

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



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RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Riverfront Recapture, Inc. and Subsidiary
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Riverfront Recapture, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverfront Recapture, Inc. and Subsidiary as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Riverfront Recapture, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverfront Recapture, Inc. and Subsidiary's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Riverfront Recapture, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverfront Recapture, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
April 19, 2022

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 955,679	\$ 635,983
Grants Receivable	701,846	229,062
Pledges and Contributions Receivable, Net	269,935	9,494
Prepaid Expenses	74,739	61,922
Accounts Receivable	12,266	23,993
Investments	4,917,535	3,942,039
Land and Equipment, Net	<u>1,810,010</u>	<u>1,511,538</u>
Total Assets	<u><u>\$ 8,742,010</u></u>	<u><u>\$ 6,414,031</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 490,983	\$ 209,940
Refundable Advances	<u>162,735</u>	<u>263,247</u>
Total Liabilities	<u><u>653,718</u></u>	<u><u>473,187</u></u>
NET ASSETS		
Net Assets Without Donor Restrictions	3,379,456	2,697,406
Net Assets With Donor Restrictions	<u>4,708,836</u>	<u>3,243,438</u>
Total Net Assets	<u><u>8,088,292</u></u>	<u><u>5,940,844</u></u>
Total Liabilities and Net Assets	<u><u>\$ 8,742,010</u></u>	<u><u>\$ 6,414,031</u></u>

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government Grants	\$ 2,464,617	\$ 30,170	\$ 2,494,787
Contributions and Grants	677,365	1,067,507	1,744,872
Program Fees	351,919	-	351,919
Fundraising Events and Sponsorships, Net	201,534	-	201,534
Other Earned Income, Net	62,249	-	62,249
Net Assets Released from Restrictions	72,606	(72,606)	-
Total Support and Revenue	<u>3,830,290</u>	<u>1,025,071</u>	<u>4,855,361</u>
EXPENSES			
Program Services	3,002,002	-	3,002,002
General and Administration	108,972	-	108,972
Fundraising	239,799	-	239,799
Total Expenses	<u>3,350,773</u>	<u>-</u>	<u>3,350,773</u>
CHANGES IN NET ASSETS FROM OPERATIONS	479,517	1,025,071	1,504,588
OTHER CHANGES IN NET ASSETS			
Interest and Dividend Income	20,399	57,040	77,439
Realized and Unrealized Gains on Investments	152,604	383,287	535,891
Gain on Disposal of Equipment	11,479	-	11,479
Miscellaneous Income	18,051	-	18,051
Total Other Changes in Net Assets	<u>202,533</u>	<u>440,327</u>	<u>642,860</u>
CHANGE IN NET ASSETS	682,050	1,465,398	2,147,448
Net Assets - Beginning of Year	<u>2,697,406</u>	<u>3,243,438</u>	<u>5,940,844</u>
NET ASSETS - END OF YEAR	<u>\$ 3,379,456</u>	<u>\$ 4,708,836</u>	<u>\$ 8,088,292</u>

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government Grants	\$ 1,250,668	\$ 8,033	\$ 1,258,701
Contributions and Grants	823,205	1,429,462	2,252,667
Paycheck Protection Program Contribution	307,817	-	307,817
Fundraising Events and Sponsorships, Net	269,638	-	269,638
Program Fees	174,025	-	174,025
Other Earned Expense, Net	(13,685)	-	(13,685)
Net Assets Released from Restrictions	83,995	(83,995)	-
Total Support and Revenue	<u>2,895,663</u>	<u>1,353,500</u>	<u>4,249,163</u>
EXPENSES			
Program Services	2,197,489	-	2,197,489
General and Administration	103,619	-	103,619
Fundraising	204,592	-	204,592
Total Expenses	<u>2,505,700</u>	<u>-</u>	<u>2,505,700</u>
CHANGES IN NET ASSETS FROM OPERATIONS	389,963	1,353,500	1,743,463
OTHER CHANGES IN NET ASSETS			
Interest and Dividend Income	18,551	33,293	51,844
Realized and Unrealized Gains on Investments	46,548	225,703	272,251
Gain on Disposal of Equipment	6,722	-	6,722
Miscellaneous Income	3,200	-	3,200
Total Other Changes in Net Assets	<u>75,021</u>	<u>258,996</u>	<u>334,017</u>
CHANGE IN NET ASSETS	464,984	1,612,496	2,077,480
Net Assets - Beginning of Year	<u>2,232,422</u>	<u>1,630,942</u>	<u>3,863,364</u>
NET ASSETS - END OF YEAR	<u>\$ 2,697,406</u>	<u>\$ 3,243,438</u>	<u>5,940,844</u>

