,541</u>
<b>Total Assets</b>	<b><u>\$ 7,765,522</u></b>	<b><u>\$ 3,918,231</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 50,476	\$ 14,546
Accrued Wages and Vacation	8,080	9,814
Payroll Tax Liabilities	5,165	3,932
Other Current Liabilities	-	5,856
Capital Lease	787	908
Total Current Liabilities	<u>64,508</u>	<u>35,056</u>
<b><u>Long-Term Liabilities</u></b>		
Capital Lease	-	45
Total Long-Term Liabilities	<u>-</u>	<u>45</u>
Total Liabilities	<u>64,508</u>	<u>35,101</u>
<b><u>Net Assets</u></b>		
Without Donor Restrictions	7,228,343	3,480,315
With Donor Restrictions	472,671	402,815
Total Net Assets	<u>7,701,014</u>	<u>3,883,130</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,765,522</u></b>	<b><u>\$ 3,918,231</u></b>

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

# RiverLink, Inc.

## Statement of Activities

Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>	<b>Total 2020</b>
<b>Support and Revenue</b>				
Contributions	\$ 262,442	\$ 98,919	\$ 361,361	\$ 318,993
Grants and Contracts	-	375,159	375,159	200,204
Program Income	27,583	-	27,583	12,511
Event Income	-	-	-	8,257
Rental Income	30,787	-	30,787	48,006
Interest Income	15,382	-	15,382	19,075
Investment Return, Net	1,022	4,872	5,894	8,552
Miscellaneous Income	2,078	-	2,078	-
In-Kind Contributions	73,049	-	73,049	-
Net Assets Released from Restrictions	409,094	(409,094)	-	-
<b>Total Support and Revenue</b>	<b>821,437</b>	<b>69,856</b>	<b>891,293</b>	<b>615,598</b>
<b>Expenses</b>				
Program Services	473,138	-	473,138	392,060
Management and General	145,969	-	145,969	131,790
Fundraising	118,535	-	118,535	112,242
<b>Total Expenses</b>	<b>737,642</b>	<b>-</b>	<b>737,642</b>	<b>636,092</b>
Change in Net Assets before Other				
Changes in Net Assets	83,795	69,856	153,651	(20,494)
Other Changes in Net Assets				
Gain/(Loss) on Asset Disposal	3,664,233	-	3,664,233	(900)
Total Other Changes in Net Assets	3,664,233	-	3,664,233	(900)
Total Change in Net Assets	3,748,028	69,856	3,817,884	(21,394)
Net Assets, Beginning of Year	3,480,315	402,815	3,883,130	3,904,524
<b>Net Assets, End of Year</b>	<b>\$ 7,228,343</b>	<b>\$ 472,671</b>	<b>\$ 7,701,014</b>	<b>\$ 3,883,130</b>

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

# RiverLink, Inc.

## Statement of Functional Expenses

Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2021</b>	<b>Total 2020</b>
Salaries	\$ 183,719	\$ 37,780	\$ 67,996	\$ 289,495	\$ 306,342
Payroll Taxes	14,868	3,198	5,560	23,626	26,440
Employee Benefits	17,399	4,038	6,209	27,646	27,572
AmeriCorps Members	26,481	400	-	26,881	25,780
Total Personnel Expenses	242,467	45,416	79,765	367,648	386,134
Bank and Merchant Fees	-	3,083	-	3,083	3,144
Contract Services	121,767	64,494	9,250	195,511	95,707
Dues and Subscriptions	3,990	244	278	4,512	13,685
Employee Training	1,353	943	120	2,416	744
Equipment Repairs/Maintenance	1,736	1,793	5,542	9,071	7,555
Event Expenses	-	-	-	-	321
Fundraising Expense	-	-	1,086	1,086	2,307
Insurance	3,847	5,285	2,773	11,905	23,152
Land Expenses	3,695	-	-	3,695	3,625
Marketing	4,038	796	1,510	6,344	-
Meals and Accommodations	45	106	78	229	135
Meetings and Conferences	23	275	10	308	271
Miscellaneous	-	-	-	-	1,715
Office Supplies	469	211	229	909	963
Postage	5	37	684	726	1,440
Printing	1,356	360	4,403	6,119	4,218
Professional Services	7,665	1,633	3,267	12,565	9,280
Program Supplies	1,382	-	-	1,382	3,175
Property Taxes	-	1,080	-	1,080	2,773
Rent	18,017	4,892	7,299	30,208	-
Repairs and Maintenance	1,090	1,954	464	3,508	3,045
Telephone	2,216	389	778	3,383	3,652
Travel	1,618	213	-	1,831	1,610
Utilities	2,321	1,209	989	4,519	5,864
Website and Internet	43	2,255	10	2,308	13,531
Subtotal Expenses	419,143	136,668	118,535	674,346	588,046
Depreciation Expense	851	9,301	-	10,152	20,434
Distributions to Town of Woodfin	53,144	-	-	53,144	-
Grant Funds Returned	-	-	-	-	27,612
<b>Total Expenses</b>	<b>\$ 473,138</b>	<b>\$ 145,969</b>	<b>\$ 118,535</b>	<b>\$ 737,642</b>	<b>\$ 636,092</b>

