

Mill River Collaborative, Inc.

Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

**To the Board of Directors of
Mill River Collaborative, Inc.**

We have audited the accompanying financial statements of Mill River Collaborative, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, 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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mill River Collaborative, Inc. as of June 30, 2021 and 2020 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 – Prior Period Adjustments

As discussed in Note 3 to the financial statements, the June 30, 2020 financial statements has been restated for various prior period adjustments. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

Stamford, Connecticut
May 16, 2022

Mill River Collaborative, Inc.

Statements of Financial Position

	June 30,	
	2021	2020 (As Restated)
ASSETS		
Cash and cash equivalents	\$ 846,524	\$ 1,296,973
Certificates of deposit	646,425	1,227,361
Contributions and pledges receivable, net	386,445	838,751
Receivable from the City of Stamford	1,375,000	1,250,000
Prepaid and other assets	24,534	26,907
Property and equipment, net	6,392,220	6,610,225
Construction in progress	3,986,623	1,473,939
	<u>\$ 13,657,771</u>	<u>\$ 12,724,156</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,546,793	\$ 149,293
Accrued payroll	57,020	45,155
Equipment loans	24,146	114
Paycheck Protection Program ("PPP") loan	239,974	280,600
Small Business Administration Economic Injury Disaster Loan ("SBA EIDL")	147,436	150,000
Deferred revenue	3,347,018	992,000
Total Liabilities	<u>5,362,387</u>	<u>1,617,162</u>
Net Assets		
Without donor restrictions	7,595,746	8,328,066
With donor restrictions	699,638	2,778,928
Total Net Assets	<u>8,295,384</u>	<u>11,106,994</u>
	<u>\$ 13,657,771</u>	<u>\$ 12,724,156</u>

See notes to financial statements

Mill River Collaborative, Inc.

Statements of Activities

	Year Ended June 30, 2021			Year Ended June 30, 2020 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND PUBLIC SUPPORT						
Contribution and grant revenue	\$ 766,817	\$ 40,251	\$ 807,068	\$ 588,229	\$ 644,339	\$ 1,232,568
City of Stamford - annual operating revenue	562,000	-	562,000	662,000	-	662,000
City of Stamford - tax increment revenue	1,375,000	-	1,375,000	1,250,000	-	1,250,000
City of Stamford - other operating revenue	-	-	-	212,126	-	212,126
Special events, net of direct donor expenses of \$4,706 and \$6,577	169,805	-	169,805	199,543	-	199,543
Mill River program income	118,082	-	118,082	222,966	-	222,966
Loan forgiveness income	280,600	-	280,600	-	-	-
Investment income	1,087	28	1,115	637	27,179	27,816
In-kind rent	-	-	-	72,521	-	72,521
Net assets released from restriction	<u>2,119,569</u>	<u>(2,119,569)</u>	<u>-</u>	<u>439,993</u>	<u>(439,993)</u>	<u>-</u>
Total Operating Revenue and Public Support	<u>5,392,960</u>	<u>(2,079,290)</u>	<u>3,313,670</u>	<u>3,648,015</u>	<u>231,525</u>	<u>3,879,540</u>
EXPENSES						
Program	5,751,041	-	5,751,041	2,376,169	-	2,376,169
Management and general	167,432	-	167,432	181,460	-	181,460
Fundraising	<u>206,807</u>	<u>-</u>	<u>206,807</u>	<u>234,531</u>	<u>-</u>	<u>234,531</u>
Total Expenses	<u>6,125,280</u>	<u>-</u>	<u>6,125,280</u>	<u>2,792,160</u>	<u>-</u>	<u>2,792,160</u>
Change in Net Assets	(732,320)	(2,079,290)	(2,811,610)	855,855	231,525	1,087,380
NET ASSETS						
Beginning of year, as restated	<u>8,328,066</u>	<u>2,778,928</u>	<u>11,106,994</u>	<u>7,472,211</u>	<u>2,547,403</u>	<u>10,019,614</u>
End of year	<u>\$ 7,595,746</u>	<u>\$ 699,638</u>	<u>\$ 8,295,384</u>	<u>\$ 8,328,066</u>	<u>\$ 2,778,928</u>	<u>\$ 11,106,994</u>

See notes to financial statements

Mill River Collaborative, Inc.