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services		
	Park Management and Development	Entertainment and Events	Recreation and Outdoor Adventures	Total	General and Administration	Fundraising	2021 Total
Compensation	\$ 651,104	\$ 166,289	\$ 227,521	\$ 1,044,914	\$ 81,117	\$ 157,945	\$ 1,283,976
Employee Benefits	53,561	24,065	11,844	89,470	10,946	15,729	116,145
Payroll Taxes	66,758	17,050	23,328	107,136	8,317	16,194	131,647
Park Maintenance	553,908	-	23,730	577,638	-	-	577,638
Design and Construction	445,465	-	-	445,465	-	-	445,465
Insurance	163,168	8,832	74,860	246,860	1,786	3,691	252,337
Events and Recreational Programming	-	70,183	96,195	166,378	-	-	166,378
Depreciation	62,448	308	61,848	124,604	97	202	124,903
Occupancy	40,598	8,893	14,077	63,568	2,817	5,819	72,204
Accounting Fees	27,912	5,529	10,009	43,450	1,717	3,546	48,713
Equipment and Technology	11,061	2,130	26,553	39,744	675	7,083	47,502
Advertising and Promotion	10,129	6,309	7,057	23,495	568	1,175	25,238
Direct Fundraising Expenses	-	-	-	-	-	21,499	21,499
Telephone	11,835	2,196	4,094	18,125	696	1,989	20,810
Postage	59	147	30	236	106	3,699	4,041
Property Taxes	3,898	-	-	3,898	-	-	3,898
Conferences and Meetings	1,510	135	1,397	3,042	43	108	3,193
Supplies	1,241	272	430	1,943	87	1,120	3,150
Legal Fees	2,036	-	-	2,036	-	-	2,036
Total Expenses	2,106,691	312,338	582,973	3,002,002	108,972	239,799	3,350,773
Expenses Included with Revenues on the Consolidated Statements of Activities:							
Event Staff Compensation	-	19,146	-	19,146	-	637	19,783
Event and Program Expense	-	42,836	-	42,836	-	25,898	68,734
Insurance	-	14,095	-	14,095	-	91	14,186
Processing Fees	-	3,992	-	3,992	-	1,112	5,104
Other	-	4,769	-	4,769	-	26	4,795
Total Expenses Included in the Consolidated Statements of Activities	\$ 2,106,691	\$ 397,176	\$ 582,973	\$ 3,086,840	\$ 108,972	\$ 267,563	\$ 3,463,375

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services		
	Park Management and Development	Entertainment and Events	Recreation and Outdoor Adventures	Total	General and Administration	Fundraising	2020 Total
Compensation	\$ 556,070	\$ 140,737	\$ 213,681	\$ 910,488	\$ 76,695	\$ 136,824	\$ 1,124,007
Employee Benefits	57,199	24,127	25,898	107,224	11,422	14,210	132,856
Payroll Taxes	51,664	13,076	19,853	84,593	7,126	12,712	104,431
Park Maintenance	336,045	-	14,883	350,928	-	-	350,928
Design and Construction	159,789	-	-	159,789	-	-	159,789
Insurance	118,684	3,449	82,362	204,495	1,206	2,299	208,000
Events and Recreational Programming	-	33,776	13,765	47,541	-	-	47,541
Depreciation	55,238	572	71,100	126,910	218	415	127,543
Occupancy	31,526	9,199	21,311	62,036	3,499	6,669	72,204
Accounting Fees	13,713	3,379	8,669	25,761	1,278	2,436	29,475
Equipment and Technology	9,183	3,379	18,813	31,375	803	6,508	38,686
Advertising and Promotion	4,685	1,536	9,660	15,881	475	1,076	17,432
Direct Fundraising Expenses	-	-	-	-	-	13,721	13,721
Telephone	6,437	1,686	5,160	13,283	584	2,193	16,060
Postage	72	180	93	345	150	4,507	5,002
Property Taxes	10,379	-	-	10,379	-	-	10,379
Conferences and Meetings	607	248	530	1,385	67	838	2,290
Supplies	869	254	588	1,711	96	184	1,991
Legal Fees	17,512	-	-	17,512	-	-	17,512
Bad Debt Expense	-	13,353	-	13,353	-	-	13,353
Other Professional Services	12,500	-	-	12,500	-	-	12,500
Total Functional Expenses	1,442,172	248,951	506,366	2,197,489	103,619	204,592	2,505,700
Expenses Included with Revenues on the Consolidated Statements of Activities:							
Event Staff Compensation	-	11,243	-	11,243	-	-	11,243
Event and Program Expense	-	440	204	644	-	14,619	15,263
Insurance	-	9,351	-	9,351	-	-	9,351
Processing Fees	-	1,343	1,805	3,148	-	759	3,907
Other	-	5,340	-	5,340	-	-	5,340
Total Expenses Included in the Consolidated Statements of Activities	\$ 1,442,172	\$ 276,668	\$ 508,375	\$ 2,227,215	\$ 103,619	\$ 219,970	\$ 2,550,804

