

RIVERLIFE
Pittsburgh, Pennsylvania

Financial Statements
For the years ended December 31, 2015 and 2014
and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Riverlife
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of Riverlife, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets 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 audits. We conducted our audits 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 auditors' 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 Riverlife as of December 31, 2015 and 2014, 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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 9, 2016

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RIVERLIFE

STATEMENTS OF FINANCIAL POSITION

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,484,445	\$ 2,757,562
CERTIFICATES OF DEPOSIT	152,031	150,000
CONTRIBUTIONS RECEIVABLE	1,584,882	451,837
PREPAID EXPENSES	11,240	11,240
EQUIPMENT AND FIXTURES, net	<u>8,743</u>	<u>15,943</u>
Total Assets	<u><u>\$ 4,241,341</u></u>	<u><u>\$ 3,386,582</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 85,287	\$ 56,568
Deferred revenue	<u>310,979</u>	<u>283,150</u>
	396,266	339,718
NET ASSETS (DEFICIT)		
Unrestricted	(42,867)	315,809
Temporarily restricted	<u>3,887,942</u>	<u>2,731,055</u>
Total Net Assets	<u>3,845,075</u>	<u>3,046,864</u>
Total Liabilities And Net Assets	<u><u>\$ 4,241,341</u></u>	<u><u>\$ 3,386,582</u></u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Public support:						
Foundations	\$ 517,700	\$ 1,838,000	\$ 2,355,700	\$ 406,798	\$ 1,127,500	\$ 1,534,298
Government	-	10,000	10,000	-	-	-
Corporate and individual	356,856	93,000	449,856	302,075	1,138	303,213
	<u>874,556</u>	<u>1,941,000</u>	<u>2,815,556</u>	<u>708,873</u>	<u>1,128,638</u>	<u>1,837,511</u>
Revenue:						
Interest income	4,522	-	4,522	3,901	-	3,901
Other income	2,031	-	2,031	702	-	702
	<u>6,553</u>	<u>-</u>	<u>6,553</u>	<u>4,603</u>	<u>-</u>	<u>4,603</u>
Net assets released from restrictions	<u>796,543</u>	<u>(796,543)</u>	<u>-</u>	<u>1,310,005</u>	<u>(1,310,005)</u>	<u>-</u>
Total Support And Revenue	1,677,652	1,144,457	2,822,109	2,023,481	(181,367)	1,842,114
OPERATING EXPENSES						
Program implementation	1,269,738	-	1,269,738	1,077,336	-	1,077,336
General and administrative	363,952	-	363,952	525,688	-	525,688
Fundraising	390,208	-	390,208	328,201	-	328,201
	<u>2,023,898</u>	<u>-</u>	<u>2,023,898</u>	<u>1,931,225</u>	<u>-</u>	<u>1,931,225</u>
Changes In Operating Net Assets	(346,246)	1,144,457	798,211	92,256	(181,367)	(89,111)
NET ASSET TRANSFERS	<u>(12,430)</u>	<u>12,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes In Net Assets	(358,676)	1,156,887	798,211	92,256	(181,367)	(89,111)
NET ASSETS (DEFICIT)						
Beginning of year	<u>315,809</u>	<u>2,731,055</u>	<u>3,046,864</u>	<u>223,553</u>	<u>2,912,422</u>	<u>3,135,975</u>
End of year	<u>\$ (42,867)</u>	<u>\$ 3,887,942</u>	<u>\$ 3,845,075</u>	<u>\$ 315,809</u>	<u>\$ 2,731,055</u>	<u>\$ 3,046,864</u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 798,211	\$ (89,111)
Depreciation	7,200	7,200
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Contributions receivable	(1,133,045)	924,802
Accounts payable and accrued liabilities	28,719	(30,262)
Other assets	27,829	-
Net Cash (Used In) Provided By Operating Activities	<u>(271,086)</u>	<u>812,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	<u>(2,031)</u>	<u>-</u>
Net (Decrease) Increase In Cash And Cash Equivalents	(273,117)	812,629
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,757,562</u>	<u>1,944,933</u>
End of year	<u>\$ 2,484,445</u>	<u>\$ 2,757,562</u>

See notes to financial statements.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - ORGANIZATION

In 1999, a group of Pittsburgh community leaders, business owners, environmentalists and urban planners saw the need to develop a master plan for Pittsburgh's most valuable asset: its rivers and their miles of shorelines. The opportunity was enormous; the solution called for an organization to be the "keeper of a dream."

