

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated 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, 2022 and 2021, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Riverfront Recapture, Inc. and Subsidiary as of December 31, 2022 and 2021, 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 Consolidated 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2022, Riverfront Recapture, Inc. and Subsidiary adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, 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 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

West Hartford, Connecticut
April 18, 2023

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,061,597	\$ 955,679
Grants Receivable	387,956	701,846
Pledges and Contributions Receivable, Net	119,449	269,935
Prepaid Expenses	71,184	74,739
Accounts Receivable	88,776	12,266
Investments	4,270,562	4,917,535
Land and Equipment, Net	1,913,686	1,810,010
Right of Use Asset - Operating, Net	<u>154,760</u>	<u>-</u>
Total Assets	<u><u>\$ 8,067,970</u></u>	<u><u>\$ 8,742,010</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 377,717	\$ 490,983
Refundable Advances	14,168	162,735
Right of Use Liability - Operating	<u>154,760</u>	<u>-</u>
Total Liabilities	<u><u>546,645</u></u>	<u><u>653,718</u></u>
NET ASSETS		
Net Assets Without Donor Restrictions	3,171,311	3,379,456
Net Assets With Donor Restrictions	<u>4,350,014</u>	<u>4,708,836</u>
Total Net Assets	<u><u>7,521,325</u></u>	<u><u>8,088,292</u></u>
Total Liabilities and Net Assets	<u><u>\$ 8,067,970</u></u>	<u><u>\$ 8,742,010</u></u>

See accompanying Notes to Consolidated Financial Statements.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government Grants	\$ 2,058,810	\$ -	\$ 2,058,810
Contributions and Grants	564,886	257,640	822,526
Program Fees	564,169	-	564,169
Fundraising Events and Sponsorships, Net	363,064	-	363,064
Other Earned Income, Net	111,097	-	111,097
Net Assets Released from Restrictions	157,853	(157,853)	-
Total Support and Revenue	3,819,879	99,787	3,919,666
EXPENSES			
Program Services	3,481,329	-	3,481,329
General and Administration	131,138	-	131,138
Fundraising	283,745	-	283,745
Total Expenses	3,896,212	-	3,896,212
CHANGES IN NET ASSETS FROM OPERATIONS	(76,333)	99,787	23,454
OTHER CHANGES IN NET ASSETS			
Interest and Dividend Income	37,450	108,762	146,212
Realized and Unrealized Losses on Investments	(194,509)	(567,371)	(761,880)
Gain on Disposal of Equipment	1,881	-	1,881
Miscellaneous Income	23,366	-	23,366
Total Other Changes in Net Assets	(131,812)	(458,609)	(590,421)
CHANGE IN NET ASSETS	(208,145)	(358,822)	(566,967)
Net Assets - Beginning of Year	3,379,456	4,708,836	8,088,292
NET ASSETS - END OF YEAR	<u>\$ 3,171,311</u>	<u>\$ 4,350,014</u>	<u>\$ 7,521,325</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	3,830,290	1,025,071	4,855,361
EXPENSES			
Program Services	3,002,002	-	3,002,002
General and Administration	108,972	-	108,972
Fundraising	239,799	-	239,799
Total Expenses	3,350,773	-	3,350,773
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	202,533	440,327	642,860
CHANGE IN NET ASSETS	682,050	1,465,398	2,147,448
Net Assets - Beginning of Year	2,697,406	3,243,438	5,940,844
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services		
	Park Management and Development	Entertainment and Events	Recreation and Outdoor Adventures	Total	General and Administration	Fundraising	2022 Total
Compensation	\$ 700,404	\$ 207,383	\$ 266,688	\$ 1,174,475	\$ 90,458	\$ 189,043	\$ 1,453,976
Employee Benefits	70,927	29,359	20,059	120,345	14,491	20,933	155,769
Payroll Taxes	68,988	20,427	26,268	115,683	8,910	18,620	143,213
Park Maintenance	503,711	-	30,997	534,708	-	-	534,708
Design and Construction	457,626	-	-	457,626	-	-	457,626
Events and Recreational Programming	-	105,595	306,086	411,681	-	-	411,681
Insurance	192,103	11,398	92,390	295,891	2,743	7,016	305,650
Depreciation	73,187	590	59,486	133,263	183	471	133,917
Equipment and Technology	28,067	4,123	50,147	82,337	1,288	9,480	93,105
Occupancy	38,168	9,325	14,351	61,844	2,912	7,448	72,204
Advertising and Promotion	8,601	9,038	16,118	33,757	589	7,116	41,462
Accounting Fees	15,127	3,103	6,912	25,142	938	2,401	28,481
Conferences and Meetings	5,795	163	4,334	10,292	3,081	1,143	14,516
Direct Fundraising Expenses	-	-	-	-	-	14,160	14,160
Telephone	6,636	990	2,359	9,985	310	1,343	11,638
Legal Fees	10,357	-	-	10,357	-	-	10,357
Other Professional Services	-	-	-	-	5,000	-	5,000
Supplies	2,194	537	826	3,557	168	1,064	4,789
Postage	37	240	109	386	67	3,507	3,960
Total Expenses	2,181,928	402,271	897,130	3,481,329	131,138	283,745	3,896,212
Expenses Included with Revenues on the Consolidated Statements of Activities:							
Event Staff Compensation	-	14,891	-	14,891	-	808	15,699
Event and Program Expense	-	61,502	-	61,502	-	23,168	84,670
Processing Fees	-	5,263	-	5,263	-	10,863	16,126
Insurance	-	13,810	-	13,810	-	170	13,980
Other	-	122	-	122	-	430	552
Total Expenses Included in the Consolidated Statements of Activities	\$ 2,181,928	\$ 497,859	\$ 897,130	\$ 3,576,917	\$ 131,138	\$ 319,184	\$ 4,027,239