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,147,448	\$ 2,077,480
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Net Realized and Unrealized Gains on Investments	(535,891)	(272,251)
Depreciation	124,903	127,543
Gain on Disposal of Equipment	(11,479)	(6,722)
(Increase) Decrease in Operating Assets:		
Grants Receivable	(472,784)	(173,112)
Pledges and Contributions Receivable, Net	(260,441)	78,803
Prepaid Expenses	(12,817)	(47,543)
Accounts Receivable	11,727	18,706
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	281,043	28,138
Refundable Advances	(100,512)	223,492
Net Cash Provided by Operating Activities	<u>1,171,197</u>	<u>2,054,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Land and Equipment, Net	(411,896)	(368,510)
Net Purchases of Investments	<u>(881,605)</u>	<u>(2,630,452)</u>
Net Cash Used by Investing Activities	<u>(1,293,501)</u>	<u>(2,998,962)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on Loan Payable	-	(125,000)
Contributions Restricted for Long-Term Investment	<u>442,000</u>	<u>1,304,521</u>
Net Cash Provided by Financing Activities	<u>442,000</u>	<u>1,179,521</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	319,696	235,093
Cash and Cash Equivalents - Beginning of Year	<u>635,983</u>	<u>400,890</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 955,679</u>	<u>\$ 635,983</u>

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Riverfront Recapture, Inc. (RRI) is a nonprofit corporation organized in 1981 for the purpose of improving public access to the Connecticut River (Riverfront). Through an innovative combination of urban and environmental recapture, recreation and outdoor adventures, as well as entertainment and events, RRI improves the region's quality of life and urban vitality for the community. RRI's efforts ensure private-public collaboration and positively impacts the local economy by drawing local and out-of-state visitors to its parks.

On September 5, 2019, Riverfront Land, Inc. (RLI) was established by RRI in order to serve as the supporting organization to RRI by acquiring, protecting, and improving certain parcels of land adjacent to the Connecticut River. RRI is the sole corporate member of RLI.

Financial Statement Presentation

The consolidated financial statements are prepared on a consolidated basis to include the transactions of RRI and RLI (collectively, "RRI"). All material intercompany balances and transactions have been eliminated from the financial statements. The consolidated financial statements of RRI have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of RRI are reported in the following net asset categories:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors. Net assets without donor restrictions may be designated for specific purpose by action of the board of directors. The board designates a portion of funds for the purpose of functioning as an endowment. In 2019, the board designated \$200,000 of funds for the Riverfront Innovation Fund. The Riverfront Innovation Fund (RIF) is designed to provide seed money for new RRI projects and programs. It seeks to support innovative ideas that will generate revenue to sustain the mission, attract additional people to RRI parks and enhance the image. Funds may be used to invest in, pilot, assess, and potentially expand revenue-generating enterprises and infrastructure ideas to support non-Riverfront-funded activity.

