

**RIVERFRONT DEVELOPMENT CORPORATION
D/B/A MEMPHIS RIVER PARKS PARTNERSHIP**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2021



Riverfront Development Corporation d/b/a Memphis River Parks Partnership
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Riverfront Development Corporation d/b/a Memphis River Parks Partnership
Management and Governance Officials
June 30, 2021

Management Staff

Carol Coletta, President & CEO

* Art Davis, Chief Operating Officer/CFO

George Abbott, Director of External Affairs

Nancy Harwood, Advancement Manager

Board of Directors

Tyree Daniels	Board Chairman
Ray Pohlman	Immediate Past Chairman
Robert Clark	Board Vice Chairman
Kristen Wright	Board Secretary
Sam Cantor	Board Treasurer
Gregory M. Duckett	Chairperson Emeritus
Tanja Mitchell	Board Member
Kevin Adams	Board Member
Calvin Anderson	Board Member
Roshun Austin	Board Member
Robert Craddock	Board Member
Alan Crone	Board Member
Dallas Geer	Board Member
JW Gibson II	Board Member
Liz Gilliland	Board Member
David Hagel	Board Member
Bruce B. Hopkins	Board Member
Tammy LoCascio	Board Member
Terry Lynch	Board Member
Anton Powell Mack	Board Member
Doug McGowen	Board Member
Laura Morris	Board Member
Billy Orgel	Board Member
Amity Schuyler	Board Member
Teresa Sloyan	Board Member
Jamita Swearengen	Board Member
Van D. Turner, Jr.	Board Member
Jason Wexler	Board Member
Kevin Woods	Board Member
Gary K. Wunderlich, Jr.	Board Member
Jen Andrews	Board Member - Ex-Officio
Paul Young	Board Member - Ex-Officio

*Individual designated with financial oversight

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riverfront Development Corporation d/b/a Memphis River Parks Partnership
Memphis, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Riverfront Development Corporation d/b/a Memphis River Parks Partnership (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Riverfront Development Corporation d/b/a Memphis River Parks Partnership, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Riverfront Development Corporation's basic financial statements. The listing of management and governance officials, schedule of functional expenses, and schedule of changes in long-term debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of functional expenses and schedule of changes in long-term debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses and schedule of changes in long-term debt are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of management and governance officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021 on our consideration of Riverfront Development Corporation d/b/a Memphis River Parks Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Riverfront Development Corporation d/b/a Memphis River Parks Partnership's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Watkins Wihersall, PLLC". The script is cursive and fluid.

Memphis, Tennessee
August 9, 2021

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Management's Discussion and Analysis

This section of the Riverfront Development Corporation d/b/a Memphis River Parks Partnership (the "Company") annual financial report presents our discussion and analysis of the Company's financial performance during the fiscal year ended June 30, 2021. This section should be read in conjunction with financial statements and accompanying notes, which follow this section.

The Company is a 501(c)(3) non-profit founded in 2000 in Memphis, TN. The Company's mission is working with and for the people of Memphis to trigger the transformative power of the river. The Company's vision is to create a world-class waterfront destination rooted in the unique history and character of Memphis that showcases the Mississippi River's power and majesty and binds us together as a community.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Company's financial statements. The financial report includes financial statements, notes to the financial statements as required and other supplementary information. The statement of net position presents information on the Company's assets and liabilities. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Company is improving or deteriorating. The statement of revenues, expenses, and changes in net position presents information on activities as well as other cash sources and cash payments such as investment income and capital additions.

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Financial Highlights

	<u>Net Position as of June 30</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 33,797,140	\$ 26,938,800
Capital assets, net	110,425	120,427
Other Assets	5,683,937	2,015,794
Total assets	<u>39,591,502</u>	<u>29,075,021</u>
Current liabilities	1,948,975	1,384,158
Long-term liabilities	131,213	219,965
Total liabilities	<u>2,080,188</u>	<u>1,604,123</u>
Investment in capital assets	110,425	120,427
Restricted for Tom Lee Park	34,383,492	25,718,992
Unrestricted net position	3,017,397	1,631,479
Total net position	<u>\$ 37,511,314</u>	<u>\$ 27,470,898</u>

	<u>Changes in Net Position for the Year Ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 19,057,152	\$ 32,508,844
Operating expenses	10,208,946	5,939,545
Operating income	<u>8,848,206</u>	<u>26,569,299</u>
Non-operating revenue	<u>1,192,210</u>	<u>277</u>
Change in net position	<u>\$ 10,040,416</u>	<u>\$ 26,569,576</u>

**RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

Operating and Non-Operating Revenues

Riverfront Development Corporation d/b/a Memphis River Parks Partnership's total operating revenue was \$19,057,152 for the year ended June 30, 2021.