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

**RiverLink, Inc.**  
Statement of Cash Flows  
Year Ended December 31, 2021

(With summarized comparative totals from the prior year)

	<b>2021</b>	<b>2020</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 3,817,884	\$ (21,394)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided or (Used) by Operating Activities:		
Depreciation	10,152	20,434
Donated Property and Equipment	(73,049)	-
Investment Returns, Net	(5,894)	(8,552)
(Gain)/Loss Related to Property & Equipment	(3,664,233)	900
(Increase)/Decrease in Operating Assets		
Prepaid Expenses	(2,858)	6,201
Security Deposits	(4,250)	-
Program Fee Receivable	(610)	2,483
Grants Receivable	(8,810)	61,446
Contributions Receivable	930	94,135
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	35,930	1,066
Accrued Wages and Vacation	(1,734)	(5,582)
Payroll Tax Liabilities	1,233	(1,763)
Other Current Liabilities	(5,856)	1,200
Total Cash Provided by Operating Activities	98,835	150,574
<b><u>Cash Flows from Investing Activities</u></b>		
Note Receivable Payments Received	36,694	30,303
Proceeds from Sale of Property	4,149,976	-
Purchase of Property and Equipment	(115,938)	-
Purchase of Investments	(3,000,000)	(28,000)
Transfer to Endowment	(1,000,000)	-
Withdrawal from Endowment	2,010	1,910
Total Cash Provided by Investing Activities	72,742	4,213
<b><u>Cash Flows from Financing Activities</u></b>		
Principal Payments - Note Payable	-	(73,425)
Lease Payments	(166)	(832)
Total Cash Used by Financing Activities	(166)	(74,257)
Net Change in Cash and Cash Equivalents	171,411	80,530
Cash and Cash Equivalents, Beginning of Year	786,895	706,365
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 958,306</b>	<b>\$ 786,895</b>

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



# RiverLink, Inc.

## Disclosures to the Financial Statements

Year Ended December 31, 2021

### **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 net 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 Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

#### Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

*Net Assets Without Donor Restrictions* – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

*Net Assets With Donor Restrictions* - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

#### Cash and Cash Equivalents

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

### 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 FDIC 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

The organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses.

### Accounts Receivable

Accounts receivable represent uncollected amounts for program services carried out on a fee-for-service basis. An allowance for doubtful accounts is established for amounts deemed uncollectible, if needed.

### Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

### Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. 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. The organization has adopted a capitalization threshold of \$500 per item. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

### 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.

### Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, 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.

### Program Service Revenue

In accordance with U.S. GAAP, the organization follows FASB 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 standard applies to revenue from ongoing major or central operations and activities.

### In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

- *Level 1* – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.
- *Level 2* – inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.
- *Level 3* – inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

### 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.

#### Board Designated Quasi-Endowments

Riverlink maintains two board designated endowment to support its mission. The fund is held and managed by a community foundation in accord with investment guidelines established by the organization and investing policies established by the community foundation. The asset is reported at fair value in accordance with U.S. GAAP. The organization also appropriates for expenditure varying amounts each year based on the needs of its operating budget.

*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.

#### 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 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 2021 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2020, 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 calls for cash in excess of daily requirements to be invested 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. To meet unexpected liquidity needs, the organization has a \$75,000 line of credit available through its bank (see Disclosure 11).