Board-designated net assets as of December 31 are as follows:

	2021	2020
Board-Designated to Function as Endowment	\$ 483,755	\$ 422,945
Riverfront Innovation Fund	147,840	153,340
Total Designated Net Assets	<u>\$ 631,595</u>	<u>\$ 576,285</u>

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit RRI to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Measure of Operations

The change in net assets without donor restrictions from operations excludes interest and dividend income, realized and unrealized (loss) gains, gain on disposal of equipment and miscellaneous income.

Tax Exempt Status

RRI is exempt from federal income taxes under provisions of Internal Revenue Code Section 501(c)(3). However, the operations of food, beverage and rental sales from private events qualify as unrelated business taxable income and to the extent that these operations generate income, they are subject to federal and state taxes. RRI's application for exemption from federal income taxes under the provision of Internal Revenue Code Section 501(c)(3) is pending.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less, exclusive of cash held by brokers, which are treated as investments. RRI maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that RRI's deposits are not subject to significant credit risk.

Pledges and Contributions, Including Governmental Grants and Contracts

In accordance with accounting principles generally accepted in the United States of America, certain governmental grants and contracts received by a nonprofit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there is no commensurate value transferred between the resource provider and the organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Pledges and Contributions, Including Governmental Grants and Contracts
(Continued)

RRI reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position.

Conditional government grants and contracts not recognized as revenue as of December 31, 2021 and 2020 totaled \$1,293,145 and \$1,842,089, respectively. Government grants and contracts are conditioned on incurring qualified program expenses. See Note 12 for additional disclosures on capital projects associated with these conditional government grants.

Contributed services are recognized in the consolidated financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. RRI received donated legal services in the amount of \$-0- and \$1,442 for the years ended December 31, 2021 and 2020, respectively. This donation was included in revenue under contributions and grants and in expense under legal fees.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gain (loss) include RRI's gains and losses on investments bought and sold as well as held during the year. These amounts are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate based on any donor stipulations or law.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Land and Equipment

RRI capitalizes all expenditures for equipment in excess of \$2,500 and having a useful life of three years or greater. Purchased equipment is recorded at cost, less accumulated depreciation. Donated equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are three years for equipment, 10 years for boats, 5 to 10 years for vehicles and 10 years for fixtures. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

RRI reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, RRI reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Revenue Recognition

RRI recognizes revenue at an amount that reflects the consideration to which RRI expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) RRI satisfies a performance obligation

See Note 2 for details on how the above five-step process is applied to RRI's contracts with customers.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Concentrations

RRI receives funding from a governmental partner for park operations and maintenance services. This support consisted of 23% and 13% of the total revenue for the years ended December 31, 2021 and 2020, respectively.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories or expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. The expenses that are allocated based upon time and effort include compensation and benefits, insurance, depreciation, equipment rental and maintenance, advertising and promotion, accounting fees, conferences, conventions and meetings, telephone, postage and supplies. The expenses related to occupancy are allocated based upon square footage.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Reclassifications

Certain prior year financial information has been reclassified to conform to the current year presentation.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through April 19, 2022, which represents the date the financial statements were available to be issued.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 REVENUES FROM CONTRACTS WITH CUSTOMERS

Program Fees

RRI enters into written contracts or online registration to provide programs to participants, which may be individuals, companies, nonprofits, or schools. Program fees include Adventure Teambuilding, Rowing, Dragon boating and the Dragon Boat Race, rowing clinics, the Head of the Riverfront Regatta, and various other programs. Contracts are created for certain programs and a deposit may be required to secure the program date, with full payment usually required before the start of the program. These are primarily the Adventure programs which are tailored to the clients' needs. An exception would be companies and recurring customers that are sometimes invoiced after the program. At contract inception, RRI assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, RRI considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. RRI satisfies its performance obligations for programs at the point in time when the program is held.

A majority of program fees are paid in advance as part of an online registration process, particularly all of the rowing activities, which make up a majority of this revenue.

A full refund will be issued for withdrawals received in writing before the start of the program subject to certain restrictions or charges.

RRI recognized revenue for program fees at a point in time of \$351,919 and \$174,025 for the years ended December 31, 2021 and 2020, respectively.

Other Earned Income

RRI enters into contracts to provide various festivals and events to the public, as well as private events such as weddings at the Boathouse. The payment terms and conditions vary by event based on the individual contract. At contract inception, RRI assesses the goods and services promised in its contracts with customers and identifies performance obligations for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, RRI considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. RRI determines that the completion of an event is the distinct good and service and represents a single performance obligation.