City of Memphis Management Contracts – The Company operates under management contracts with the City of Memphis. For Fiscal Year 2021, the contracts amount to \$3,186,000.

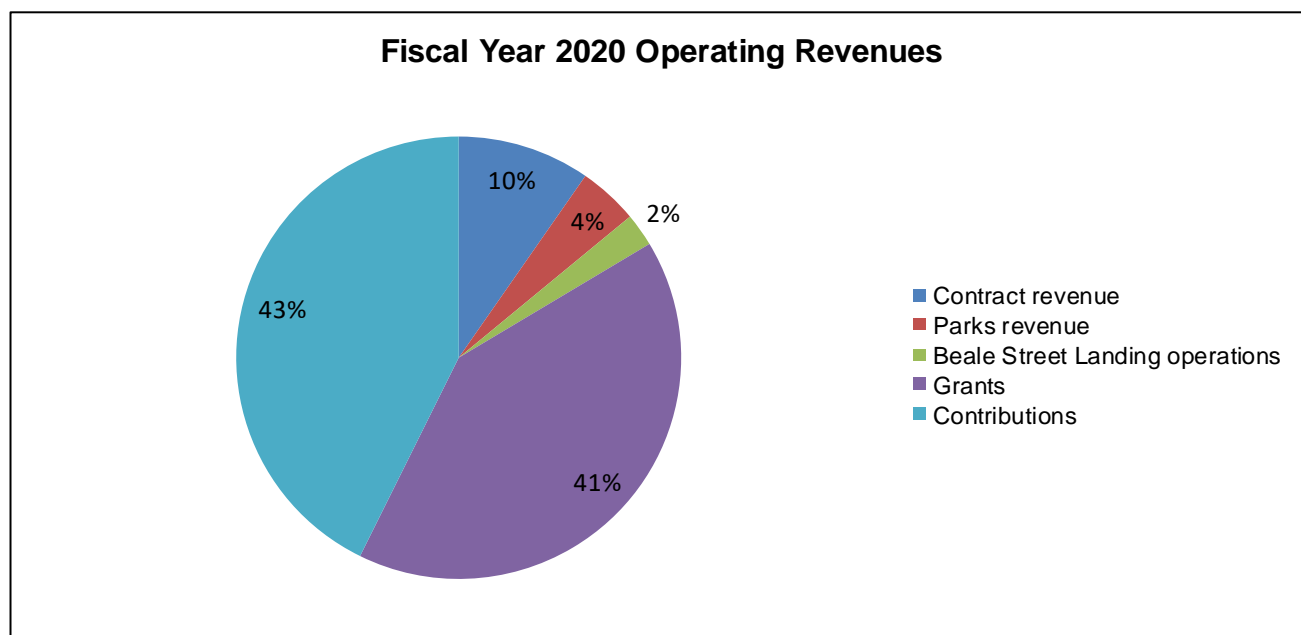
Earned Income – The Company earned additional revenue through admissions, facility and park rentals, retail sales, parking, concerts, boat dockings, and property leases. For Fiscal Year 2021, this additional revenue amounts to \$1,232,459.

Grants and Donations – As a non-profit organization, the Company also applies for philanthropic grants and individual donations. For Fiscal year 2021, these generated \$2,622,928 in contributions and \$11,950,000 in grants.

Non-Operating Revenue – The Company earned non-operating revenue from investment income of \$533 in the current year.

