

RIVERLIFE
Pittsburgh, Pennsylvania

Financial Statements
For the years ended December 31, 2016 and 2015
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, 2016 and 2015, 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, 2016 and 2015, 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
September 11, 2017

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RIVERLIFE

STATEMENTS OF FINANCIAL POSITION

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,473,356	\$ 2,484,445
CERTIFICATES OF DEPOSIT	152,335	152,031
CONTRIBUTIONS RECEIVABLE	673,750	1,584,882
PREPAID EXPENSES	11,240	11,240
EQUIPMENT AND FIXTURES, net	<u>1,543</u>	<u>8,743</u>
Total Assets	<u><u>\$ 3,312,224</u></u>	<u><u>\$ 4,241,341</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 64,788	\$ 85,287
Deferred revenue	<u>200,000</u>	<u>310,979</u>
	264,788	396,266
NET ASSETS		
Unrestricted	151,010	(42,867)
Temporarily restricted	<u>2,896,426</u>	<u>3,887,942</u>
Total Net Assets	<u><u>3,047,436</u></u>	<u><u>3,845,075</u></u>
Total Liabilities And Net Assets	<u><u>\$ 3,312,224</u></u>	<u><u>\$ 4,241,341</u></u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Public support:						
Foundations	\$ 230,811	\$ 175,000	\$ 405,811	\$ 517,700	\$ 1,838,000	\$ 2,355,700
Government	-	371,250	371,250	-	10,000	10,000
Corporate and individual	407,518	301,442	708,960	356,856	93,000	449,856
	<u>638,329</u>	<u>847,692</u>	<u>1,486,021</u>	<u>874,556</u>	<u>1,941,000</u>	<u>2,815,556</u>
Revenue:						
Interest income	4,138	-	4,138	4,522	-	4,522
Other income	-	-	-	2,031	-	2,031
	<u>4,138</u>	<u>-</u>	<u>4,138</u>	<u>6,553</u>	<u>-</u>	<u>6,553</u>
Net assets released from restrictions	<u>1,839,208</u>	<u>(1,839,208)</u>	<u>-</u>	<u>796,543</u>	<u>(796,543)</u>	<u>-</u>
Total Support And Revenue	2,481,675	(991,516)	1,490,159	1,677,652	1,144,457	2,822,109
OPERATING EXPENSES						
Program implementation	1,501,699	-	1,501,699	1,269,738	-	1,269,738
General and administrative	317,044	-	317,044	363,952	-	363,952
Fundraising	469,055	-	469,055	390,208	-	390,208
	<u>2,287,798</u>	<u>-</u>	<u>2,287,798</u>	<u>2,023,898</u>	<u>-</u>	<u>2,023,898</u>
Changes In Operating Net Assets	193,877	(991,516)	(797,639)	(346,246)	1,144,457	798,211
NET ASSET TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,430)</u>	<u>12,430</u>	<u>-</u>
Changes In Net Assets	193,877	(991,516)	(797,639)	(358,676)	1,156,887	798,211
NET ASSETS (DEFICIT)						
Beginning 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>
End of year	<u>\$ 151,010</u>	<u>\$ 2,896,426</u>	<u>\$ 3,047,436</u>	<u>\$ (42,867)</u>	<u>\$ 3,887,942</u>	<u>\$ 3,845,075</u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (797,639)	\$ 798,211
Depreciation	7,200	7,200
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Contributions receivable	911,132	(1,133,045)
Accounts payable and accrued liabilities	(20,499)	28,719
Deferred revenue	(110,979)	27,829
Net Cash Used In Operating Activities	<u>(10,785)</u>	<u>(271,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	<u>(304)</u>	<u>(2,031)</u>
Net Decrease In Cash And Cash Equivalents	(11,089)	(273,117)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,484,445</u>	<u>2,757,562</u>
End of year	<u>\$ 2,473,356</u>	<u>\$ 2,484,445</u>

See notes to financial statements.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - ORGANIZATION

Since its founding in 1999 by some of Pittsburgh's best-known community, business, and environmental leaders, Riverlife has worked to reclaim, restore, and promote Pittsburgh's riverfronts for the region's residents, workers, and visitors. In 2001, following an extensive public planning process which engaged thousands of Pittsburghers, Riverlife presented a plan for Three Rivers Park: a grand, 13-mile urban waterfront park at the confluence of the Allegheny, Monongahela, and Ohio Rivers in the heart of Downtown Pittsburgh.

The plan for Three Rivers Park, laid out in A Vision Plan for Pittsburgh's Riverfronts, was the winner of the 2002 American Institute of Architects' Honor Award in Urban Planning and Design and the 2002 Merit Award in Planning from the International Downtown Association. In subsequent years, implementation of various elements has been recognized by the local affiliate of the Urban Land Institute and USA Today named Three Rivers Park as among the Top 10 waterfronts in the United States.