RRI satisfies its performance obligations for each event at a point in time when the event is held. RRI requires a deposit ranging from \$100 up to 50% of the charge, depending on the type of event. The remaining amount is generally due in full prior to the event or within 30 days. While certain deposits are nonrefundable, RRI uses its discretion on refund decisions as there are a variety of reasons an event or vendor's participation is canceled.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

RRI recognized revenue (expense) from other earned income at a point in time of \$62,249 and \$(13,685) for the years ended December 31, 2021 and 2020, respectively.

The opening and closing balances of RRI's program fees accounts receivable and refundable advances are as follows:

	Program Fees Contract Balances	
	Receivables	Refundable Advances
Opening Balance - January 1, 2020	\$ 42,699	\$ 14,459
Closing Balance - December 31, 2020	23,993	-
Decrease	<u>\$ (18,706)</u>	<u>\$ (14,459)</u>
Opening Balance - January 1, 2021	\$ 23,993	\$ -
Opening Balance - December 31, 2021	12,266	11,200
Increase (Decrease)	<u>\$ (11,727)</u>	<u>\$ 11,200</u>

The balance of refundable advances at December 31, 2021, less any refunds, will be recognized as revenue during the period services are rendered. RRI applies the practical expedient 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that RRI has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for financial instruments measured at fair value:

Mutual Funds: Mutual funds are valued at the quoted price of shares reported in the active market in which the mutual funds are traded.

Fixed Income Funds: Fixed income is valued at the closing price reported in the active market in which the individual securities are traded.

There have been no changes in the valuation methodologies used at December 31, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while RRI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Description	2021			
	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Equities	\$ 1,429,583	\$ 1,429,583	\$ -	\$ -
Fixed Income	3,487,952	3,487,952	-	-
Total	<u>\$ 4,917,535</u>	<u>\$ 4,917,535</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2020			
	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Equities	\$ 2,781,653	\$ 2,781,653	\$ -	\$ -
Fixed Income	1,160,386	1,160,386	-	-
Total	<u>\$ 3,942,039</u>	<u>\$ 3,942,039</u>	<u>\$ -</u>	<u>\$ -</u>

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value (Continued)

RRI maintains an agreement with a company which allows RRI to borrow money for up to 70% of its unrestricted investment balance, collateralized by its investment securities. As of December 31, 2021 and 2020, there is no outstanding balance under this agreement.

NOTE 4 PLEDGES AND CONTRIBUTIONS RECEIVABLE

Unconditional pledges and contributions receivable as of December 31 are expected to be collected as follows:

	2021	2020
Receivable in Less than One Year	\$ 151,603	\$ 9,494
Receivable in One to Five Years	118,332	-
Total Contributions Receivable	<u>\$ 269,935</u>	<u>\$ 9,494</u>

An allowance for uncollectible accounts was not deemed necessary for the years ended December 31, 2021 and 2020.

NOTE 5 LAND AND EQUIPMENT

Fixed assets as of December 31 include the following:

	2021	2020
Land	\$ 1,179,723	\$ 942,591
Equipment, Fixtures, and Vehicles	1,908,890	1,779,749
Subtotal	3,088,613	2,722,340
Less: Accumulated Depreciation	1,278,603	1,210,802
Total	<u>\$ 1,810,010</u>	<u>\$ 1,511,538</u>

Depreciation expense charged to operations was \$124,903 and \$127,543 for the years ended December 31, 2021 and 2020, respectively.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 LEASE OBLIGATIONS

RRI leases office space under a noncancelable operating lease that was renegotiated and amended with an expiration date of February 2025. RRI is responsible for certain utilities and insurance costs. Monthly rent expense is \$6,017. Rent expense was \$72,204 for each of the years ended December 31, 2021 and 2020.

RRI leases office equipment under noncancelable operating lease agreements, including a mailing machine that expired October 2021 and is now on a quarter-to-quarter basis. Monthly rent expense on the current office equipment is approximately \$160. Equipment lease expense was \$1,870 and \$2,724 for the years ended December 31, 2021 and 2020, respectively.