Statements of Functional Expenses

	Year Ended June 30, 2021							Year Ended June 30, 2020 (As Restated)						
	Program Services			Management and General	Fund-raising	Direct Donor Benefits	Total	Program Services			Management and General	Fund-raising	Direct Donor Benefits	Total
	Park Programming	Mill River Improvements	Total Program Services					Park Programming	Mill River Improvements	Total Program Services				
EXPENSES														
Salaries, wages, payroll taxes and benefits	\$ 440,301	\$ 700,153	\$ 1,140,454	\$ 114,347	\$ 154,661	\$ -	\$ 1,409,462	\$ 456,539	\$ 725,982	\$ 1,182,521	\$ 118,565	\$ 160,367	\$ -	\$ 1,461,453
Mill River Improvements - consultants and contractors	-	3,392,156	3,392,156	-	-	-	3,392,156	-	40,204	40,204	-	-	-	40,204
Security and maintenance	74,349	451,467	525,816	5,247	-	-	531,063	60,316	366,253	426,569	4,257	-	-	430,826
Entertainment programs	227,243	-	227,243	-	-	-	227,243	239,710	-	239,710	-	-	-	239,710
Depreciation expense	175,709	95,700	271,409	1,791	616	-	273,816	176,573	96,171	272,744	1,800	619	-	275,163
Venue	7,744	18,791	26,535	1,812	1,342	-	29,689	6,475	15,712	22,187	1,515	1,122	-	24,824
Professional fees	2,806	12,490	15,296	1,397	10,706	1,225	28,624	6,290	27,996	34,286	3,132	23,998	1,850	63,266
Insurance	8,695	62,970	71,665	19,887	2,999	-	94,551	7,709	55,829	63,538	17,632	2,659	-	83,829
Occupancy, in-kind rent	14,617	14,616	29,233	9,744	9,744	-	48,721	21,757	21,756	43,513	14,504	14,504	-	72,521
Supplies and software	4,603	2,805	7,408	7,790	8,486	-	23,684	9,343	5,694	15,037	15,811	17,224	984	49,056
Postage, printing and publications	4,168	10,829	14,997	3,818	14,289	3,481	36,585	3,186	8,278	11,464	2,919	10,923	3,743	29,049
Telephone, internet and website	9,310	6,481	15,791	1,480	3,873	-	21,144	7,139	4,970	12,109	1,135	2,970	-	16,214
Marketing and promotion	5,097	60	5,157	119	91	-	5,367	8,126	95	8,221	190	145	-	8,556
Utilities	6,910	971	7,881	-	-	-	7,881	3,565	501	4,066	-	-	-	4,066
	981,552	4,769,489	5,751,041	167,432	206,807	4,706	6,129,986	1,006,728	1,369,441	2,376,169	181,460	234,531	6,577	2,798,737
Direct donor benefits	-	-	-	-	-	(4,706)	(4,706)	-	-	-	-	-	(6,577)	(6,577)
Total Expenses	\$ 981,552	\$ 4,769,489	\$ 5,751,041	\$ 167,432	\$ 206,807	\$ -	\$ 6,125,280	\$ 1,006,728	\$ 1,369,441	\$ 2,376,169	\$ 181,460	\$ 234,531	\$ -	\$ 2,792,160