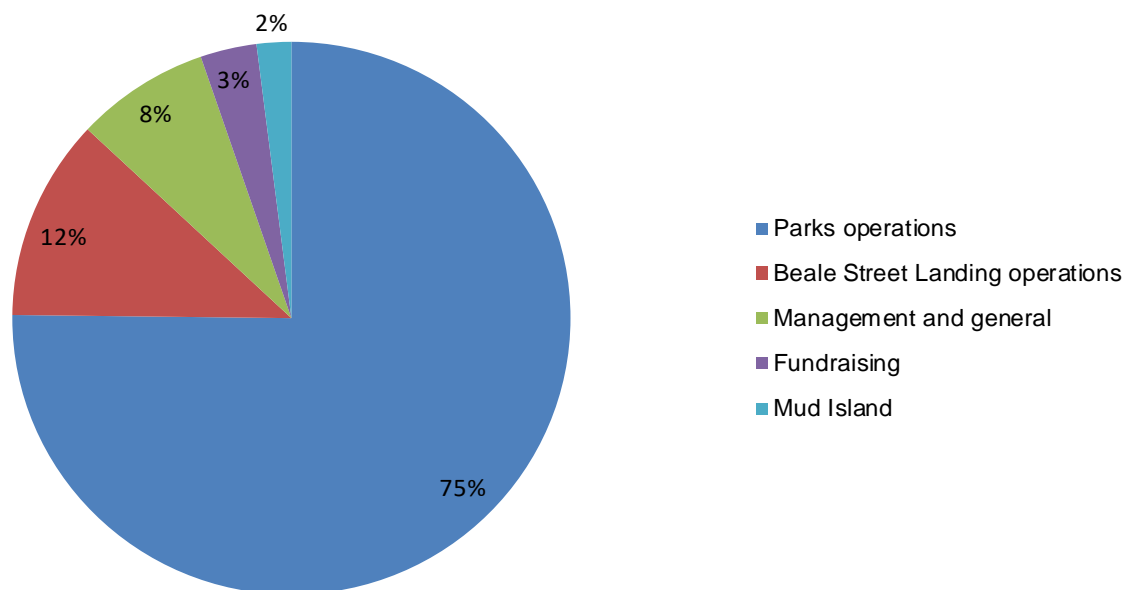
Operating Expenses

Operating expenses of the Company increased to \$10,208,946 for Fiscal Year 2021 compared with \$5,939,545 for Fiscal Year 2020. This increase is primarily due to the kickoff of the Tom Lee Park design and renovations in Fiscal Year 2021.