Future minimum rental payments required under these operating leases in each of the years subsequent to December 31, 2021 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$ 72,204
2023	72,204
2024	72,204
2025	12,034
Total	<u>\$ 228,646</u>

NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES

RRI's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 293,834	\$ 205,809
Grants Receivable	701,846	229,062
Pledges and Contributions Receivable, Net	29,935	9,494
Accounts Receivable	12,266	24,340
Available Investments	<u>386,696</u>	<u>302,790</u>
Total Financial Assets Available to Management		
For General Expenditure Within One Year	<u>\$ 1,424,577</u>	<u>\$ 771,495</u>

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity Management

RRI maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, RRI invests cash in excess of weekly requirements in short- and long-term investments. Available investments represent funds within the investment portfolio that are not donor restricted or board designated. As of December 31, 2021 and 2020, investments in the amount of \$1,926,373 and \$1,532,393, respectively, represent funds that are donor restricted for purpose or time and investments in the amount of \$1,972,871 and \$1,530,871, respectively, represent donor-restricted funds to be held in perpetuity. As of December 31, 2021 and 2020, RRI has a board-designated endowment of \$483,755 and \$422,945, respectively. The board-designated endowment funds have the objective of providing a subsidy for programs and a reserve for future financial needs. In addition to this, as of December 31, 2021 and 2020, RRI has a board-designated balance of \$147,840 and \$153,340, respectively, for the Riverfront Innovation Fund. With approval of the board, these funds could be drawn upon in the event of financial distress or an immediate liquidity need. A significant portion of RRI's funding is based on reimbursement after expenditures are made, which can result in large fluctuations in the cash balance. RRI maintains an agreement with a company which allows RRI to borrow money for up to 70% of its unrestricted investment balance, collateralized by its investment securities, that it could draw upon in the event of an unanticipated liquidity need. Management does not intend to borrow against the restricted investment balances.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The following is the composition of RRI's net assets with donor restrictions at December 31:

	2021	2020
Endowment:		
Restricted in Perpetuity:		
Income Use Unrestricted	\$ 1,872,871	\$ 1,430,871
Income Use Restricted - Summer Music Concerts	100,000	100,000
Accumulated Gains and Income Available for		
Appropriation by the Board of Directors	534,888	280,461
Total Endowment	2,507,759	1,811,332
Donor Restricted by Time or Purpose:		
Time Restricted	27,529	8,185
Other Net Assets With Donor Use Restrictions:		
Marfuggi Parks Fund	1,067,926	457,028
Rowing Programs	193,420	142,421
Riverfront Capital Projects	289,695	256,247
Youth Programs	622,507	568,225
Total Net Assets With Donor Restrictions	<u>\$ 4,708,836</u>	<u>\$ 3,243,438</u>

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following purpose or time restrictions:

	2021	2020
Purpose:		
Riverfront Capital Projects	\$ 60,380	\$ 36,347
Passage of Time	-	26,279
Rowing Programs	12,226	11,204
Marfuggi Parks Fund	-	10,165
Total Net Assets Released	<u>\$ 72,606</u>	<u>\$ 83,995</u>

NOTE 10 ENDOWMENT

RRI's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, RRI classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by RRI in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, RRI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of RRI and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of RRI
7. The investment policies of RRI

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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NOTE 10 ENDOWMENT (CONTINUED)

Changes in endowment net assets by type or fund are as follows for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2020	\$ 417,012	\$ 316,291	\$ 733,303
Investments Return:			
Investment Income	9,494	15,582	25,076
Net Realized and Unrealized Gains	22,098	183,072	205,170
Total Investment Income	31,592	198,654	230,246
Contributions	-	1,304,521	1,304,521
Appropriation of Endowment Assets for Expenditure	(25,659)	(8,134)	(33,793)
Endowment Net Assets - December 31, 2020	422,945	1,811,332	2,234,277
Investments Return:			
Investment Income	10,346	36,684	47,030
Net Realized and Unrealized Gains	71,814	244,077	315,891
Total Investment Income	82,160	280,761	362,921
Contributions	-	442,000	442,000
Appropriation of Endowment Assets for Expenditure	(21,351)	(26,334)	(47,685)
Endowment Net Assets - December 31, 2021	\$ 483,754	\$ 2,507,759	\$ 2,991,513

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTUPMIFA requires RRI to retain as a fund of perpetual duration. There were no deficiencies of this nature that were reported in net assets with donor restrictions as of December 31, 2021 and 2020.

