

Riverlife

Financial Statements

Years Ended December 31, 2019 and 2018
with Independent Auditor's Report

MaherDuessel

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RIVERLIFE

YEARS ENDED DECEMBER 31, 2019 AND 2018

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Independent Auditor's Report

Board of Directors Riverlife

We have audited the accompanying financial statements of Riverlife, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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 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 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 Riverlife as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The financial statements of Riverlife as of December 31, 2018, were audited by other auditors whose report dated June 18, 2019, expressed an unmodified opinion on those statements.

Maher Duessel

Pittsburgh, Pennsylvania
May 29, 2020

RIVERLIFE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,318,811	\$ 1,215,973
Certificates of deposit	152,791	152,716
Accounts receivable	1,191	-
Contributions receivable	251,600	231,115
Prepaid expenses and other assets	10,360	10,818
Total Assets	<u>\$ 1,734,753</u>	<u>\$ 1,610,622</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 35,578</u>	<u>\$ 92,501</u>
Total Liabilities	<u>35,578</u>	<u>92,501</u>
Net Assets:		
Without donor restrictions	874,768	737,910
With donor restrictions	<u>824,407</u>	<u>780,211</u>
Total Net Assets	<u>1,699,175</u>	<u>1,518,121</u>
Total Liabilities and Net Assets	<u>\$ 1,734,753</u>	<u>\$ 1,610,622</u>

See accompanying notes to financial statements.

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STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public support:			
Foundations	\$ 325,000	\$ 325,000	\$ 650,000
Government	-	-	-
Corporate and individual	369,885	-	369,885
Total public support	<u>694,885</u>	<u>325,000</u>	<u>1,019,885</u>
Revenue:			
Interest income	1,613	-	1,613
Other income	83,095	-	83,095
Total revenue	<u>84,708</u>	<u>-</u>	<u>84,708</u>
Net assets released from restrictions	<u>280,804</u>	<u>(280,804)</u>	<u>-</u>
Total public support and revenue	<u>1,060,397</u>	<u>44,196</u>	<u>1,104,593</u>
Operating Expenses:			
Program implementation	313,739	-	313,739
General and administrative	280,634	-	280,634
Fundraising	329,166	-	329,166
Total operating expenses	<u>923,539</u>	<u>-</u>	<u>923,539</u>
Change in Net Assets	136,858	44,196	181,054
Net Assets:			
Beginning of year	<u>737,910</u>	<u>780,211</u>	<u>1,518,121</u>
End of year	<u>\$ 874,768</u>	<u>\$ 824,407</u>	<u>\$ 1,699,175</u>

See accompanying notes to financial statements.

RIVERLIFE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public support:			
Foundations	\$ 390,000	\$ 210,000	\$ 600,000
Government	1,121	-	1,121
Corporate and individual	306,921	-	306,921
Total public support	698,042	210,000	908,042
Revenue:			
Interest income	1,754	-	1,754
Other income	78,892	-	78,892
Total revenue	80,646	-	80,646
Net assets released from restrictions	1,005,824	(1,005,824)	-
Total public support and revenue	1,784,512	(795,824)	988,688
Operating Expenses:			
Program implementation	750,923	-	750,923
General and administrative	379,934	-	379,934
Fundraising	361,263	-	361,263
Total operating expenses	1,492,120	-	1,492,120
Change in Net Assets	292,392	(795,824)	(503,432)
Net Assets:			
Beginning of year	445,518	1,576,035	2,021,553
End of year	\$ 737,910	\$ 780,211	\$ 1,518,121

See accompanying notes to financial statements.