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:

Financial Assets at year end:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 958,306	\$ 786,895
Investments held by Brokerage Firms	2,996,447	-
Endowments held by Community Foundation	1,087,061	79,625
Accounts Receivable	239,316	267,520
Total Financial Assets	<u>5,281,130</u>	<u>1,134,040</u>

Less amounts not available to be used in one year:

Note Receivable- Long-Term Portion	212,894	251,301
Board Designated Net Assets	4,161,463	122,350
RiverLink Fund at CFWNC	54,355	51,494
Restricted Legal Defense and Stewardship Funds	89,473	89,473
Total not available to be used in one year	<u>4,518,185</u>	<u>514,618</u>

Financial assets available to meet general expenditures over the following year

	<u>\$ 762,945</u>	<u>\$ 619,422</u>
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**4. Cash and Cash Equivalents**

RiverLink's cash and cash equivalents are as follows:

As of December 31:

	<u>2021</u>	<u>2020</u>
Checking Account	\$ 213,714	\$ 211,580
Money Market Account	461,548	312,866
Cash Held by Brokerages	234,560	232,765
Undeposited Funds	48,484	29,684
Total Cash and Cash Equivalents	<u>\$ 958,306</u>	<u>\$ 786,895</u>

During the year, RiverLink will exceed the FDIC limit periodically. Management believes the organization is not exposed to any significant credit risk on its cash balances.

### 5. **Investments Held by Brokerage Firms**

In 2021, utilizing unrestricted funds received from a building sale, RiverLink set up two funds with an investment firm. Each fund was established with an initial contribution of \$1,500,000. The funds are board designated and intended to be used for the following purposes:

**Riverlink Investment Fund A** – These funds were set aside and invested with the intent of covering costs expected to be incurred over the next 1-5 years. The use of these funds and its earnings set aside by the board is intended to be limited and not utilized to cover general operating expenses. The intended purpose of the funds is to provide special funding for four key areas: office building, special projects and programs, capital projects, and promotion of social equity projects over the 5-year period. The board plans to set aside \$750,000 of the proceeds for a period of three years beginning June 1, 2022, during which time the funds will be available only for the potential acquisition of new office space.

**Riverlink Investment Fund B** – These funds were set aside and invested with the intent of being a long-term investment with a portion of the investment earnings available to help supplement operating costs on an annual basis. Annual distributions will initially be limited to 4% of the value of the account, with a maximum annual distribution of 8%.

As of the 2021 and 2020 fiscal year ends, investments with brokerage firms were allocated according to investment class as shown below, at fair value:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Equity	\$ 1,270,294	\$ -
Fixed Income	1,620,012	-
Cash Equivalents	106,141	-
Total Investments	<u>\$ 2,996,447</u>	<u>\$ -</u>

Balances and activities within each of these funds for the year ended December 31, 2021, are presented as follows:

	<u>RiverLink Investment Fund A</u>	<u>RiverLink Investment Fund B</u>	<u>Total Value</u>
Balance as of December 31, 2020	\$ -	\$ -	\$ -
Current Year Activity:			
Contributions/Transfers	1,500,000	1,500,000	3,000,000
Investment Income	320	715	1,035
Investment Gains/(Losses)	(883)	(3,705)	(4,588)
Balance as of December 31, 2021	<u>\$ 1,499,437</u>	<u>\$ 1,497,010</u>	<u>\$ 2,996,447</u>

### 6. **Endowments Held with the Community Foundation**

RiverLink holds three funds with the Community Foundation of Western North Carolina (CFWNC). CFWNC's investment strategy strives to maximize annual return while prudently mitigating risk within a long-term time horizon.

Additional descriptions of the CFWNC funds are as follows:

**RiverLink Endowment Fund** – This quasi-endowment fund was created in 2021 and is intended to be used to supplement RiverLink's annual operating budget.

**Stewardship and Legal Defense Fund** – The fund is dedicated to expenses for maintaining and defending conservation easements held by the organization.

**RiverLink Fund** – This is a donor-restricted endowment fund. The corpus of the fund is \$15,803 and is perpetually restricted with income included in net assets with donor restrictions. The fund's purpose is to support general operations.