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NOTE 10 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

RRI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RRI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. RRI expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, RRI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RRI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

RRI's investment and spending policy over endowment assets attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, investments are intended to produce results that exceed the price and yield results of a target index while assuming a commensurate market level of investment risk. Allocations of endowment resources are specified by the board up to 5% of the average fair value of the preceding twelve quarters. RRI has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

NOTE 11 CAPITAL PROJECT

In 2015, RRI received a commitment from the state of Connecticut in the amount of \$1.5 million to continue the design and permitting phase of the Riverwalk South project as well as constructing a temporary walkway. Total expenses incurred as of December 31, 2021 and 2020 were \$1,511 and \$-0-, respectively. In 2018, the State Bond Commission authorized two additional grants, \$1 million for planning and development of riverfront property in north Hartford acquired in 2019 and \$1.32 million for a variety of repairs and improvements to Great River Park in East Hartford. Total expenses incurred as of December 31, 2021 and 2020 for these projects were \$549,574 and \$430,644, respectively.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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NOTE 12 RIVERFRONT RECAPTURE 401(K) PLAN

RRI provides a 401(k) plan covering all eligible employees. An employee is eligible for participation by completing 1,000 hours of service and attaining the age of 21. Under this plan, eligible employees may elect to defer a portion of their salary subject to Internal Revenue Service and plan limits. This plan provides for discretionary employer matching and nonelective contributions. Employer contributions are subject to a five-year vesting schedule. During the year ended December 31, 2018, RRI instituted an ongoing match of 50% of employee contributions up to a maximum of 3% of salary. Contribution expense recognized by RRI was \$25,970 and \$22,693 for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 NEIGHBORHOOD ASSISTANCE FUNDING

RRI received Neighborhood Assistance Act Program funding for various projects including energy efficiency projects and the Boathouse HVAC project. During the years ended December 31, 2021 and 2020, RRI was awarded \$10,000 and \$14,301 project funding and expended \$-0- and \$218, respectively, in accordance with the assistance program.

NOTE 14 COMMITMENTS AND CONTINGENCIES

During 2020, RRI entered into a contract with a professional engineer to provide services related to the development of the land purchased in 2019. The contract calls for costs totaling approximately \$699,550, of which approximately \$504,000 has been incurred through December 31, 2021.

NOTE 15 CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. As a result of the spread of coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets.

On March 10, 2020, Connecticut Governor Ned Lamont declared a Public Health and Civil Preparedness Emergency. As a result, starting on March 13, 2020, RRI closed its offices and most staff worked remotely. As of April 3, 2020, most program staff were furloughed, however the parks remained open and operated according to government guidelines. Park Rangers and Maintenance staff continued to work. As of July 2020, a limited Rowing program returned and other virtual programming was created. All in-person public and private events, as well as volunteer groups and the Riverfront Adventure program were canceled in 2020. Most activities returned in 2021 as guidelines allowed, with the exception of Riverfront Adventure and the Dragon boat race. These programs are both planned for the 2022 season.

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NOTE 15 CORONAVIRUS (CONTINUED)

On April 29, 2020, RRI received a Paycheck Protection Program (PPP) loan of \$307,817 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which RRI considers to be a conditional contribution under the governmental grant model. The contribution has a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary ranges during a measurement period. Management considers reviews of the application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended December 31, 2020, the RRI recognized the full loan balance as contribution revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through December 31, 2020. RRI received full forgiveness from the lender on July 6, 2021. The forgiveness of this loan is subject to audit by the SBA for a period of six years.

During the year ended December 31, 2021, RRI applied for Employee Retention Credits (ERC) in compliance with the program for quarters two and three of 2020 and quarter one of 2021. The ERC is a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, which was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Grants related to this program are classified as contributions. RRI recognized \$208,547 of contributions related to performance requirements being met and cost being incurred in compliance with the program during the year ended December 31, 2021. The second quarter 2020 and first quarter 2021 ERC payments were received on January 6, 2022 and are included in grants receivable on the statement of financial position as of December 31, 2021.

The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.