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
Events and Recreational Programming	-	70,183	96,195	166,378	-	-	166,378
Insurance	163,168	8,832	74,860	246,860	1,786	3,691	252,337
Depreciation	62,448	308	61,848	124,604	97	202	124,903
Equipment and Technology	11,061	2,130	26,553	39,744	675	7,083	47,502
Occupancy	40,598	8,893	14,077	63,568	2,817	5,819	72,204
Advertising and Promotion	10,129	6,309	7,057	23,495	568	1,175	25,238
Accounting Fees	27,912	5,529	10,009	43,450	1,717	3,546	48,713
Conferences and Meetings	1,510	135	1,397	3,042	43	108	3,193
Direct Fundraising Expenses	-	-	-	-	-	21,499	21,499
Telephone	11,835	2,196	4,094	18,125	696	1,989	20,810
Legal Fees	2,036	-	-	2,036	-	-	2,036
Supplies	1,241	272	430	1,943	87	1,120	3,150
Postage	59	147	30	236	106	3,699	4,041
Property Taxes	3,898	-	-	3,898	-	-	3,898
Total Functional 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
Processing Fees	-	3,992	-	3,992	-	1,112	5,104
Insurance	-	14,095	-	14,095	-	91	14,186
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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (566,967)	\$ 2,147,448
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	761,880	(535,891)
Depreciation	133,917	124,903
Gain on Disposal of Equipment	(1,881)	(11,479)
(Increase) Decrease in Operating Assets:		
Grants Receivable	313,890	(472,784)
Pledges and Contributions Receivable, Net	150,486	(260,441)
Prepaid Expenses	3,555	(12,817)
Accounts Receivable	(76,510)	11,727
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(113,266)	281,043
Refundable Advances	(148,567)	(100,512)
Net Cash Provided by Operating Activities	<u>456,537</u>	<u>1,171,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Land and Equipment, Net	(235,712)	(411,896)
Net Purchases of Investments	<u>(217,136)</u>	<u>(881,605)</u>
Net Cash Used by Investing Activities	(452,848)	(1,293,501)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	<u>102,229</u>	<u>442,000</u>
Net Cash Provided by Financing Activities	<u>102,229</u>	<u>442,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	105,918	319,696
Cash and Cash Equivalents - Beginning of Year	<u>955,679</u>	<u>635,983</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,061,597</u>	<u>\$ 955,679</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property Received in Exchange for Operating Lease	<u>\$ 154,760</u>	<u>\$ -</u>

See accompanying Notes to Consolidated Financial Statements.

**RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

RRI adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB Accounting Standard Codification (ASC) 840.

RRI has elected to adopt the package of practical expedients available in the year of adoption. RRI has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of RRI's ROU assets.

As a result of the adoption of the new lease accounting guidance, RRI recognized on January 1, 2022 a lease liability of \$225,021, which represents the present value of the remaining operating lease payments of \$228,646 discounted using the risk-free rate of return of 1.04%, and a right-of-use asset of \$225,021.