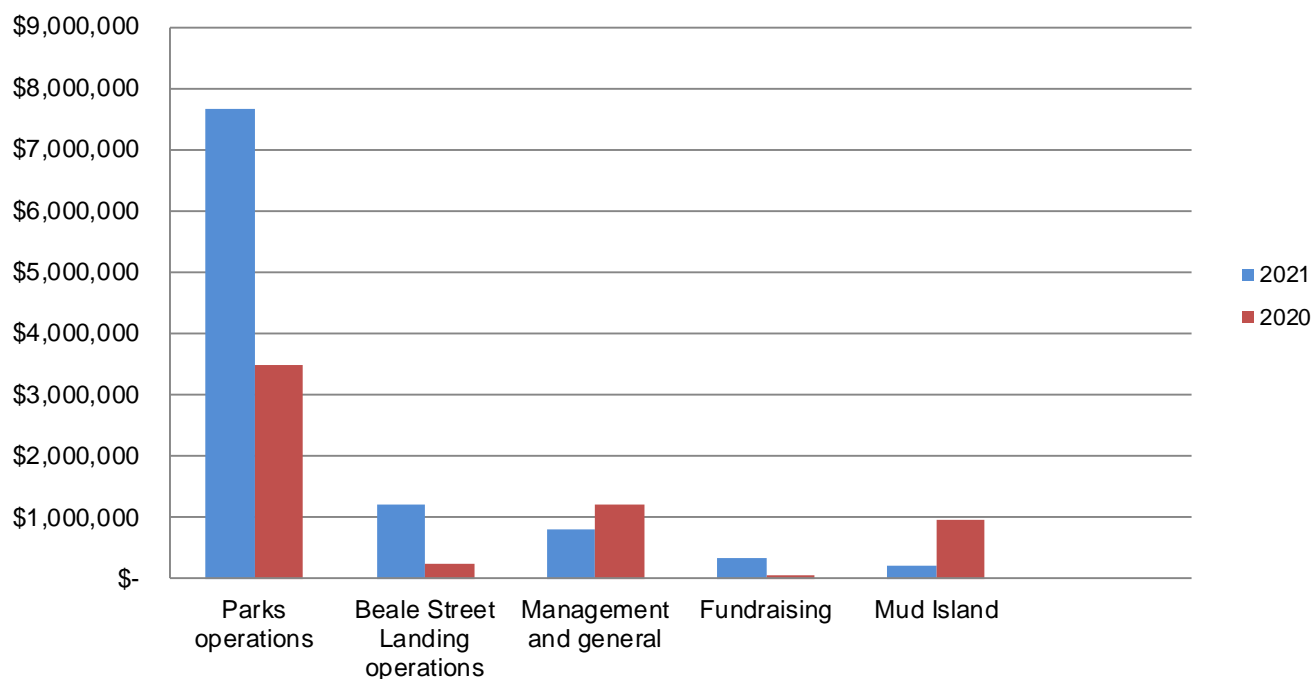


**RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

Fiscal Year 2021 Operating Expenses



Fiscal Year 2021 v. Fiscal Year 2020 Operating Expenses



RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 23,339,367
Accounts receivable, net	49,854
Pledges receivable	10,278,466
Prepaid expenses	129,453
Total current assets	<u>33,797,140</u>

Capital Assets

Furniture and equipment	229,964
Computer equipment	124,343
Leasehold improvements	80,262
Land	90,350
	<u>524,919</u>
Less: accumulated depreciation	(414,494)
Total capital assets, net	<u>110,425</u>

Other Assets

Deposits	937
Pledges receivable - long term	5,683,000
Total other assets	<u>5,683,937</u>
Total assets	<u><u>\$ 39,591,502</u></u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 1,319,492
Accrued payroll	72,663
Other accrued expenses	44,326
Unearned revenue	230,096
Customer deposits	22,261
Current maturities of notes payable	260,137
Total current liabilities	<u>1,948,975</u>

Long-Term Liabilities

Notes payable, less current maturities	<u>131,213</u>
Total liabilities	2,080,188

NET POSITION

Net investment in capital assets	110,425
Restricted for Tom Lee Park	34,383,492
Unrestricted	3,017,397
Total net position	<u>37,511,314</u>
Total liabilities and net position	<u><u>\$ 39,591,502</u></u>

The accompanying notes are an integral part of the financial statements.

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

Operating Revenues:	
Contract revenue	\$ 3,186,000
Parks revenue	1,232,459
Beale Street Landing operations	65,755
State and foundation grants	11,950,000
Contributions	2,622,928
Merchandise sales (net of cost of goods sold of \$1,387)	10
Total operating revenue	<u>19,057,152</u>
Operating Expenses:	
Program Services:	
Parks operations	7,675,218
Beale Street Landing operations	1,203,557
Mud Island	204,283
Management and general	792,610
Fundraising	333,278
Total operating expenses	<u>10,208,946</u>
Operating income	8,848,206
Non-operating Revenues:	
Paycheck Protection Program loan forgiveness	389,743
TN CARES Act	30,595
Insurance settlements	755,114
Unrealized gain on investments	16,225
Interest income	533
Total non-operating revenue	<u>1,192,210</u>
Change in net position	10,040,416
Total net position, beginning of year	<u>27,470,898</u>
Total net position, end of year	<u><u>\$ 37,511,314</u></u>

The accompanying notes are an integral part of the financial statements.

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

Cash Flows From Operating Activities:	
Receipts from services	\$ 7,449,511
Receipts from customers	10
Proceeds from donations	(4,897,026)
Proceeds from grants	11,950,000
Payments to suppliers	(8,179,867)
Payments to employees	(1,560,017)
Other receipts	20,550
Net cash provided by operating activities	<u>4,783,161</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds of PPP Loan	389,745
Principal payments on note payable	(18,640)
Acquisition of capital assets	(5,545)
Gain on investments	16,225
Interest income	533
Net cash provided by capital and related financing activities	<u>382,318</u>
Non-operating Cash Flows	
TN CARES Act	30,595
Insurance settlements	755,114
Net cash from non-operating activities	<u>785,709</u>
Net increase in cash and cash equivalents	5,951,188
Cash and cash equivalents, at beginning of the year	17,388,179
Cash and cash equivalents, at end of the year	<u><u>\$ 23,339,367</u></u>
Reconciliation of the Change in Net Position to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 8,848,206
Adjustments to Change in Net Position to Net Cash	
Provided By (Used For) Operating Activities:	
Depreciation	15,546
Changes in operating assets and liabilities:	
Accounts receivable (including long-term portion)	2,965,959
Unconditional promises to give	(7,519,954)
Prepaid expenses	(20,638)
Deposits	(662)
Accounts payable	308,503
Accrued payroll	(1,536)
Other accrued expenses	(55,409)
Deferred revenue	222,596
Customer deposits	20,550
Total adjustments	<u>(4,080,591)</u>
Net cash provided by operating activities	<u><u>\$ 4,783,161</u></u>
The accompanying notes are an integral part of the financial statements.	

