

RIVERLIFE
Pittsburgh, Pennsylvania

Financial Statements
For the years ended December 31, 2017 and 2016
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, 2017 and 2016, 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, 2017 and 2016, 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
August 3, 2018

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RIVERLIFE

STATEMENTS OF FINANCIAL POSITION

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,640,423	\$ 2,473,356
CERTIFICATES OF DEPOSIT	152,335	152,335
CONTRIBUTIONS RECEIVABLE	315,898	673,750
PREPAID EXPENSES	11,240	11,240
EQUIPMENT AND FIXTURES, net	<u>-</u>	<u>1,543</u>
Total Assets	<u><u>\$ 2,119,896</u></u>	<u><u>\$ 3,312,224</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 98,343	\$ 64,788
Deferred revenue	<u>-</u>	<u>200,000</u>
	98,343	264,788
NET ASSETS		
Unrestricted	445,518	151,010
Temporarily restricted	<u>1,576,035</u>	<u>2,896,426</u>
Total Net Assets	<u>2,021,553</u>	<u>3,047,436</u>
Total Liabilities And Net Assets	<u><u>\$ 2,119,896</u></u>	<u><u>\$ 3,312,224</u></u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Public support:						
Foundations	\$ 392,500	\$ 785,000	\$ 1,177,500	\$ 230,811	\$ 175,000	\$ 405,811
Government	-	452,500	452,500	-	371,250	371,250
Corporate and individual	445,670	60,300	505,970	332,670	301,442	634,112
	<u>838,170</u>	<u>1,297,800</u>	<u>2,135,970</u>	<u>563,481</u>	<u>847,692</u>	<u>1,411,173</u>
Revenue:						
Interest income	7,273	-	7,273	4,138	-	4,138
Other income	75,622	-	75,622	74,848	-	74,848
	<u>82,895</u>	<u>-</u>	<u>82,895</u>	<u>78,986</u>	<u>-</u>	<u>78,986</u>
Net assets released from restrictions	<u>2,618,191</u>	<u>(2,618,191)</u>	<u>-</u>	<u>1,839,208</u>	<u>(1,839,208)</u>	<u>-</u>
Total Support And Revenue	3,539,256	(1,320,391)	2,218,865	2,481,675	(991,516)	1,490,159
OPERATING EXPENSES						
Program implementation	2,369,467	-	2,369,467	1,501,699	-	1,501,699
General and administrative	429,312	-	429,312	317,044	-	317,044
Fundraising	445,969	-	445,969	469,055	-	469,055
Total Expenses	<u>3,244,748</u>	<u>-</u>	<u>3,244,748</u>	<u>2,287,798</u>	<u>-</u>	<u>2,287,798</u>
Changes In Net Assets	294,508	(1,320,391)	(1,025,883)	193,877	(991,516)	(797,639)
NET ASSETS (DEFICIT)						
Beginning 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>
End of year	<u>\$ 445,518</u>	<u>\$ 1,576,035</u>	<u>\$ 2,021,553</u>	<u>\$ 151,010</u>	<u>\$ 2,896,426</u>	<u>\$ 3,047,436</u>

See notes to financial statements.

RIVERLIFE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,025,883)	\$ (797,639)
Depreciation	1,543	7,200
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Contributions receivable	357,852	911,132
Accounts payable and accrued liabilities	33,555	(20,499)
Deferred revenue	(200,000)	(110,979)
Net Cash Used In Operating Activities	<u>(832,933)</u>	<u>(10,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	<u>-</u>	<u>(304)</u>
Net Decrease In Cash And Cash Equivalents	(832,933)	(11,089)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,473,356</u>	<u>2,484,445</u>
End of year	<u><u>\$ 1,640,423</u></u>	<u><u>\$ 2,473,356</u></u>

See notes to financial statements.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 that 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 of the plan was recognized by the local affiliate of the Urban Land Institute, and USA Today named Three Rivers Park among the Top 10 waterfronts in the United States.