The standard had a material impact on the consolidated statements of financial position but did not have an impact on the consolidated statements of activities, nor consolidated statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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 consolidated 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:

	2022	2021
Board-Designated to Function as Endowment	\$ 393,877	\$ 483,754
Riverfront Innovation Fund	143,206	147,841
Total Designated Net Assets	<u>\$ 537,083</u>	<u>\$ 631,595</u>

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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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 is also exempt from federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

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.

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, 2022 and 2021 totaled \$1,149,718 and \$1,293,145, 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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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

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.

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.

Land and Equipment

RRI capitalizes all expenditures for equipment in excess of \$5,000 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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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.

Concentrations

RRI receives funding from a governmental partner for park operations and maintenance services. This support consisted of 31% and 25% of the total revenue for the years ended December 31, 2022 and 2021, 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, occupancy, postage and supplies.

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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Leases

RRI leases office facilities. RRI determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and right-of-use (ROU) liabilities – operating, in the consolidated statements of financial position.

ROU assets represent RRI's right to use an underlying asset for the lease term and lease liabilities represent RRI's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that RRI will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. RRI has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

RRI has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

RRI's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, RRI has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities. The risk-free rate used of 1.04% was the U.S Treasury Rate as of January 1, 2022 for the remaining term of the lease.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through April 18, 2023, which represents the date the consolidated financial statements were available to be issued.

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.

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

Program Fees (Continued)

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 \$564,169 and \$351,919 for the years ended December 31, 2022 and 2021, respectively.

Other Earned Income

RRI enters into contracts to provide various public and private events and festivals to the public. 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.

RRI recognized revenue (expense) from other earned income at a point in time of \$111,097 and \$62,249 for the years ended December 31, 2022 and 2021, respectively.

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

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, 2021	\$ 23,993	\$ -
Closing Balance - December 31, 2021	12,266	11,200
Increase (Decrease)	<u>\$ (11,727)</u>	<u>\$ 11,200</u>
Opening Balance - January 1, 2022	\$ 12,266	\$ 11,200
Opening Balance - December 31, 2022	88,776	5,008
Increase (Decrease)	<u>\$ 76,510</u>	<u>\$ (6,192)</u>

The balance of refundable advances at December 31, 2022, 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.

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

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022 and 2021.

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	2022			
	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Mutual Funds:				
Equities	\$ 3,001,965	\$ 3,001,965	\$ -	\$ -
Fixed Income	1,268,597	1,268,597	-	-
Total	<u>\$ 4,270,562</u>	<u>\$ 4,270,562</u>	<u>\$ -</u>	<u>\$ -</u>
Description	2021			
	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Mutual Funds:				
Equities	\$ 3,487,953	3,487,953	\$ -	\$ -
Fixed Income	1,429,582	1,429,582	-	-
Total	<u>\$ 4,917,535</u>	<u>\$ 4,917,535</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2022 and 2021, there is no outstanding balance under this agreement.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 PLEDGES AND CONTRIBUTIONS RECEIVABLE

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

	2022	2021
Receivable in Less than One Year	\$ 29,449	\$ 151,603
Receivable in One to Five Years	90,000	118,332
Total Contributions Receivable	<u>\$ 119,449</u>	<u>\$ 269,935</u>

An allowance for uncollectible accounts was not deemed necessary for the years ended December 31, 2022 and 2021.

NOTE 5 LAND AND EQUIPMENT

Fixed assets as of December 31 include the following:

	2022	2021
Land	\$ 1,335,468	\$ 1,179,723
Equipment, Fixtures, and Vehicles	1,961,845	1,908,890
Subtotal	3,297,313	3,088,613
Less: Accumulated Depreciation	1,383,627	1,278,603
Total	<u>\$ 1,913,686</u>	<u>\$ 1,810,010</u>

Depreciation expense charged to operations was \$133,917 and \$124,903 for the years ended December 31, 2022 and 2021, respectively.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 LEASES – ASC 842

RRI leases their office facility under a long-term, non-cancelable lease agreement. The lease expires February 28, 2025 and provides for a renewal option of four years. It is not reasonably certain that the four year renewal option will be exercised. Additionally, the agreements generally require RRI to pay certain property taxes and insurance costs.

