

**RIVER NETWORK**

**Financial Statements with  
Accompanying Independent  
Auditors' Report**

*September 30, 2018 and 2017*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
River Network  
Boulder, Colorado

We have audited the accompanying financial statements of River Network (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 of 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 River Network as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Flewelling & Mitton, PC

A handwritten signature in cursive script that reads 'Flewelling &amp; Mitton, PC'.

December 13, 2018

**RIVER NETWORK**  
**Statement of Financial Position**  
*September 30, 2018 and 2017*

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,441,223	\$ 767,829
Accounts receivable	64,759	41,707
Grants and contributions receivable	250,000	638,856
Prepaid expense	2,000	21,110
Cash restricted by donors for future purposes	87,014	682,079
Security deposit	5,931	2,800
Property and equipment, net of depreciation of \$36,955 and \$16,265	102,086	114,316
<b>Total Assets</b> .....	<b>\$ 1,953,013</b>	<b>\$ 2,268,697</b>

**LIABILITIES AND NET ASSETS**

	<b>2018</b>	<b>2017</b>
<b>Liabilities</b>		
Accounts payable	\$ 34,808	\$ 57,456
Grants payable	10,000	52,963
Accrued payroll	17,209	24,535
Accrued vacation	41,308	37,141
<b>Total Liabilities</b> .....	103,325	172,095
<b>Net Assets</b>		
Without donor restrictions	608,045	493,674
With donor restrictions	1,241,643	1,602,928
<b>Total Net Assets</b> .....	1,849,688	2,096,602
<b>Total Liabilities and Net Assets</b> .....	<b>\$ 1,953,013</b>	<b>\$ 2,268,697</b>

See accompanying *Notes to Financial Statements*

## RIVER NETWORK

### Statement of Activities For the Years Ended September 30, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
<b>Revenue and Other Support</b>				
Foundation grants and contributions	\$ 100,500	\$ 1,054,591	\$ 1,155,091	\$ 1,705,500
Corporate grants and contributions	77,205	460,795	538,000	499,000
Individual and small business contributions	207,536	—	207,536	171,014
Government grants and contributions	35,436	—	35,436	52,381
In-kind contributions	5,141	—	5,141	10,166
Annual River Rally registration fees and sales, net of scholarships of \$57,465 and \$79,758 in 2018 and 2017, respectively	172,623	—	172,623	119,829
Membership dues	60,040	—	60,040	59,300
Fees for services	394,861	—	394,861	252,585
Interest income	431	—	431	353
Other	4,288	—	4,288	13,685
Net assets released from restrictions	<u>1,876,671</u>	<u>(1,876,671)</u>	<u>—</u>	<u>—</u>
 Total Revenue and Other Support .....	 <u>2,934,732</u>	 <u>( 361,285)</u>	 <u>2,573,447</u>	 <u>2,883,813</u>
 <b>Expenses</b>				
Program services	2,443,157	—	2,443,157	1,782,682
Management and general	159,371	—	159,371	267,154
Fund-raising	<u>217,833</u>	<u>—</u>	<u>217,833</u>	<u>233,807</u>
 Total Expenses .....	 <u>2,820,361</u>	 <u>—</u>	 <u>2,820,361</u>	 <u>2,283,643</u>
 <b>Change in Net Assets</b>	 114,371	 ( 361,285)	 ( 246,914)	 600,170
 <b>Net Assets at Beginning of Year</b>	 <u>493,674</u>	 <u>1,602,928</u>	 <u>2,096,602</u>	 <u>1,496,432</u>
 <b>Net Assets at End of Year .....</b>	 <b><u>\$ 608,045</u></b>	 <b><u>\$ 1,241,643</u></b>	 <b><u>\$ 1,849,688</u></b>	 <b><u>\$ 2,096,602</u></b>