RIVERLIFE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Implementation	Supporting Services		Total
		General and Administrative	Fundraising	
Payroll and benefits	\$ 135,748	\$ 127,840	\$ 53,181	\$ 316,769
Projects	86,497	-	-	86,497
Special events	28,057	-	205,208	233,265
Consulting	1,035	83,911	38,565	123,511
Accounting	-	21,017	-	21,017
Occupancy	33,839	31,784	13,240	78,863
Operating costs	25,104	12,636	18,306	56,046
Legal	-	309	-	309
Information technology	1,212	1,142	475	2,829
Travel	7	1,995	81	2,083
Public relations	2,000	-	-	2,000
Other	240	-	110	350
Total expenses	<u>\$ 313,739</u>	<u>\$ 280,634</u>	<u>\$ 329,166</u>	<u>\$ 923,539</u>

See accompanying notes to financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Implementation	Supporting Services		Total
		General and Administrative	Fundraising	
Payroll and benefits	\$ 189,694	\$ 189,793	\$ 107,573	\$ 487,060
Projects	427,991	2,575	-	430,566
Special events	339	403	179,586	180,328
Consulting	40,739	62,069	27,338	130,146
Accounting	31,830	57,655	7,958	97,443
Occupancy	30,005	30,021	17,016	77,042
Operating costs	25,005	19,935	17,558	62,498
Legal	-	12,716	-	12,716
Information technology	2,315	2,316	1,313	5,944
Travel	-	2,451	2,776	5,227
Public relations	2,750	-	-	2,750
Other	255	-	145	400
	<u>\$ 750,923</u>	<u>\$ 379,934</u>	<u>\$ 361,263</u>	<u>\$ 1,492,120</u>
Total expenses	<u>\$ 750,923</u>	<u>\$ 379,934</u>	<u>\$ 361,263</u>	<u>\$ 1,492,120</u>

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 181,054	\$ (503,432)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in:		
Accounts receivable	(1,191)	-
Contributions receivable	(20,485)	84,783
Prepaid expenses	458	422
Accounts payable and accrued liabilities	<u>(56,923)</u>	<u>(5,842)</u>
Net cash provided by (used in) operating activities	<u>102,913</u>	<u>(424,069)</u>
Cash Flows From Investing Activities:		
Interest from certificates of deposit	<u>(75)</u>	<u>(381)</u>
Net cash provided by (used in) investing activities	<u>(75)</u>	<u>(381)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	102,838	(424,450)
Cash and Cash Equivalents:		
Beginning of year	<u>1,215,973</u>	<u>1,640,423</u>
End of year	<u>\$ 1,318,811</u>	<u>\$ 1,215,973</u>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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, the 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 ten 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 more than \$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 emerge, 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

A description of Riverlife's net asset categories follows:

Without Donor Restrictions - Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use.

With Donor Restrictions - Net assets with donor restrictions 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 without donor restrictions are recorded as revenue when received or pledged. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as revenue and net assets with donor restrictions. Contributions with donor restrictions are reported in the statements of activities as net assets released from restrictions when a stipulated time restriction ends or purpose restriction is accomplished. Contributions with donor restrictions received and released in the same year are treated as contributions without donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met. Advances received on government grants are recorded as refundable advances, since they

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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 net assets without donor restrictions.

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 might not be recoverable. Riverlife owns fully depreciated equipment and fixtures with a gross value of \$46,368 as of December 31, 2019 and 2018.

Donated Services

Riverlife recognizes contribution revenue for certain goods and services received at their estimated fair value, which approximated \$51,000 and \$63,000 for the years ended December 31, 2019 and 2018, respectively. No amounts have been reflected in the accompanying financial statements for donated services of the members of the Board of Directors (Board) 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. Additionally, Riverlife annually files a Form 990.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Functional Expenses

The costs of providing Riverlife's various programs and supporting services have been summarized on a functional basis in the accompanying schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries, payroll taxes, communications, and insurance are allocated on the basis of time and effort. All other expenses are allocated based upon actual usage. These expenses are allocated on a reasonable basis that is consistently applied. In 2019, Riverlife had limited staff and went through an overall organizational restructuring which caused variances in allocations over the prior year. The allocations presented in 2019 are expected to represent the operations of Riverlife going forward with a full staff and anticipated projects.

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.

Adopted Accounting Standards Updates

The provisions of these Standards Updates have been adopted and incorporated into these financial statements.