Today, Three Rivers Park is a key destination enjoyed by residents and visitors alike and a key economic driver in the region, resulting in over \$4.1 billion in river-adjacent real estate projects since the park was introduced in 2001. Thanks to Riverlife's leadership, Pittsburgh residents and their visitors enjoy riverfront access and new or renewed public spaces like South Shore Riverfront Park, Point State Park, the North Shore and the Mon Wharf Landing.

Riverlife encourages developers and property owners to include planning and design decisions in riverfront projects that cumulatively improve Pittsburgh's long-term environmental sustainability. Native plantings at Allegheny Landing, the David L. Lawrence Convention Center Riverfront Plaza and the Mon Wharf rebuild Western Pennsylvania riparian habitat while naturally fighting invasive species. Green infrastructure at Point State Park and the Rivers Casino amphitheater calm and collect the flow of stormwater before it reaches the city's combined sewer. Riverlife's large-scale studies of the North Shore and Strip District riverfront look at opportunities to restore the natural soft riverbank and its habitat for fish, birds and insects. By working with property owners and stakeholders to fill gaps in the riverfront trail system and extend it into new neighborhoods, Riverlife continues to encourage non-motorized transportation that will remove cars from the roadway and reduce air pollution.

As more riverfront parks and public open spaces come online, Riverlife turns an eye toward activating these public places with pop-up programming, user amenities and special events, while working with property owners and public agencies to determine strategies for long-term maintenance.

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, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Basis - The financial statements of Riverlife have been prepared on the accrual basis of accounting. 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.

Contributions are recognized as revenue when unconditional promises to give are received and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and net assets. Temporarily restricted contributions are reported in the statements 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, as they are considered conditional promises 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.

Donated Services - Riverlife recognizes contribution revenue for certain goods and services received at their estimated fair value, which approximated \$51,000 and \$48,000 in 2016 and 2015, 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, 2016 AND 2015

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 2013.

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 - Management has evaluated subsequent events through September 11, 2017, the date on which the financial statements were available to be issued. In January 2017, Riverlife entered into an agreement with the City of Pittsburgh committing up to approximately \$1.5 million for Mon Wharf construction.

Recent Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

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.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
In one year or less	\$ 670,250	\$ 902,382
Between one year and five years	<u>3,500</u>	<u>682,500</u>
	<u>\$ 673,750</u>	<u>\$ 1,584,882</u>

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

NOTE 4 - EQUIPMENT AND FIXTURES

Property and equipment at December 31 consist of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 23,759	\$ 23,759
Furniture and fixtures	<u>22,609</u>	<u>22,609</u>
	46,368	46,368
Less - Accumulated depreciation	<u>(44,825)</u>	<u>(37,625)</u>
	<u>\$ 1,543</u>	<u>\$ 8,743</u>

NOTE 5 - RESTRICTIONS OF NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Future operating expenses	\$ 682,500	\$ 1,607,500
Construction projects:		
Mon Wharf	1,156,643	1,056,643
South Side Works	478,029	574,497
Point State Park	228,856	230,560
Allegheny Landing	121,250	153,500
Grant St. Crossing	104,824	65,608
Shovel Ready	62,582	150,000
Headwaters Lagoon	37,577	20,984
Bridge Lighting	14,165	-
Riverfront Zoning	10,000	18,650
Allegheny Riverfront	-	10,000
Total construction projects	<u>2,213,926</u>	<u>2,280,442</u>
	<u>\$ 2,896,426</u>	<u>\$ 3,887,942</u>

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 - RESTRICTIONS OF NET ASSETS (Continued)

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>2016</u>	<u>2015</u>
Operating expenses	\$ 935,049	\$ 335,500
Construction projects:		
Allegheny Landing	390,918	-
Bridge Lighting	237,051	-
South Side Works	96,468	116,562
Headwaters Lagoon	58,584	126,784
Grant St. Crossing	10,784	18,875
Riverfront Zoning	8,650	8,850
Point State Park	1,704	39,972
Allegheny Riverfront	-	90,000
Total construction projects	<u>804,159</u>	<u>401,043</u>
Other restricted funds:		
Benedum Outreach	100,000	-
Executive Search	-	60,000
Total other restricted funds	<u>100,000</u>	<u>60,000</u>
	<u>\$ 1,839,208</u>	<u>\$ 796,543</u>

NOTE 6 - 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% (4.75% at December 31, 2016). The revolving credit agreement matures on December 22, 2017 and is secured by Riverlife's certificates of deposit held at the same bank. There were no borrowings outstanding at December 31, 2016 and 2015.

NOTE 7 - 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>
2017	\$ 63,863
2018	63,863
2019	<u>47,897</u>
	<u>\$ 175,623</u>

Total rent expense approximated \$70,000 and \$67,000 for 2016 and 2015, respectively.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 8 - 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 \$24,000 and \$18,300 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 - 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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