

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Delaware River City Corporation
d/b/a Riverfront North Partnership
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Delaware River City Corporation d/b/a Riverfront North Partnership (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware River City Corporation d/b/a Riverfront North Partnership as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively. Our opinion is not modified with respect to this matter.



Philadelphia, Pennsylvania

April 1, 2020

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2019	2018
ASSETS		
Current assets		
Cash	\$ 1,164,638	\$ 928,586
Grants receivable, current portion	735,671	160,329
Prepaid expenses	596	1,494
Deposit	2,287	1,724
Total current assets	1,903,192	1,092,133
Property and equipment	42,305	28,776
Less accumulated depreciation	(15,251)	(13,024)
	27,054	15,752
Other assets		
Grants receivable, net of current portion and discount	949,420	-
Total assets	\$ 2,879,666	\$ 1,107,885
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 22,148	\$ 108,789
Accrued expenses	23,023	12,810
Deferred revenue	190,831	273,841
Total current liabilities	236,002	395,440
Commitments		
Net assets		
Without donor restrictions	538,585	452,755
With donor restrictions	2,105,079	259,690
Total net assets	2,643,664	712,445
Total liabilities and net assets	\$ 2,879,666	\$ 1,107,885

See notes to financial statements.

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Contracts	\$ 537,173	\$ -	\$ 537,173	\$ 951,028	\$ -	\$ 951,028
Grants and contributions	228,825	2,355,810	2,584,635	216,301	207,182	423,483
In-kind contributions	22,785	-	22,785	-	-	-
Miscellaneous income	1,361	-	1,361	733	-	733
Total revenue and support before release from restrictions	790,144	2,355,810	3,145,954	1,168,062	207,182	1,375,244
Net assets released from restrictions	510,421	(510,421)	-	713,996	(713,996)	-
Total revenue and support	1,300,565	1,845,389	3,145,954	1,882,058	(506,814)	1,375,244
Expenses						
Program services	907,869	-	907,869	1,609,447	-	1,609,447
Management and general	210,723	-	210,723	90,844	-	90,844
Fund-raising	96,143	-	96,143	98,766	-	98,766
Total expenses	1,214,735	-	1,214,735	1,799,057	-	1,799,057
Changes in net assets	85,830	1,845,389	1,931,219	83,001	(506,814)	(423,813)
Net assets, beginning of year	452,755	259,690	712,445	369,754	766,504	1,136,258
Net assets, end of year	\$ 538,585	\$ 2,105,079	\$ 2,643,664	\$ 452,755	\$ 259,690	\$ 712,445

See notes to financial statements.

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30,							
	2019				2018			
	Program Services - Revitalization	Management and General	Fund- Raising	Total	Program Services - Revitalization	Management and General	Fund- Raising	Total
Personnel and related expenses								
Salaries	\$ 192,756	\$ 108,214	\$ 37,199	\$ 338,169	\$ 233,508	\$ 39,999	\$ 33,626	\$ 307,133
Payroll taxes and benefits	31,002	17,404	5,983	54,389	24,411	4,359	3,777	32,547
Total personnel and related expenses	223,758	125,618	43,182	392,558	257,919	44,358	37,403	339,680
Accounting and auditing	-	17,584	-	17,584	-	14,640	-	14,640
Advertising and marketing	3,931	2,207	758	6,896	909	156	131	1,196
Consulting	-	15,623	30,153	45,776	-	15,437	45,210	60,647
Depreciation	1,269	713	245	2,227	1,347	231	194	1,772
Design and construction	580,382	-	-	580,382	1,272,605	-	-	1,272,605
Insurance	4,272	2,398	824	7,494	5,763	987	830	7,580
Landscape and facilities maintenance	65,345	-	-	65,345	-	-	-	-
Legal fees	-	25,383	-	25,383	-	3,561	-	3,561
Office expense	3,747	6,588	702	11,037	3,541	607	510	4,658
Office supplies	3,958	2,247	764	6,969	-	5,889	-	5,889
Outreach event costs	10,133	1,513	13,084	24,730	46,601	-	2,051	48,652
Project costs	1,843	-	-	1,843	10,796	-	-	10,796
Rent	7,366	4,135	1,421	12,922	7,935	1,359	1,143	10,437
Special events	-	-	4,650	4,650	-	-	11,001	11,001
Telephone	1,865	1,047	360	3,272	2,031	348	293	2,672
Travel	-	5,667	-	5,667	-	3,271	-	3,271
Total expenses	\$ 907,869	\$ 210,723	\$ 96,143	\$ 1,214,735	\$ 1,609,447	\$ 90,844	\$ 98,766	\$ 1,799,057

See notes to financial statements.