See accompanying *Notes to Financial Statements*

## RIVER NETWORK

### Statement of Functional Expenses For the Year Ended September 30, 2018 and 2017

	Supporting Services				
	Program Services	Mgt and General	Fund Raising	2018 Total	2017 Total
Grants	\$ 483,887	\$ —	\$ —	\$ 483,887	\$ 340,496
Salaries and wages	1,068,889	46,861	159,767	1,275,517	1,195,916
Pension plan contributions	21,028	942	3,219	25,189	23,931
Employee benefits	15,905	481	507	16,893	12,116
Payroll taxes	85,764	2,860	13,599	102,223	99,347
Accounting fees	6,833	52,888	629	60,350	51,493
Other professional fees	268,995	11,181	9,893	290,069	131,310
Advertising and promotion	8,394	348	244	8,986	8,716
Office expenses	7,578	2,540	1,680	11,798	13,357
Computer and software services	25,219	2,277	1,546	29,042	40,327
Occupancy	30,641	1,925	2,817	35,383	22,639
Travel	91,444	7,293	4,999	103,736	98,366
Meetings and events	215,659	3,476	1,971	221,106	144,973
Depreciation	18,000	1,034	1,655	20,689	9,195
Insurance	7,287	( 518)	( 11)	6,758	8,182
Bad debt	2,705	3,726	—	6,431	—
Bank charges	7,814	5,285	94	13,193	11,109
Dues and subscriptions	2,933	642	2,338	5,913	7,302
Equipment rental and maintenance	3,257	12,027	88	15,372	16,660
Miscellaneous	—	2,316	—	2,316	492
Program materials	57,512	709	3,221	61,442	23,719
Staff training	4,657	257	1,460	6,374	980
Taxes and licenses	800	( 102)	6,704	7,402	8,698
Telephone	7,956	923	1,413	10,292	14,319
<b>Total Expenses by Function.....</b>	<b><u>\$ 2,443,157</u></b>	<b><u>\$ 159,371</u></b>	<b><u>\$ 217,833</u></b>	<b><u>\$ 2,820,361</u></b>	<b><u>\$ 2,283,643</u></b>
<b>Percent of Total Expenses</b>	<b>86.6%</b>	<b>5.7%</b>	<b>7.7%</b>	<b>100.0 %</b>	

See accompanying *Notes to Financial Statements*

**RIVER NETWORK**  
**Statement of Cash Flows**  
*For the Years Ended September 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from contributors and grantors	\$ 2,330,060	\$ 2,411,890
Cash received from events, dues and fees for service	608,760	448,193
Cash received from interest	431	353
Cash paid to suppliers, employees and others	( 2,852,462)	( 2,223,360)
Net Cash Provided by Operating Activities .....	<u>86,789</u>	<u>637,076</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	( 8,460)	( 89,330)
Net Cash Used by Investing Activities .....	<u>( 8,460)</u>	<u>( 89,330)</u>
Net Increase in Cash and Cash Equivalents	78,329	547,746
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,449,908</u>	<u>902,162</u>
<b>Cash and Cash Equivalents at End of Year .....</b>	<b><u>\$ 1,528,237</u></b>	<b><u>\$ 1,449,908</u></b>
 <b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$( 246,914)	\$ 600,170
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net change in:		
Depreciation and amortization	20,690	9,195
(Increase) decrease in receivables	( 23,052)	2,794
Grants and contributions receivable	388,856	( 26,171)
(Increase) decrease in prepaid expenses	19,110	( 4,720)
Increase (decrease) in payables and accrued liabilities	( 22,648)	( 415)
Increase (decrease) in accrued payroll and related expenses	( 3,159)	3,260
Increase (decrease) in grants payable	( 42,963)	52,963
Increase (decrease) in security deposit	( 3,131)	—
Net Cash Provided by Operating Activities .....	<b><u>\$ 86,789</u></b>	<b><u>\$ 637,076</u></b>
 <b>Cash Reported on Statement of Financial Position</b>		
Cash and cash equivalents	\$ 1,441,223	\$ 767,829
Cash restricted by donors for future purposes	87,014	682,079
<b>Total Cash and Cash Equivalents .....</b>	<b><u>\$ 1,528,237</u></b>	<b><u>\$ 1,449,908</u></b>

See accompanying *Notes to Financial Statements*

## RIVER NETWORK

### Notes to Financial Statements *September 30, 2018 and 2017*

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Purpose**

River Network envisions a future of clean and ample water for people and nature, where local caretakers are well-equipped, effective and courageous champions for our rivers. River Network's mission is to empower and unite people and communities to protect and restore rivers and other waters that sustain all life. Their current strategic plan and operations directly support this vision and focus their investments around three strategies: STRONG CHAMPIONS, CLEAN WATER and AMPLE WATER.

The Organization maintains an office in Boulder, Colorado, with staff in field locations including Oregon, Ohio, North Carolina, Maryland and Virginia. River Network has invested in the systems necessary to support such a decentralized team, including online work spaces, virtual conferencing and tight alignment between its strategic plan, annual work plan, and personal objectives for each staff person.