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Riverfront Development Corporation d/b/a Memphis River Parks Partnership (the “Company”) is a non-profit organization formed in February 2000 to operate for the benefit of, to assist in the development of, and to carry out certain public services for the City of Memphis, Tennessee. The Company acts in promoting, encouraging, and assisting economic development in the City of Memphis, with a focus on the Memphis riverfront. Based on the described purpose of the Company’s programs existing for the exclusive benefit of the City of Memphis, the financial reporting of the Company should be in compliance with the reporting requirements of the Governmental Accounting Standards Board (GASB).

Measurement Focus, Basis, and Method of Accounting

The Company functions like an enterprise fund. Enterprise funds account for operations (a) that are financed and operated in a manner similar to private enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Therefore, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place.

The Company distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Company’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it is the policy of the Company to generally consider restricted amounts to have been reduced first.

The statement of net position presents information on the Company’s assets, liabilities, with differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling or net position that is otherwise restricted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations and Credit Risks

Two sources made up approximately 60% of the Company’s receivables at June 30, 2021 and two sources comprised approximately 48% of the Company’s revenues for the year then ended. Credit risks primarily relate to cash and cash equivalents. Cash is held in banks. Accounts at the institution are insured by the

Federal Deposit Insurance Company up to an aggregate of \$250,000. Cash equivalents are held in money market accounts and are uninsured.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are primarily due from the City of Memphis and foundations located in the Memphis metropolitan area. The Company's management performs continual credit evaluations of its contract to identify amounts that are uncollectible and those amounts are written off when all collection attempts have been exhausted. Interest is not charged on accounts that are past due. The allowance for doubtful accounts totaled \$29,402 on June 30, 2021.

Pledges receivable and accounts receivable that are expected to be collected within one year are recorded at net realizable value.

Capital Assets

The Company records capital assets at cost or fair market value when donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 3 to 10 years. Acquisitions of property and equipment in excess of \$5,000 are capitalized.

Income Taxes

The Company is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity.

Advertising Costs

The Company expenses all advertising costs as incurred. No amounts have been capitalized. Advertising expense for the period ended June 30, 2021 was \$85,199.

Functional Expenses

The costs of providing the various programs and other activities have been summarized in the statement of revenues, expenses, and changes in net position. Expenses that can be identified with a specific program or support service are charged directly to their natural expenditure classification. Certain costs common to several functions have been allocated among the programs and supporting services benefited. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Company.

Date of Management's Review

The Company evaluated its June 30, 2021 financial statements for subsequent events through August 9, 2021, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2021 was as follows:

	Balance June 30, 2021
Receivable in less than one year	\$ 10,278,466
Receivable in one to five years	5,683,000
Total pledges receivable	<u>\$ 15,961,466</u>

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Furniture and equipment	\$ 224,419	\$ 5,545	\$ -	\$ 229,964
Computer equipment	124,343	-	-	124,343
Leasehold improvements	80,262	-	-	80,262
Land	90,350	-	-	90,350
	519,374	5,545	-	524,919
Less: accumulated depreciation	(398,947)	(15,547)	-	(414,494)
Total capital assets, net	<u>\$ 120,427</u>	<u>\$ (10,002)</u>	<u>\$ -</u>	<u>\$ 110,425</u>

NOTE 4 – CITY OF MEMPHIS MANAGEMENT CONTRACT

For year ended June 30, 2021, the Company had contracts with the City. Management fees received by the Company from the City were approximately \$3,186,000 for the 2021 fiscal year.

Certain City assets are used by the Company to manage the properties. These assets are owned by the City and as such are not included in the Company's financial statements.

Parks Administration

Parks administration includes management of Mud Island River Park and other riverside parks owned by the City. The Company is partially reimbursed for costs associated with the management of the parks as described above. Mud Island River Park revenues and expenses are reflected in parks revenue and Mud Island program expenses on the statement of revenues, expenses, and changes in net position.