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2019	2018
Cash flows from operating activities		
Changes in net assets	\$1,931,219	\$ (423,813)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	2,227	1,772
Changes in operating assets and liabilities		
Grants receivable	(1,524,762)	(61,666)
Prepaid expenses	898	(57)
Deposit	(563)	-
Accounts payable	(86,641)	(30,667)
Accrued expenses	10,213	2,101
Deferred revenue	(83,010)	(126,163)
Net cash provided by (used in) operating activities	249,581	(638,493)
Cash flows used in investing activities		
Purchase of property and equipment	(13,529)	(1,472)
Net increase (decrease) in cash	236,052	(639,965)
Cash, beginning of year	928,586	1,568,551
Cash, end of year	\$1,164,638	\$ 928,586

See notes to financial statements.

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION

Delaware River City Corporation d/b/a Riverfront North Partnership ("RNP") is a Pennsylvania not-for-profit corporation which is tax exempt under Section 501(c)(3) of the Internal Revenue Code. RNP was organized for the purpose of revitalizing a sustainable riverfront corridor in northeast Philadelphia by reconnecting the people, places, businesses, and neighborhoods of the City of Philadelphia and the surrounding region to the Delaware River while simultaneously promoting a diversity of uses through implementation of the North Delaware Riverfront Greenway Plan.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and New Accounting Pronouncements

The accompanying financial statements reflect the accounts of RNP and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The Organization has adopted ASU 2016-14 for its fiscal year ended June 30, 2019 and has applied the amendments retrospectively to July 1, 2017 to the financial statements and related footnotes.

The provisions of ASU 2016-14 improve presentation and disclosure to provide more relevant information about resources and changes in resources to donors, grantors and other users. There are qualitative and quantitative requirements in several areas including the following:

Temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions. The chart below illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of July 1, 2017 net asset balances as follows:

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and New Accounting Pronouncements (Continued)

	Opening net assets classification for ASU No. 2016-14		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 369,754	\$ -	\$ 369,754
Temporarily restricted	-	766,504	766,504
Net assets, as reclassified	\$ 369,754	\$ 766,504	\$ 1,136,258

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. The Organization has no board designated net assets as of June 30, 2019 and 2018.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Unconditional promises to give are recognized as support in the period granted. Management believes that any uncollectible amounts are insignificant, and therefore no allowance has been reflected in the financial statements. Grants due beyond one year are discounted to the estimated present value of the future receipts (see Note 4).

Property and Equipment and Depreciation

Property and equipment consists of furniture, equipment and machinery and is stated at cost. Expenditures for improvements that materially increase the estimated useful lives of the assets are capitalized; expenditures for repairs and maintenance are included in expenses. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years.

Deferred Revenue

Deferred revenue primarily consists of advances received on cost reimbursable contract arrangements, which are to be recognized as income as they are utilized in future periods.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are recorded as revenue when received. All contributions are available without restriction unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. 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 statement of activities and changes in net assets as net assets released from restrictions.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. Advertising costs totaled \$6,896 and \$1,196 for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. RNP records expenses, including salaries, taxes and fringe benefits, to the programs based on direct charges for those costs that can be specifically identified with the respective programs. For those costs that cannot be specifically identified for the programs, RNP allocates such costs based on the most reasonable basis determined by management such as time and effort spent. The Organization's sole program is the revitalization and promotion of the riverfront corridor in northeast Philadelphia.

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the previously reported changes in net assets.

Income Taxes

RNP has been granted tax exempt status in accordance with Section 501(c)(3) of the Internal Revenue Code and similar state code and is exempt from federal, state and local income taxes. RNP is not a private foundation.