Today, Three Rivers Park is a 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 2001. Thanks to Riverlife's leadership, Pittsburgh residents and visitors now 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.

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.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 for the years ended December 31, 2017 and 2016. 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.

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 2014.

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.

Reclassification - Prior period financial statement income allocations have been reclassified to conform to current period presentation.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which is the result of a joint project of FASB and the International Accounting Standards Board (IASB) to clarify the principles for recognizing revenue and to develop a common revenue standard for use in the U.S. and internationally. ASU 2014-09 supersedes the revenue recognition requirements in Topic 605 of the FASB Codification and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 enhances comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, reduces the number of requirements an entity must consider for recognizing revenue, and requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU 2015-14, a deferral on the implementation date, and this guidance is effective for annual reporting periods beginning after December 15, 2018. ASU 2014-09 requires either retrospective application by restating each prior period presented in the financial statements, or retrospective application by recording the cumulative effect on prior reporting periods to beginning retained earnings in the year that the standard becomes effective. Riverlife is assessing the impact that ASU 2014-09 will have on its financial statements and related disclosures.

The FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02), which 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. ASU 2016-02 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 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 No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which 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 ASU 2016-14 will have on its financial statements.

Subsequent Events - Management has evaluated subsequent events through August 3, 2018, 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.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 are as follows:

	2017	2016
In one year or less	\$ 269,000	\$ 670,250
Between one year and five years	46,898	3,500
	\$ 315,898	\$ 673,750

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

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 - EQUIPMENT AND FIXTURES

Property and equipment at December 31 consist of the following:

	<u>2017</u>	<u>2016</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>46,368</u>	<u>44,825</u>
	<u>-</u>	<u>\$ 1,543</u>

NOTE 5 - RESTRICTIONS OF NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Future operating expenses	\$ 575,000	\$ 682,500
Construction projects:		
South Side Works	392,974	478,029
Mon Wharf	150,000	1,156,643
Shovel Ready	150,000	62,582
Grant St. Crossing	111,646	104,824
Point State Park	67,081	228,856
Headwaters Lagoon	40,423	37,577
Allegheny Landing	28,779	121,250
TBD	25,000	-
Bridge Lighting	15,000	14,165
Trail Signage	10,000	-
Riverfront Zoning	-	10,000
Total construction projects	<u>990,903</u>	<u>2,213,926</u>
Other restricted funds:		
Benedum Outreach	<u>10,132</u>	<u>-</u>
	<u>\$ 1,576,035</u>	<u>\$ 2,896,426</u>

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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:

	2017	2016
Operating expenses	\$ 682,500	\$ 935,049
Construction projects:		
Mon Wharf	1,619,592	-
Grant St. Crossing	93,178	10,784
South Side Works	85,055	96,468
Bridge Lighting	44,165	237,051
Allegheny Landing	12,553	390,918
Riverfront Zoning	10,000	8,650
Point State Park	4,126	1,704
Headwaters Lagoon	2,154	58,584
Total construction projects	1,870,823	804,159
Other restricted funds:		
Benedum Outreach	64,868	100,000
	\$ 2,618,191	\$ 1,839,208

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% (5.5% at December 31, 2017). The revolving credit agreement matures on December 22, 2018 and is secured by Riverlife's certificates of deposit held at the same bank. There were no borrowings outstanding at December 31, 2017 and 2016.

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:

Year Ending December 31	Amount
2018	\$ 63,863
2019	47,897
	\$ 111,760

Total rent expense approximated \$72,000 and \$70,000 for the years ended December 31, 2017 and 2016, respectively.

RIVERLIFE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8 - EMPLOYEE BENEFIT PLAN

Riverlife sponsors a defined contribution 401(k) plan covering all 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 \$23,500 and \$24,000 for the years ended December 31, 2017 and 2016, 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.