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." The amendment provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*." The amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

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YEARS ENDED DECEMBER 31, 2019 AND 2018

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these Updates on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2020. This amendment and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. This amendment and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

ASU 2018-13, "*Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*," is effective for the financial statements for the year beginning after December 15, 2019. The amendment removes and modifies certain fair value hierarchy leveling disclosures.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

3. Liquidity and Availability

Financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,318,811	\$ 1,215,973
Accounts receivable	1,191	-
Current contributions receivable	239,300	231,115
Less: net assets with donor restrictions subject to expenditure for specific purpose	<u>499,407</u>	<u>580,211</u>
	<u>\$ 1,058,704</u>	<u>\$ 866,877</u>

As part of Riverlife's liquidity management, it has a revolving credit agreement (See Note 6). Riverlife has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Riverlife's funds consist of net assets with donor restrictions that are subject to expenditure for specific purposes, and, therefore, are not available for general expenditure.

For purposes of analyzing resources available to meet general expenditures, Riverlife considers all expenditures related to its ongoing activities of riverfront program implementation, general and administrative functions, and fundraising to be general expenditures.

4. Contributions Receivable

Contributions receivable at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 239,300	\$ 231,115
Between one year and five years	<u>12,300</u>	<u>-</u>
	<u>\$ 251,600</u>	<u>\$ 231,115</u>

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Due to the short-term nature of the expected collections, the net realizable value is considered a reasonable estimate of the fair value. Unconditional promises to give that are expected to be collected in future years have not been discounted as the discount is deemed to be immaterial to the financial statements.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 were available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to passage of time	\$ 325,000	\$ 200,000
Subject to expenditure for specified purpose:		
Construction projects:		
South Side Works	264,750	329,556
Shovel Ready	150,000	150,000
Headwaters Lagoon	45,423	45,423
Grant Street Crossing	27,000	27,000
Trail signage	11,823	26,346
Allegheny Landing	411	1,886
	<u>\$ 824,407</u>	<u>\$ 780,211</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Satisfaction of time	\$ 200,000	\$ 575,000
Satisfaction of purpose restriction:		
Construction projects:		
Mon Wharf	-	217,081
South Side Works	64,806	63,418
Strategy	-	34,603
Trail signage	14,523	33,654
Allegheny Landing	1,475	31,893
TBD	-	25,000
Bridge lighting	-	15,000
Grant Street Crossing	-	43
Total construction projects	<u>80,804</u>	<u>420,692</u>
Other restricted funds:		
Benedum Outreach	-	10,132
	<u>\$ 280,804</u>	<u>\$ 1,005,824</u>

During the year ended December 31, 2018, approximately \$50,000 was transferred from Grant Street Crossing to Trail Signage, approximately \$35,000 was transferred from Grant Street Crossing to Strategy, and approximately \$67,000 was transferred from Point State Park to Mon Wharf. All transfers were approved by the original donors or grantors of the funds. No transfers were made during 2019.

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% (5.75% at December 31, 2019). The revolving credit agreement matures on December 22, 2020 and is secured by Riverlife's certificates of deposit held at the same bank. There were no borrowings outstanding at December 31, 2019 and 2018.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

7. Employee Benefit Plan

Riverlife sponsors a defined contribution 401(k) plan covering all its employees. Participation in the plan is subject to the 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 plan were approximately \$5,000 and \$11,000 for the years ended December 31, 2019 and 2018, respectively.

8. Operating Lease

Riverlife has a lease agreement for office space through December 31, 2020. Lease payments in the amount of \$63,863 are due in 2020. Total rent expense approximated \$71,000 for the years ended December 31, 2019 and 2018.

9. Concentrations, Commitments, and Contingencies

Approximately, 79% and 87% of Riverlife's contributions receivable are due from one donor as of December 31, 2019 and 2018, respectively.

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. As of December 31, 2019 and 2018, the amount of federal and state grants was not significant.

10. Subsequent Event

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on trade (including supply chains), travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the

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coronavirus on our operational and financial performance is currently uncertain and cannot be predicted and will depend on certain developments, including, among others, the duration and spread of the outbreak, its impact on our funders, employees and vendors, and governmental and regulatory responses, to the coronavirus.