3 - LIQUIDITY AND AVAILABLE RESOURCES

RNP's financial assets available within one year of the statement of financial position date for general expenditure as of June 30, 2019 are as follows:

Cash	\$	1,164,638
Grants receivable		735,671
<hr/>		
Total financial assets available within one year		1,900,309
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Less: Amounts unavailable for general expenditures within one year, due to purpose restrictions		(1,155,659)
<hr/>		
Total financial assets available to management for general expenditure within one year	\$	744,650
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RNP's financial assets available to meet cash needs for general expenditures within one year represents funds available for ongoing operational requirements and planned increases in program expenditures in fiscal year 2020.

RNP has certain donor-restricted assets limited as to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been deducted in the above quantitative information for financial assets to meet general expenditures within one year.

Liquidity Management

RNP has a liquidity policy to maintain an adequate level of cash to meet ongoing operational requirements.

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

4 - GRANTS RECEIVABLE

Grants receivable consist of various grants made to support RNP's programs. Valuation of these receivables takes place at the time of contribution. Grants due in future years were discounted to their net present value using a rate of 2.54%. Grants receivable consist of the following:

	June 30,	
	2019	2018
Gross unconditional promises to give	\$ 1,735,671	\$ 160,329
Less unamortized discount	(50,580)	-
	\$ 1,685,091	\$ 160,329
	June 30,	
	2019	2018
Amounts due		
Within one year	\$ 735,671	\$ 160,329
Within two to five years	949,420	-
	\$ 1,685,091	\$ 160,329

5 - IN-KIND CONTRIBUTIONS AND EXPENSES

RNP recognizes revenues and related expenses for certain goods and services donated by in-kind sponsors at the fair value of the goods and services.

In-kind contributions and expenses are as follows:

	Year Ended June 30,	
	2019	2018
Legal fees	\$ 22,785	\$ -

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

6 - COMMITMENTS

RNP leases office space under non-cancellable operating leases with a third party, expiring in January 2021 and February 2021. Total rent expense incurred under these leases was \$12,922 and \$10,437 for the years ended June 30, 2019 and 2018, respectively.

The following is a schedule of future minimum lease payments required under the operating leases:

Year Ending June 30,		
2020	\$	18,220
2021		11,664
	\$	29,884

7 - CONCENTRATIONS OF CREDIT RISK

Revenue and Support

During the year ended June 30, 2019, RNP received approximately 68% and 11%, respectively, of its revenue and support from two organizations. As of June 30, 2019, 86% of the grants receivable was due from one organization. During the year ended June 30, 2018, RNP received approximately 54% and 14%, respectively, of its revenue and support from two organizations. As of June 30, 2018, 40%, 37%, and 16%, respectively, of the grants receivable was due from three organizations.

Cash

RNP maintains cash in bank deposit accounts. Each of these accounts is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, RNP's cash balances exceeded the insurable amount by approximately \$938,000.

8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	June 30,	
	2019	2018
Bridesburg Park	\$ 1,942,689	\$ 235,017
Pennypack Park	162,390	-
Other program purposes	-	24,673
	\$ 2,105,079	\$ 259,690

DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the years ended June 30, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by the expiration of a time restriction or by occurrence of other events specified by donors as follows:

	June 30,	
	2019	2018
Bridesburg Park	\$ 241,747	\$ 264,983
North Delaware Riverfront Greenway Trail	210,411	221,204
Tree removal and planting	44,850	-
Shoreline restoration	-	199,540
Other program purposes	13,413	28,269
	\$ 510,421	\$ 713,996

9 - RELATED PARTY TRANSACTIONS

A law firm for whom one member of the board of directors is a partner contributed legal services of \$22,785 and \$0 for the years ended June 30, 2019 and 2018, respectively. Also, board members and employees of RNP collectively contributed \$49,828 and \$55,206 to RNP for the years ended June 30, 2019 and 2018, respectively.

10 - UNCERTAIN TAX POSITIONS

Management of RNP considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to RNP's status as a not-for-profit entity. Management believes RNP met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements.

11 - CONTINGENCIES

RNP periodically becomes subject to litigation arising from claims brought against donors where RNP has managed the development of certain land areas. As of June 30, 2019, management believes there is no exposure to such matters that, if decided adversely, would be material to the financial statements or would not be covered by insurance.

**DELAWARE RIVER CITY CORPORATION
d/b/a RIVERFRONT NORTH PARTNERSHIP**

NOTES TO FINANCIAL STATEMENTS

12 - SUBSEQUENT EVENTS

RNP has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 1, 2020, the date on which the financial statements were available to be issued.

The spread of a novel strain of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.