Over the past 30 years, River Network has accomplished its mission by investing in local efforts and helping advance impact at more significant scales (system, state, regional, national). River Network has worked with groups and individuals in every state and region of the U.S. and beyond. It provides one-on-one mentoring and consulting, virtual training, and conferences to strengthen local efforts; convenes groups for greater impact; and increases the transfer of practical water management solutions. Over 2,000 organizations and 10,000 individuals are part of its community.

Fiscal Year 2018's efforts were completely focused on three strategies identified within its current strategic plan which build from its strengths and work to date:

*Strong Champions:* Strengthens coalitions, organizations and leaders. More specifically, River Network ensures that new and existing leaders, organizations and coalitions are strong, effective, sustainable, results-oriented and equipped to make the greatest impact for our rivers and other waters in a rapidly-changing world.

*Clean Water:* Promotes clean water solutions and innovations. More specifically, River Network improves local understanding the causes of water quality decline; advances policies and restoration practices that can turn this situation around and sustain improvement over the long term; and fosters opportunities for expanded impact through collaboration.

*Ample Water:* Advance water supply security and sustainability. More specifically, River Network grows local caretaker familiarity with the challenges and opportunities associated with securing an ample supply of water for healthy rivers and communities; crafts solutions that meet both human and ecosystem needs; and fosters expanded impact through collaboration.

The above three strategies inform all aspects of River Network's work throughout the year – from the structure and access to best practices and impact stories offered through their website; to River Voices, their high-quality quarterly newsletter; River Rally, their annual conference; webinars and online discussions for the river and watershed community; and one-on-one mentoring, consulting and engagement to help groups and coalitions expand their impact.



## RIVER NETWORK

### Notes to Financial Statements September 30, 2018 and 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These strategies are also supported by and are integrated across the structure of functions of River Network staff: Leadership Development, Science and Policy, Community Engagement, Finance and Operations, Fundraising and Communications, and Executive. Staff work, together and within and across these functions to fulfill grant and donor obligation and expanded into new mission-driven areas of opportunity. This alignment and cooperation helps River Network to be a highly effective and strategically focused organization.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. During the year ended September 30, 2018, the Organization adopted ASU 2016-14. See Note 15 for details.

#### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the restriction is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### **Cash Equivalents**

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or fewer to be cash and cash equivalents.

#### **Receivables**

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The balance in allowance for doubtful accounts at September 30, 2018 and 2017 was \$0.

## RIVER NETWORK

### Notes to Financial Statements September 30, 2018 and 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Grant and Contract Revenue**

For all grants and contracts which are considered to be exchange transactions, revenue is recognized as allowable reimbursable expenses are incurred. Cash received in excess of allowable expenses is recorded as deferred revenue, and allowable expenses incurred in excess of cash received are recorded as receivables.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and nature of any donor restrictions.

Contributions to the Organization which are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Donated Materials, Equipment and Services**

Donated materials, equipment and services are reflected as contributions at their estimated values at date of receipt. These were recorded as in-kind contributions in the statement of activities. During the years ended September 30, 2018 and 2017, donated materials, equipment and services consisted of the following:

	<u>2018</u>	<u>2017</u>
Travel	\$ 2,076	\$ —
Supplies and materials	—	3,200
Services	3,065	6,966
Total	<u>\$ 5,141</u>	<u>\$ 10,166</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in various ways, but do not meet the requirements for recognition of revenue in the financial statements.

**Property and Equipment**

Property and equipment are stated at cost, or fair market value if donated, and depreciated on the straight-line method. Expenditures for maintenance and repairs are charged to the appropriate expense accounts as incurred. Expenditures for renewals and betterments of \$5,000 or more that materially extend the useful lives of assets or increase their productivity are capitalized at cost. The costs and related allowances for depreciation of assets retired or otherwise disposed of are eliminated from the accounts. The resulting gains or losses are included in the determination of increase net assets without donor restrictions.

## **RIVER NETWORK**

### **Notes to Financial Statements** *September 30, 2018 and 2017*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Uncertain Tax Positions**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Exempt Organization Income Tax Returns Form 990 for 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they are filed.