NOTE 5 – CITY OF MEMPHIS DESIGN AND CONSTRUCTION CONTRACTS

All construction oversight by the Company is handled in a two-stage process. The Company contracts with the City to carry out projects which have completed the City approval process. Once the design contract with the City is in place, the Company selects a design firm based on qualifications to manage the design effort. When the design phase is complete, the Company then requests bids and contracts with firms who will complete the construction of the project.

NOTE 6 – COMMITMENTS

Leases

The Company entered into operating leases for office facilities and office equipment. Future minimum lease payments for the years ending June 30 are:

2022	88,767
2023	82,893
2024	83,132
2025	78,197
2026	1,013
	<u>\$ 334,002</u>

Total rent expense, under these leases, for the year ended June 30, 2021, was \$110,979.

Construction Contracts

Riverfront Development Corporation entered into contracts for the transformation of Tom Lee Park totaling approximately \$18,200,000. As of June 30, 2021, the remaining commitment for the contract totaled approximately \$12,800,000.

Lease Income

The Company leases out various facilities and property under noncancellable operating leases with terms of one to five years. Future minimum lease income per these leases for the years ending June 30 are:

2022	\$ 252,862
2023	70,000
2024	5,834
	<u>\$ 328,696</u>

NOTE 7 – RISK MANAGEMENT

The Company purchases commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, employee health and accident, and worker's compensation. Payments of premiums for these policies are recorded as expenses of the Company. Insurance settlements have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage compared to prior years.

NOTE 8 – RETIREMENT PLAN

The Company has adopted and administers the Riverfront Development Corporation d/b/a Memphis River Parks Partnership 401(k) Plan (a defined contribution retirement plan) covering all of its permanent, full-time employees who have met certain age and length of service requirements. At three years of service, an employee is 100% vested in the Company's contributions. One year of service will be earned for purposes of vesting if the employee is credited with 1,000 hours of service during the plan year. If an employee is terminated or leaves the organization, the non-vested portion of that employee's account will be forfeited and used to offset plan expenses or may be used to reduce the employer or matching contribution. The Company contributes 3% of each eligible employee's compensation each year, as well as a 50% match on employee elective contributions up to 3% of the employee's compensation. The Company's contributions for the year ended June 30, 2021 amounted to \$44,453. There were no forfeitures and there was a payable in the amount of \$33,894 to the plan as of, and for the year ended June 30, 2021.

NOTE 9 – NOTES PAYABLE

The Company holds a note payable with a financing company which was used to finance upgrades to the lighting in their parking garage. The note requires monthly principal and interest payments of \$1,626, bears interest at 7.5%, and matures on July 10, 2021. As of June 30, 2021, the balance of the note was \$1,605.

On April 16, 2020, the Company obtained a loan in the amount of \$389,744 through the Paycheck Protection Program administered by the U.S. Small Business Administration (SBA). This loan was forgiven by the SBA in November 2020 and the Foundation recorded the loan forgiveness as income at that time.

The Company obtained a second loan in the amount of \$389,745 through the Paycheck Protection Program in January 2021. The loan bears interest at 1% and is payable over two years, with a deferral of payments for the first six months. The loan matures in January 2023. The loan and accrued interest are forgivable after twenty-four weeks, as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Company terminates employees or reduces salaries during the period. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot be assured that actions taken could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

Long-term liability activity for the year ended June 30, 2020 is as follows:

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2020	Increases	Decreases	Outstanding June 30, 2021	Due Within One Year
Business-Type Activities									
Leaf Capital funding	\$ 93,000	0.63%	5/18/2015	5/18/2021	\$ 20,245	\$ -	\$ (18,640)	\$ 1,605	\$ 1,624
PPP Loan payable	389,744	1.00%	4/16/2020	4/16/2022	389,744	-	(389,744)	-	-
PPP Loan payable	389,745	1.00%	1/29/2021	1/29/2023	-	389,745	-	389,745	258,513
Total loans payable					<u>\$ 409,989</u>	<u>\$ 389,745</u>	<u>\$ (408,384)</u>	<u>\$ 391,350</u>	<u>\$ 260,137</u>

Principal maturities for the years ending June 30 are as follows:

2022	\$	260,137
2023		<u>131,213</u>
	\$	<u><u>391,350</u></u>

Interest paid for the year ended June 30, 2020 is \$1,308.