See notes to financial statements

Mill River Collaborative, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,811,610)	\$ 1,087,380
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	273,816	275,163
Loan forgiveness income	(280,600)	-
Bad debt recovery	4,000	-
Accretion and interest income on certificates of deposit	-	(27,179)
Change in present value discount on contributions and pledges receivable	4,600	21,881
Changes in operating assets and liabilities		
Contributions and pledges receivable	(7,157)	(445,621)
Receivable from the City of Stamford	(125,000)	(524,984)
Prepaid and other assets	2,373	20,878
Accounts payable and accrued expenses	508,902	(886,684)
Accrued payroll	11,865	4,127
Deferred revenue	2,355,018	375,000
Net Cash from Operating Activities	(63,793)	(100,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and construction in progress	(1,679,897)	(319,084)
Purchases of certificates of deposit	(5,279)	(681,523)
Redemptions of certificates of deposit	586,215	499,878
Net Cash from Investing Activities	(1,098,961)	(500,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	-	(274,253)
Payments on line of credit	-	(50,000)
Proceeds from PPP loan	239,974	280,600
Proceeds from SBA EIDL	-	150,000
Payments on SBA EIDL	(2,564)	-
Cash received from capital campaign contributions	450,863	691,613
Proceeds on equipment loans	30,500	-
Payments on equipment loans	(6,468)	(4,013)
Net Cash from Financing Activities	712,305	793,947
Net Change in Cash and Cash Equivalents	(450,449)	193,179
CASH AND CASH EQUIVALENTS		
Beginning of year	1,296,973	1,103,794
End of year	\$ 846,524	\$ 1,296,973
SUPPLEMENTAL CASH FLOW INFORMATION		
Purchases of equipment and construction in progress financed through accounts payable and accrued expenses	\$ 888,598	\$ 15,440
Cash paid for interest capitalized	-	6,559
Write-off of contribution receivable balances against reserve	-	15,000

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

1. Organization and Tax Status

Mill River Collaborative, Inc. (the “Collaborative”) is a non-stock Connecticut not-for-profit corporation formerly known as the Stamford Foundation for Open Space, Inc. (the “Foundation”). On February 7, 2006 the Foundation changed its name to Mill River Collaborative, Inc. The Collaborative is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Collaborative’s vision is to have a world-class urban park in the Mill River corridor that will serve as both an oasis in city life and a vibrant, diverse green-space for the Stamford community. Its mission is to provide collaborative leadership to create and sustain a successful Mill River Park (the “park”). The Collaborative is a public/private partnership that is bringing the resources of both sectors to the development of a world-class park in Downtown Stamford. In 2016, the Collaborative reached an agreement with the City of Stamford that allows the Collaborative to manage its own capital projects. Previously, the City of Stamford managed all capital projects for the Collaborative. To date the Collaborative has managed the following projects and initiatives:

- Development of a master plan for Mill River Park.
- Securing of state and federal permits.
- Acquisitions of property.
- Contracting with the Army Corps of Engineers.
- Restoration of Mill River including the removal of two dams, salt marsh restoration, invasive plant remediation and installation of the Mill River Park Playground.
- Design of the park’s Phase 1 Middle Corridor and Phase 2 Greenway North and South.
- Conducting of a capital campaign aimed to raise millions of dollars in funding toward the construction of Mill River Park.
- Completion of construction of the 12-acre Phase 1 of the park.
- Design of The Brownstein | Selkowitz Carousel Pavilion.
- Design and manage the construction of The Steven & Alexandra Cohen Skating Center and Fountain.
- Design and manage the construction of The Whittingham Discovery Center and revision of the FEMA flood map.
- Securing \$10.75 million in federal and state funding commitments for Phase 2 of the park landscape construction.
- Commissioned the construction of The Brownstein | Selkowitz Carousel Pavilion.
- The grand opening of The Brownstein | Selkowitz Carousel Pavilion.
- Commissioned the construction of The Steven & Alexandra Cohen Skating Center and Fountain.
- The grand opening of the Steven and Alexandra Cohen Skating Center and Fountain in November 2018.
- The grand opening of the Mill River Pop-Up Park in the fall of 2019.
- Construction began in the Fall of 2020 for Phase II South from Tresser Blvd. to Richmond Hill as well as the Whittingham Discovery Center.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

Revenue from Contracts with Customers (Topic 606)

Effective July 1, 2020, the Organization adopted new U.S. GAAP revenue recognition guidance, Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASU 2014-09”), which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and promises to give are recognized, as they are specifically scoped out of the new guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework. As permitted by the new framework, the Organization elected not to adjust the promised amount of consideration for the effects of a significant financing component as all revenue is collected within one year or less. The Organization adopted ASU 2014-09 on a modified retrospective basis. Adoption of ASU 2014-09 resulted in no adjustments to net assets.

Net Asset Presentation

Net assets of the Collaborative are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Collaborative. Certain restrictions may require the assets to be maintained in perpetuity.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

The Collaborative considers all highly liquid investments with a maturity date of three months or less at the time of purchase to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

Allowance for Uncollectible Contributions and Pledges Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At June 30, 2021 and 2020 management established a reserve for uncollectible contributions and pledges receivable of \$35,000 and \$35,000.