**Functional Reporting of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Summarized Prior-Year Information**

The amounts shown for the year ended September 30, 2017 in the accompanying financial statements are included to provide a basis for comparison with 2018 and present summarized totals only. Accordingly, the 2017 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

**Fair Value of Financial Instruments**

The Organization discloses fair value information about financial instruments when it is practicable to estimate that value. The carrying value of the Organization's cash, receivables, prepaid expenses, accounts payable and accrued expenses approximate their estimated fair values due to their short-term maturities.

**NOTE 2: PRIOR PERIOD ADJUSTMENT**

The Organization received two multi-year grants from one foundation during the year ended September 30, 2017. The language in the grants was previously determined to contain conditional contributions. In the subsequent year, however, after revisiting the facts and circumstances, they were clarified as unconditional contributions. This resulted in a restatement of the 2017 financial statements in the amount of \$312,680. The Organization had planned to recognize contributions revenue from this foundation in 2018, but as part of the clarity, the result was a restatement of 2017 revenue.

Therefore, the 2017 revenue and grants receivable amounts are \$312,680 higher than what was originally reported. The amounts spent from those grants did not change in 2018.

## RIVER NETWORK

### Notes to Financial Statements September 30, 2018 and 2017

**NOTE 2: PRIOR PERIOD ADJUSTMENT (continued)**

The following line items changed in 2017 because of this prior period adjustment:

	<u>Original</u>	<u>Restated</u>	<u>Difference</u>
Grants and contributions receivable	\$ 326,176	\$ 638,856	\$ 312,680
Foundation grants contributions revenue	\$ 1,392,820	\$1,705,500	\$ 312,680
Net assets without donor restrictions	\$ 493,674	\$ 493,674	\$ —
Net assets with donor restrictions	1,290,248	1,602,928	312,680
Total Net Assets at September 30, 2017	\$ 1,783,922	\$2,096,602	\$ 312,680

The balance in total net assets at September 30, 2018 remained unchanged.

**NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year-End	\$ 1,755,982
Less: those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	( 1,241,643)
Plus: Donor restrictions with time restrictions greater than one year	87,014
Financial assets available to meet cash needs needs for general expenditures within one year	\$ 601,353

River Networks' liquidity management plan includes maintaining at least 180 days of budgeted general operating expenses in unrestricted cash. Balances in excess of liquidity needs are invested in an institutional money market fund. The Organization also has a bank line of credit in place to fund an additional ninety days of general expenditures.

**NOTE 4: GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contribution receivables consisted of the following:

	<u>2018</u>	<u>2017</u>
Grants and contributions receivable	\$ 250,000	\$ 638,856
Less: Allowance for uncollectible promises to give	—	—
Less: Discount to present value	—	—
Grants and Contributions Receivable	\$ 250,000	\$ 638,856
Amounts due in:		
Less than one year	\$ 250,000	\$ 638,856
One to five years	—	—
Total Amounts Due	\$ 250,000	\$ 638,856

The discount on long-term grants receivable was not significant and therefore was not recorded.

## RIVER NETWORK

### Notes to Financial Statements September 30, 2018 and 2017

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	2018	2017
Land	\$ 5,900	\$ 5,900
Website	35,351	35,351
Software	97,790	89,330
Total Property and Equipment	139,041	130,581
Less: accumulated amortization	( 36,955)	( 16,265)
Net Property and Equipment	\$ 102,086	\$ 114,316

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent grants, contributions and other unexpended revenues and gains restricted by the donors for the following specific purposes as follows:

	2018	2017
Clean Water	\$ 628,897	\$1,093,090
Ample Water	381,303	248,804
Strong Champions	39,856	91,884
Community Engagement	183,812	161,375
River Rescue Fund	7,775	7,775
Total	\$ 1,241,643	\$1,602,928

**NOTE 7: LEASE COMMITMENTS**

The Organization entered into a lease with the University of Colorado in Boulder, CO on July 11, 2016, commencing August 1, 2016 and ending on July 31, 2017, thereafter the lease term changed to month-to-month. The terms of the lease allowed for either party to terminate the lease with 30 days written notice. The Organization agreed to pay a user fee of \$300 per full-time employee. The Organization had been given notice and vacated by January 15, 2018.

The Organization also had a lease in Portland, OR, which commenced January 1, 2015 and ended on December 31, 2017. The lease calls for a base rent of \$2,800 per month, increasing 3% each year. On August 10, 2016 the Organization entered into a sub-lease agreement with a for-profit company due to moving the headquarters to Boulder, CO. Rental income under the sub-lease agreement for the years ended September 30, 2018 and 2017 was \$0 each year. The sub-lessee pays rent to the landlord directly.