The following table provides quantitative information concerning RRI's leases for the year ended December 31, 2022:

	<u>2022</u>
Lease Cost:	
Operating Lease Cost	<u>\$ 72,204</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 72,204
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	225,021
Weighted Average Remaining Lease Term - Operating Leases	2.1 years
Weighted Average Discount Rate - Operating Leases	1.04%

A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of December 31, 2022 is as follows:

<u>Year Ending December 31,</u>	<u>2022</u>
2023	\$ 72,204
2024	72,204
2025	<u>12,034</u>
Total Lease Payments	156,442
Less: Imputed Interest	<u>(1,682)</u>
Present Value of Lease Liabilities	<u><u>\$ 154,760</u></u>

NOTE 7 OPERATING LEASE AGREEMENTS – ASC 840

RRI elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

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

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 OPERATING LEASE AGREEMENTS – ASC 840 (CONTINUED)

Future minimum rent commitments under this facility lease were as follows:

<u>Year Ending December 31,</u>	
2023	\$ 72,204
2024	72,204
2025	12,034
Total Lease Payments	<u>\$ 156,442</u>

NOTE 8 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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 258,865	\$ 293,834
Grants Receivable	387,956	701,846
Pledges and Contributions Receivable, Net	29,449	29,935
Accounts Receivable	88,776	12,266
Available Investments	<u>276,245</u>	<u>456,804</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,041,291</u>	<u>\$ 1,494,685</u>

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, 2022 and 2021, investments in the amount of \$1,382,136 and \$1,197,446, respectively, represent funds that are donor restricted for purpose or time and investments in the amount of \$2,259,788 and \$2,507,759, respectively, represent donor-restricted funds to be held in perpetuity. As of December 31, 2022 and 2021, RRI has a board-designated endowment of \$393,877 and \$483,754, 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, 2022 and 2021, RRI has a board-designated balance of \$143,206 and \$147,841, 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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Endowment:		
Restricted in Perpetuity:		
Income Use Unrestricted	\$ 1,875,100	\$ 1,872,871
Income Use Restricted - Summer Music Concerts	100,000	100,000
Income Use Restricted - Rowing Scholarships	91,639	-
Accumulated Gains and Income Available for		
Appropriation by the Board of Directors	<u>193,049</u>	<u>534,888</u>
Total Endowment	2,259,788	2,507,759
Donor Restricted by Time or Purpose:		
Time Restricted	26,580	27,529
Other Net Assets With Donor Use Restrictions:		
Marfuggi Parks Fund	1,148,621	1,067,926
Rowing Programs	184,226	193,420
Riverfront Capital Projects	202,711	289,695
Youth Programs	<u>528,088</u>	<u>622,507</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 4,350,014</u></u>	<u><u>\$ 4,708,836</u></u>

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Purpose:		
Riverfront Capital Projects	\$ 156,904	\$ 60,380
Rowing Programs	949	12,226
Total Net Assets Released	<u><u>\$ 157,853</u></u>	<u><u>\$ 72,606</u></u>

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 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, 2021	\$ 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
Investments Return:			
Investment Income	17,483	73,344	90,827
Net Realized and Unrealized Losses	(91,358)	(378,455)	(469,813)
Total Investment Loss	(73,875)	(305,111)	(378,986)
Contributions	-	102,229	102,229
Appropriation of Endowment Assets for Expenditure	(16,002)	(45,089)	(61,091)
Endowment Net Assets - December 31, 2022	\$ 393,877	\$ 2,259,788	\$ 2,653,665

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENT (CONTINUED)

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. Deficiencies of this nature exist in one donor fund, which has an original gift value of \$100,000, a current fair value of \$91,639, and a deficiency of \$8,361 as of December 31, 2022. There were no deficiencies of this nature that were reported in net assets with donor restrictions as of December 31, 2021.

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.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 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, 2022 and 2021 were \$5,200 and \$1,511, 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, 2022 and 2021 for these projects were \$143,427 and \$549,574, respectively. In 2021, RRI received a commitment from the U.S Environmental Protection Agency for \$500,000 for environmental remediation at Riverfront Land. Total expenses incurred as of December 31, 2022 and 2021 were \$4,825 and \$175, respectively.

NOTE 13 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. During the year ended December 31, 2022, RRI amended the match to be 100% of employee contributions on the first 3% of salary and 50% of employee contributions for the next 6% of salary. Contribution expense recognized by RRI was \$57,438 and \$25,970 for the years ended December 31, 2022 and 2021, respectively.

NOTE 14 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, 2022 and 2021, RRI was awarded \$16,002 and \$10,000 project funding and expended \$34,904 and \$-0-, respectively, in accordance with the assistance program.

NOTE 15 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 \$593,000 has been incurred through December 31, 2022.

RIVERFRONT RECAPTURE, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 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 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 consolidated 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.