Property and Equipment

The Collaborative's property and equipment is recorded at cost. Property and equipment is depreciated using the straight-line method over their useful lives, which range from three to thirty-nine years as follows:

Ice rink and fountain	25 years
Carousel	39 years
Furniture and fixtures	7 years
Park equipment	5 to 10 years
Land improvements	15 to 39 years
Vehicles	4 years
Computer equipment	3 years

Impairment or Disposal of Long-lived Assets

U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. There was no impairment expense recorded during the years ended June 30, 2021 and 2020.

Contributed Facilities, Services and Goods

In-kind contributed facilities revenue is offset by the corresponding expense, resulting in no income effect. A substantial number of volunteers have contributed their time to the Collaborative's program and supporting services, none of which meet the requirements for financial statement recognition during the years ended June 30, 2021 and 2020.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give that are due in future periods are reported at the present value of their net realizable value, using credit risk adjusted interest rates applicable to the years in which the promises are received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grant and Program Revenue

Operating grants and tax increment revenues received from the City of Stamford are recorded as revenue in the operating year that they are related to.

Park program revenues are recorded as revenue in the period in which they are earned, which is generally when the respective programs take place.

Amounts related to cost reimbursement grants received in advance are recorded as deferred revenue until the underlying conditions of the grant are met in order to recognize revenue.

Functional Expenses

For financial reporting in accordance with U.S. GAAP, the Collaborative allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Expenses that are common to several functions are allocated based primarily on time and usage estimates made by management. Those expenses include the salaries and benefits of certain personnel, occupancy, repairs and maintenance, communications related expenses, insurance, supplies and depreciation.

Accounting for Uncertainty in Income Taxes

The Collaborative recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Collaborative had no uncertain tax positions that would require financial statement recognition or disclosure. The Collaborative is no longer subject to examinations by the applicable tax jurisdictions for periods prior to 2018.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Connecticut Enactment of UPMIFA

U.S. GAAP guidance on net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”), requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

The State of Connecticut enacted its own version of UPMIFA effective October 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that certain amounts of the Collaborative’s net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 16, 2022.

COVID-19

The Collaborative’s operations and financial performance have been affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen or do not improve, the Collaborative may continue to experience a disruption in operations as well as a significant decline in revenue generating activities. The outbreak is likely to adversely affect the Collaborative’s business, financial conditions, cash flows and results of operations on an interim basis.

The Collaborative had temporarily cancelled public programs as well as closed its building and most facilities for public use as required by state guidelines. However, the park remains open to the public and maintenance operations continue. Programming has resumed as the State of Connecticut and the City of Stamford eased restrictions and provided updated safety guidelines.

The Collaborative and its employees participated in a program sponsored by the State of Connecticut to support first responders. The program ran from April to June of 2020 which the Collaborative had been providing daycare services for children of employees of Stamford Hospital. The program was housed in The Brownstein/Selkowitz Carousel Pavilion.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

3. Prior Period Adjustments

Due to the clarification of the accounting treatment of a Federal grant that was previously awarded to the Collaborative but not yet expended based on the terms of the underlying grant, certain amounts were reported incorrectly in the prior period. Also, certain costs related to this grant were improperly capitalized. Accordingly, the Collaborative has restated its financial statements in order to properly reflect the assets, liabilities and changes in net assets as of and for the year ended June 30, 2020.

The adjustments as of and for the year ended June 30, 2020 restatement are as follows:

	<u>Previously Reported</u>	<u>Adjustments</u>	<u>Restated Amount</u>
Statement of Financial Position			
Construction in progress	\$ 1,822,261	\$ (348,322)	\$ 1,473,939
Deferred revenue	-	992,000	992,000
Net assets with donor restrictions	3,153,928	(375,000)	2,778,928
Net assets without donor restrictions	9,293,388	(965,322)	8,328,066
Statement of Activities			
Contributions and grant revenue	1,607,568	(375,000)	1,232,568
Net assets released from restrictions	(624,928)	184,935	(439,993)
Program expenses	2,335,965	40,204	2,376,169
Statement of Functional Expenses			
Mill River Improvements - consultants and contractors	-	40,204	40,204
Statement of Cash Flows			
Change in deferred revenue	-	375,000	375,000
Purchase of property and equipment and construction in progress	(359,288)	40,204	(319,084)