Balances and activities within each of these funds for the year ended December 31, 2021, are presented as follows:

	Designated RiverLink Endowment Fund	Designated Stewardship & Legal Defense Fund	With Donor Restrictions RiverLink Fund	Total Value
Balance as of December 31, 2020	\$ -	\$ 28,131	\$ 51,494	\$ 79,625
Current Year Activity:				
Contributions/Transfers	1,000,000	-	-	1,000,000
Investment Income	286	192	622	1,100
Investment Gains/(Losses)	1,823	2,586	4,724	9,133
Fees	-	(312)	(475)	(787)
Distributions to RiverLink	-	-	(2,010)	(2,010)
Balance as of December 31, 2021	<u>\$ 1,002,109</u>	<u>\$ 30,597</u>	<u>\$ 54,355</u>	<u>\$ 1,087,061</u>

#### 7. **Grants and Contributions Receivable**

Grants and contributions receivable totaled \$18,745 and \$10,865 as of December 31, 2021, and 2020, respectively. The current year balance is considered fully collectible, with no allowance for doubtful accounts considered necessary.

#### 8. **Note Receivable**

In 2019, Riverlink finalized the sale of the 704 Riverside Drive Property to one of their long-time tenants. RiverLink decided to do owner financing to help facilitate this process. Notes receivable consist of the following as of December 31, 2021:

##### 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, 2021

\$ 219,961

##### Summary of Notes Receivable:

Total Notes Receivable

\$ 219,961

Less Current Maturities

7,067

Notes Receivable, Net of Current Maturities

\$ 212,894

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

<u>Years ending December 31:</u>	
2022	7,067
2023	8,087
2024	8,501
2025	8,936
2026	9,393
Thereafter	177,977
Total	<u>\$ 219,961</u>

### **9. Property and Equipment**

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

<u>As of December 31:</u>	<b>2021</b>	<b>2020</b>
Warehouse Studios Building	\$ -	\$ 255,751
Park and Conservation Properties	2,462,328	2,747,270
Office Furniture and Equipment	116,033	114,334
Company Vehicle	16,099	16,099
Less: Accumulated Depreciation	(121,752)	(353,839)
Total Property and Equipment, Net	<u>\$ 2,472,708</u>	<u>\$ 2,779,615</u>

Depreciation expense was \$10,152 and \$20,434 for the years ended December 31, 2021, and 2020, respectively.

### **10. Other Changes in Net Assets**

In 2021, RiverLink finalized the sale of three properties. Two of which were adjacent trade lands originally acquired for the purpose of revitalization and responsible redevelopment of the river corridor. After owning it since the 90's, in 2021 RiverLink sold the Warehouse Studio Building, when a code study revealed the cost of mandatory improvements and renovations was financially prohibitive. Upon these sales, RiverLink realized a total gain of \$3,664,233, which is reflected in Other Changes in Net Assets on the Statement of Activities.

### **11. Conservation Easements**

RiverLink holds 24 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.

### **12. Line of Credit**

In 2021, RiverLink renewed a \$75,000 revolving line of credit with First-Citizens Bank & Trust Company for an additional year. The instrument is unsecured and has a variable interest rate. There is no outstanding balance as of December 31, 2021.

### **13. Lease Agreements**

RiverLink financed a copier purchase as a capital lease in 2017. Terms call for monthly payments of \$78 and annual interest of 3%. The remaining balance of \$787 requires \$787 due in 2022.



After selling its Asheville office building in June 2021, RiverLink began renting the same office space to use while it searches for a new office location. The organization entered into an operating lease agreement with an initial term of one year. Lease payments are \$4,250 per month plus RiverLink's share of operating expenses. Total minimum lease obligations are \$29,750 due in 2022.

#### 14. ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions totaled \$7,228,343 and \$3,480,315 as of December 31, 2021, and 2020, 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>	<b>2021</b>	<b>2020</b>
Building Maintenance Fund	\$ 7,350	\$ 7,350
KC Park	23,202	-
Legal Defense Fund	15,000	-
Operating Budget Reserve	31,758	-
Revolving Land Acquisition Fund	55,000	115,000
RiverLink Short Term Board Fund	1,499,437	-
RiverLink Long Term Fund	1,497,010	-
Board Designated Funds With CFWNC	1,032,706	-
Total Board Designated Net Assets	<u>\$ 4,161,463</u>	<u>\$ 122,350</u>

#### 15. ***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of the following:

<u>As of December 31:</u>	<b>2021</b>	<b>2020</b>
Land Resource Management	\$ 7,233	\$ 89,437
Watershed Resource Management	192,559	20,195
Legal Defense and Stewardship Funds	89,473	89,473
Education	63,784	19,359
Economic Impact Study	3,267	29,767
Timing Restrictions	-	5,000
Woodfin Greenway & Blueway Project	57,000	83,382
RiverLink Fund at CFWNC	54,355	51,494
River Access Design	5,000	10,000
Renovations	-	4,708
Total Net Assets With Donor Restrictions	<u>\$ 472,671</u>	<u>\$ 402,815</u>

During the year ended December 31, 2021, RiverLink distributed a total of \$53,144 to the Town of Woodfin for the Woodfin Blueway & Greenway Project.