NOTE 10 – INSURANCE SETTLEMENTS

The Company reached a settlement on the Wepfer Marine lawsuit, which resulted in a \$655,114 award to the Company in August 2020.

The Company received an insurance settlement from a claim paid out in the amount of \$100,000 in February 2021.

SUPPLEMENTARY SCHEDULES

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services						
	Parks Operations	Mud Island	Beale St. Landing Operations	Total Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 1,255	\$ -	\$ -	\$ 1,255	\$ 83,944	\$ -	\$ 85,199
Bad debt expense	-	-	-	-	-	-	-
Bank charges	1,085	127	-	1,212	838	-	2,050
Building and equipment rent	19,680	3,560	3,468	26,708	84,271	-	110,979
Chemicals	-	430	-	430	-	-	430
Depreciation	10,917	-	-	10,917	4,629	-	15,546
Dues and subscriptions	-	-	-	-	3,812	-	3,812
Employee benefits	96,767	-	-	96,767	139,153	-	235,920
Employee compensation	831,231	-	-	831,231	213,573	277,757	1,322,561
Fuel	16,857	-	-	16,857	-	-	16,857
Fundraising	-	-	-	-	-	55,521	55,521
Insurance	258,435	46,000	5,000	309,435	29,600	-	339,035
Interest Expense	901	-	-	901	407	-	1,308
Landscaping services	486,268	88,022	23,338	597,628	-	-	597,628
Maintenance agreements	(1,332)	113,279	8,335	120,282	-	-	120,282
Materials and supplies	42,370	18,783	404	61,557	12,547	-	74,104
Non-recurring capital	5,411,386	-	-	5,411,386	-	-	5,411,386
Park maintenance	79,407	174,728	23,306	277,441	-	-	277,441
Postage	-	-	-	-	516	-	516
Professional services	158,182	64,269	41,860	264,311	169,837	-	434,148
Programming	12,710	21,650	-	34,360	16,794	-	51,154
Reimbursement expense	130,560	328,729	21,157	480,446	16,596	-	497,042
Taxes and licenses	715	-	750	1,465	1,928	-	3,393
Telephone and communication	4,180	22,683	2,843	29,706	11,325	-	41,031
Travel and entertainment	411	-	-	411	2,840	-	3,251
Uniforms	1,097	-	-	1,097	-	-	1,097
Utilities	112,136	321,297	73,822	507,255	-	-	507,255
Total functional expenses	\$ 7,675,218	\$ 1,203,557	\$ 204,283	\$ 9,083,058	\$ 792,610	\$ 333,278	\$ 10,208,946

RIVERFRONT DEVELOPMENT CORPORATION D/B/A MEMPHIS RIVER PARKS PARTNERSHIP
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended June 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2020	Increases	Decreases	Outstanding June 30, 2021	Due Within One Year
Business-Type Activities									
Leaf Capital funding	\$ 93,000	0.63%	5/18/2015	5/18/2021	\$ 20,245	\$ -	\$ (18,640)	\$ 1,605	\$ 1,624
PPP Loan payable	389,744	1.00%	4/16/2020	4/16/2022	389,744	-	(389,744)	-	-
PPP Loan payable	389,745	1.00%	1/29/2021	1/29/2023	-	389,745	-	389,745	258,513
Total loans payable					<u>\$ 409,989</u>	<u>\$ 389,745</u>	<u>\$ (408,384)</u>	<u>\$ 391,350</u>	<u>\$ 260,137</u>

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Riverfront Development Corporation d/b/a Memphis River Parks Partnership

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverfront Development Corporation d/b/a Memphis River Parks Partnership (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverfront Development Corporation d/b/a Memphis River Parks Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverfront Development Corporation d/b/a Memphis River Parks Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverfront Development Corporation d/b/a Memphis River Parks Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverfront Development Corporation d/b/a Memphis River Parks Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Watkins Wilkerson, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
August 9, 2021

Riverfront Development Corporation d/b/a Memphis River Parks Partnership
Summary Schedule of Current Year Audit Findings
June 30, 2021

None noted.

Riverfront Development Corporation d/b/a Memphis River Parks Partnership
Summary Schedule of Prior Year Audit Findings
June 30, 2021

None noted.