The Organization entered into a lease for a copier on June 27, 2015 for 60 months, at a payment of \$689 per month.

In December 2017, the Organization entered into a new lease with an unrelated party for office space in Boulder, Colorado. The lease term is for three years ending in December 2020. Base rent in the first year is \$1,867 per month plus their share of the common area expenses, with 4% rent increases each succeeding year.

Total lease expense for the year ended September 30, 2018 and 2017 was \$44,204 and \$30,087, respectively.

## RIVER NETWORK

### Notes to Financial Statements September 30, 2018 and 2017

**NOTE 7: LEASE COMMITMENTS (continued)**

Future minimum lease payments are as follows:

Year	Total
2019	\$ 46,507
2020	44,674
2021	21,219
Total	\$ 112,400

**NOTE 8: LINE OF CREDIT**

At September 30, 2017, River Network maintained a line of credit secured by all business assets for a maximum of \$75,000, bearing interest at 5.75%. No balance was outstanding under this agreement. The arrangement ended in 2018.

In June 2018, the Organization secured a \$250,000 line of credit collateralized by all business assets, bearing interest at 1.5% over the prime rate, which was 5%. No balance was outstanding under this agreement at September 30, 2018.

**NOTE 9: CONCENTRATIONS OF FUNDING SOURCE**

The Organization recognized the following revenues from significant grantors during the fiscal years ending September 30, 2018 and 2017:

	September 30, 2018		September 30, 2017	
	Amount	% of Total Revenue	Amount	% of Total Revenue
	Foundation #1	\$ 300,000	11.7%	\$ 300,000
Foundation #2	\$ —	—%	\$ 800,000	27.7%
Foundation #3	\$ —	—%	\$ 330,000	11.4%
Foundation #4	\$ 385,000	15.0%	\$ —	—%

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

The Organization receives grants from various sources which are subject to final review and approval, depending on the allowability of corresponding expenses charged to those programs. Any expenses not allowed by the granting authority would be reimbursable by the Organization.

On March 16, 2018, the Organization signed a contract with Silver Rio Limited Partnership for the River Rally event scheduled for May 2020. If cancellation of the event were to occur, the Organization would owe \$108,967 to Silver Rio Limited Partnership, as of September 30, 2018.

**NOTE 11: SUPPLEMENTAL CASH FLOW INFORMATION**

The Organization made no interest or income tax payments for the years ended September 30, 2018 and 2017, respectively.

## **RIVER NETWORK**

### **Notes to Financial Statements** *September 30, 2018 and 2017*

#### **NOTE 12: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at one financial institution. Accounts are currently insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of September 30, 2018 and 2017, the uninsured balance was \$1,277,736 and \$1,198,264, respectively. The Organization believes it is not exposed to any significant credit risk on its cash balances.

At September 30, 2017, the Organization had a concentration of credit risk of \$312,680 for a grant receivable from one foundation located in Michigan.

#### **NOTE 13: EMPLOYEE RETIREMENT PLANS**

The Organization had established a defined contribution retirement plan that operated under Section 401(k) of the Internal Revenue Code. Employees who are over 21 years of age qualified to participate in the retirement plan. The Organization contributed 2% of each eligible employee's compensation. Employees could make voluntary contributions to the plan. This plan was terminated May 31, 2018.

Effective October 1, 2017, the Organization sponsored a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code covering substantially all employees. Under the plan, employees contribute a specified percentage of salary, or a fixed dollar amount, to the plan. The Organization may agree to make a discretionary and "nonelective" contribution to their employees' 403(b) plans. Effective with the June 15, 2018 payroll, the employees transitioned from the terminated 401(k) plan to the existing 403(b) plan.

The Organization contributed \$25,189 and \$23,931 to the retirement plans for the years ended September 30, 2018 and 2017, respectively. All contributions are immediately vested to the employee.

#### **NOTE 14: FUNCTIONAL EXPENSES**

The financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The shared expenses allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort. Other shared expenses are allocated on a percentage of staff FTEs (full-time equivalents) across the functional areas.

## **RIVER NETWORK**

### **Notes to Financial Statements** *September 30, 2018 and 2017*

#### **NOTE 15: NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements.

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).
- The financial statements include a new disclosure describing the method used to allocate the functional expenses (Note 14).

#### **NOTE 16: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 13, 2018, which was the date the financial statements were available to be issued. There were no significant subsequent events noted.