#### 16. ***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. Rental income was \$30,787 and \$48,006 for the years ended December 31, 2021, and 2020, respectively. In June 2021, RiverLink sold the building that housed the rental spaces (see Disclosure 10).

**17. In-Kind Contributions**

RiverLink receives in-kind contributions of goods and services related to its programs and operations. Contributed property and equipment are capitalized in accordance with RiverLink's capitalization policy. In-kind contributions for the years ended December 31, 2021, and 2020 consist of the following:

<u>For the Year Ended December 31:</u>	<u>2021</u>	<u>2020</u>
Land	\$ 66,500	\$ -
Vehicles	6,549	-
Total In-Kind Contributions	<u>\$ 73,049</u>	<u>\$ -</u>

Per RiverLink's Gift Acceptance Policy, once accepted, donated items become the property of RiverLink, which retains the right to dispose of the gift-in-kind as it sees fit unless another arrangement has been made with the donor.

Land donated in 2021 consists of a .27-acre tract in West Asheville. The estimated fair market value was determined based on an appraisal of the property. The land was capitalized and is reflected in Property and Equipment, Net on the Statement of Financial Position.

Vehicles donated in 2021 consist of a 2004 Toyota Corolla, John boat, and trailer. The estimated fair market value was determined based on comparable sales prices in the market. The Corolla was immediately sold at a loss of \$1,550, which is reflected in Other Changes in Net Assets on the Statement of Activities. The John boat and trailer were capitalized and are reflected in Property and Equipment, Net on the Statement of Financial Position.

RiverLink makes extensive use of volunteers to carry out its programs. For the year ended December 31, 2021, volunteers contributed a total of 788 hours with a total value of \$23,601 based on the rate of \$29.95 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.

**18. PPP Conditional Grant Award**

In February 2021, the organization received a second Paycheck Protection Program loan in the amount of \$71,400. The loan has an interest rate of 1%, 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. The loan is forgivable when the organization meets certain criteria and can be recognized as income when those conditions are substantially met. On October 5, 2021, the second Paycheck Protection Program loan was forgiven for the full amount of \$71,400 and was recognized as grant revenue.

**19. 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 employees may make their own pre-tax elective contributions through payroll withholding. RiverLink's contributions to the plan were \$7,108 and \$9,301 for the years ended December 31, 2021, and 2020, respectively.

**20. Fair Value Measurements**

Fair values of assets measured on a recurring basis are as follows at December 31, 2021:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1 Assets	Level 2 Assets	Level 3 Assets
Investments Held by Brokers:				
Equity	\$ 1,270,294	\$ 1,270,294	\$ -	\$ -
Fixed Income	1,620,012	1,620,012	-	-
Cash Equivalents	106,141	106,141	-	-
Funds with CFWNC	1,087,061	-	-	1,087,061
Note Receivable	219,961	-	219,961	-
Totals	<u>\$ 4,303,469</u>	<u>\$ 2,996,447</u>	<u>\$ 219,961</u>	<u>\$ 1,087,061</u>

Financial assets valued using Level 3 inputs are based on significant unobservable inputs. Criteria as follows:

- Funds in Community Foundation - For the funds held by the Community Foundation, fair values provided by the foundation are used without adjustment. The applicable unobservable estimates are developed by the foundation.

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

	Funds in Community Foundation
December 31, 2020	\$ 79,625
Change in Value, Net (Disclosure 6)	9,446
Contributions/Transfers	1,000,000
Distributions to RiverLink	(2,010)
December 31, 2021	<u>\$ 1,087,061</u>

**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 2022.

**22. Subsequent Events**

Subsequent events have been evaluated through September 6, 2022, which is the date the financial statements were available to be issued.