Their vision led to the creation of Riverlife (then known as Riverlife Task Force). In 2001, following a public planning process that gathered the input of thousands of Pittsburghers, Riverlife presented a plan for Three Rivers Park: a 13-mile grand, urban-scale waterfront park at the confluence of the three rivers in the heart of Downtown Pittsburgh that extends up the Allegheny River to the 31st Street Bridge, down the Monongahela River to the Hot Metal Bridge, and along the Ohio River to the West End Bridge.

The result, *A Vision Plan for Pittsburgh's Riverfronts*, was the winner of the 2002 AIA Honor Award in Urban Planning and Design and the 2002 Merit Award in Planning from the International Downtown Association. Riverlife's mission is simple: To reclaim, restore and promote Pittsburgh's riverfronts as the environmental, recreational, cultural and economic hub for the people of this region and our visitors. Riverlife provides services, including design, construction oversight and project management, to private and public entities in relation to development within Three Rivers Park. Riverlife also provides advocacy and input on matters related to environmental, design quality and public access in the implementation of projects within Three Rivers Park through a process that attempts to incorporate the viewpoints of all of the stakeholders involved, including the public.

Today, Three Rivers Park is coming to life as Riverlife and its team of experts champion the transformation of Pittsburgh's riverfronts, from the city's industrial corridor to its shared living and recreation space. Through a variety of public-private partnerships integrating the efforts of state, city and private developers, Riverlife points proudly to a host of projects already in place, with several currently underway and more planned for the future.

As a result of Riverlife's leadership, more than half of the 13-mile Three Rivers Park loop has been established and improved for public use, and when complete, this seamless sequence of open spaces for civic engagement will ultimately knit our neighborhoods together and reconnect us with our living environment.

In 2014, Riverlife was granted approximately \$1,300,000 for improvements to Point State Park and operating expenses from a single contributor. In 2015, Riverlife was granted approximately \$1,800,000 for capital and other projects and operating expenses from two contributors. These amounts were received and recognized as revenue in their respective years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Basis - Riverlife classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories.

A description of Riverlife's net asset categories follows:

Unrestricted Net Assets - Unrestricted net assets are net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets - Temporarily restricted net assets are net assets that are subject to donor or grantor-imposed restrictions or stipulations that may or will be met either by actions of Riverlife or the passage of time.

Unrestricted contributions are recorded as revenue when received or pledged. Temporarily restricted contributions are reported in the statement of activities as net assets released from restrictions when a stipulated time restriction ends or purpose restriction is accomplished. Conditional promises to give are not included as support until the conditions are substantially met. Advances received on government grants are recorded as deferred revenue until final approval of the project is received from the applicable agency.

Cash and Cash Equivalents - Riverlife maintains, at a financial institution, cash that may exceed federally insured amounts at times. All investments with a purchased maturity of three (3) months or less are considered to be cash equivalents.

Certificates of Deposit - Investment in certificates of deposit is stated at fair value. Interest is reported in the period earned as an increase in unrestricted net assets.

Equipment and Fixtures - Equipment and fixtures are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the related properties. Riverlife reviews the recoverability of the carrying value of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Revenue Recognition - Receipts of unconditional promises to give with payments due in future periods are recorded as pledges receivable and recognized as increases to net assets at the date of promise. Conditional promises to give are not included as revenue until such time as the conditions are substantially met. See Note 4.

Riverlife reports gifts of cash and other assets as restricted support if they are received with donor or grantor imposed restrictions that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as they are received are reported as unrestricted contributions in the accompanying financial statements.

Donated Services - Riverlife recognizes contribution revenue for certain goods and services received at the fair value of those services, which approximated \$48,000 and \$32,000 in 2015 and 2014, respectively. No amounts have been reflected in the accompanying financial statements for donated services of the Board members because no objective basis is available to measure the value of such services; however, Board members have donated a substantial amount of time to the operation of Riverlife.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - Riverlife is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as an entity that is not a private foundation under the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes is recorded in the financial statements. In addition, Riverlife has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements, and Riverlife is no longer subject to income tax examinations for tax years prior to 2012.

Functional Expenses - The costs of providing Riverlife's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurement - Riverlife's financial instruments consist primarily of cash and cash equivalents, certificates of deposit, contributions receivable, prepaid expenses, accounts payable and accrued liabilities. The carrying amount of these financial instruments approximates their fair value due to the short-term nature of such instruments.

Subsequent Events - Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through November 9, 2016, the date on which the financial statements were available to be issued and did not identify any events or transactions requiring adjustment to or disclosure in the financial statements.

Recent Accounting Pronouncements - In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-15 Presentation of Financial Statements - Going Concern (ASU 2014-15), which provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 is effective for years ending after December 15, 2016. Early application is permitted. Riverlife is currently assessing the impact of ASU 2014-15 on its financial statements.

The FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02). ASU 2016-02 is the result of a joint project of FASB and International Accounting Standards Board to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The ASU amends Topic 842 to require a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term initially measured at the present value of the lease payments. The lessee should also include payments to be made on an optional lease extension if the company is reasonably certain that the extension will be exercised when measuring the asset and liability. Companies will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Early application is permitted. Riverlife is assessing the impact that ASU 2016-02 will have on its financial statements.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This new ASU is intended to simplify and improve not-for-profit financial reporting, including current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. Riverlife is currently evaluating the impact this standard will have on its financial statements.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 are as follows:

	2015	2014
In one year or less	\$ 902,382	\$ 446,837
Between one year and five years	682,500	5,000
	\$ 1,584,882	\$ 451,837

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

NOTE 4 - CONDITIONAL PLEDGES

As part of a fundraising campaign, Riverlife was the recipient of a conditional pledge from a local foundation. The \$2,000,000 grant was based on meeting stipulated fundraising milestones. Riverlife received interim payments of \$250,000 in 2008, \$200,000 in 2009, and \$500,000 in 2012 from this grant and reported the revenue in the respective years received. In 2014, Riverlife met the final fundraising milestone, and the remaining \$1,050,000 was received and recognized as revenue. There were no remaining conditional pledges as of December 31, 2014.

NOTE 5 - EQUIPMENT AND FIXTURES

Property and equipment at December 31 consist of the following:

	2015	2014
Leasehold improvements	\$ 23,759	\$ 23,759
Furniture and fixtures	22,609	22,609
	46,368	46,368
Less - Accumulated depreciation	(37,625)	(30,425)
	\$ 8,743	\$ 15,943

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 6 - RESTRICTIONS OF NET ASSETS

Temporarily restricted net assets at December 31 were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Future operating expenses	\$ 1,607,500	\$ 330,000
Construction projects:		
Mon Wharf	1,056,643	6,643
South Side Works	574,497	691,059
Point State Park	230,560	1,320,532
Allegheny Landing	153,500	151,070
Shovel Ready	150,000	150,000
Grant's Crossing	65,608	34,483
Headwaters Lagoon	20,984	19,768
Riverfront Zoning	18,650	27,500
Allegheny Riverfront	10,000	-
Total construction projects	<u>2,280,442</u>	<u>2,401,055</u>
	<u>\$ 3,887,942</u>	<u>\$ 2,731,055</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors. Net assets were released during the years ended December 31 for the following purposes:

	<u>2015</u>	<u>2014</u>
Operating expenses	\$ 335,500	\$ 1,001,751
Construction projects:		
Headwaters Lagoon	126,784	4,806
South Side Works	116,562	74,240
Allegheny Riverfront	90,000	-
Point State Park	39,972	59,185
Grant's Crossing	18,875	15,517
Riverfront Zoning	8,850	-
Allegheny Landing	-	116,506
Total construction projects	<u>401,043</u>	<u>270,254</u>
Other restricted funds:		
Remaking Cities Study	-	38,000
Executive Search	60,000	-
Total other restricted funds	<u>60,000</u>	<u>38,000</u>
	<u>\$ 796,543</u>	<u>\$ 1,310,005</u>

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 7 - LINE OF CREDIT

Riverlife has a revolving credit agreement, which renews annually and has maximum borrowings of \$200,000 and interest at the prime lending rate plus 1.00% (4.50% at December 31, 2015). The revolving credit agreement matures on December 22, 2016 and is secured by Riverlife's certificates of deposit held at the same bank. There were no borrowings outstanding at December 31, 2015 and 2014.

NOTE 8 - LEASES

Riverlife has a noncancelable lease agreement for office space. Annual minimum rental payments for the lease are expected to be as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2016	\$ 67,469
2017	67,469
2018	67,469
2019	<u>50,601</u>
	\$ <u><u>253,008</u></u>

Total rent expense approximated \$67,000 and \$64,000 for 2015 and 2014, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Riverlife sponsors a defined contribution 401(k) plan covering all of its employees. Participation in the plan is subject to eligibility provisions of the plan. Profit sharing contributions are made at the discretion of Riverlife. Employees may elect to contribute from their salaries amounts equal to the salary reduction dollar limit set by the Internal Revenue Service with a safe harbor contribution of 3%. Employer contributions to the plans were approximately \$18,300 and \$13,500 for the years ended December 31, 2015 and 2014, respectively.

NOTE 10 - CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Riverlife believes that disallowances, if any, will not have a materially adverse effect on the financial statements.

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