4. Liquidity and Availability of Financial Assets

The following reflects the Collaborative's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and/or have been earmarked as resources available for future years.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

4. Liquidity and Availability of Financial Assets (continued)

Total financial assets available to meet cash needs for general expenditure within one year at June 30, are as follows:

	<u>2021</u>	<u>2020</u> (As Restated)
Cash and cash equivalents	\$ 846,524	\$ 1,296,973
Certificates of deposit	646,425	1,227,361
Receivables due within one year	<u>1,647,645</u>	<u>1,453,302</u>
Total financial assets available within one year	3,140,594	3,977,636
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	<u>699,638</u>	<u>2,778,928</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,440,956</u>	<u>\$ 1,198,708</u>

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Collaborative to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit and contribution and pledges receivable. At times, cash balances, including certificates of deposit, may be in excess of balances insured by the Federal Deposit Insurance Corporation. Pledges receivable are recorded mostly from organizations and residents in the Stamford area.

At June 30, 2021, approximately 71% of contributions and pledges receivable is due from three donors. During the year ended June 30, 2020, the Collaborative received approximately 34% of its contribution and grant revenue from two donors. At June 30, 2020, approximately 75% of contribution and pledges receivable is due from three donors.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

6. Contributions and Pledges Receivable

Contributions and pledges receivable are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 272,645	\$ 614,551
Receivable in two to five years	<u>155,000</u>	<u>270,000</u>
Total contributions receivable	427,645	884,551
Less allowance for uncollectible contributions and pledges	<u>(35,000)</u>	<u>(35,000)</u>
	392,645	849,551
Less present value discount	<u>(6,200)</u>	<u>(10,800)</u>
	<u>\$ 386,445</u>	<u>\$ 838,751</u>

Contributions that are receivable over more than one year are discounted at a rate of approximately 2% for the years ended June 30, 2021 and 2020.

7. City of Stamford Funding

For the years ended June 30, 2021 and 2020, the City of Stamford provided to the Collaborative annual operating funding of \$562,000 and \$662,000, and \$1,375,000 and \$1,250,000 in tax increment funding.

At June 30, 2021, the \$1,375,000 in tax increment revenue was receivable from the City of Stamford. Tax increment revenues are used by the Collaborative to support the capital projects and initiatives that are necessary to create and sustain a successful Mill River Park. The \$1,375,000 receivable was collected by the Collaborative in July 2021.

At June 30, 2020, the \$1,250,000 in tax increment revenue was receivable from the City of Stamford. Tax increment revenues are used by the Collaborative to support the capital projects and initiatives that are necessary to create and sustain a successful Mill River Park. The \$1,250,000 receivable was collected by the Collaborative in September 2020.

During 2020, the Collaborative received one-time operating funding of \$212,126 that was a return of cash related to amounts previously granted by the Collaborative to the City of Stamford for Mill River Park improvements that were not utilized by the City of Stamford.

During 2020, the City of Stamford notified the Collaborative that in 2012 and 2015 the City of Stamford over-allocated approximately \$1,000,000 in tax increment revenues from the City of Stamford's general fund (the "general fund") to the City of Stamford's Mill River fund (the "Mill River fund"). As a result of this over-allocation, the Mill River fund over-spent tax increment revenues on the Mill River park project. To correct this over-allocation of tax increment revenues, the Mill River fund is repaying the general fund over time through future generated tax increment revenues. As a result, the Collaborative expects that the annual tax increment revenues it receives in future periods from the Mill River fund will be adjusted.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

8. Fixed Assets

Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Ice rink and fountain	\$ 5,738,337	\$ 5,738,337
Carousel	605,944	605,944
Furniture and fixtures	401,844	386,914
Park equipment	231,768	231,768
Land improvements	190,205	190,205
Vehicles	121,572	91,072
Computer equipment	37,478	27,097
Accumulated depreciation	<u>(934,928)</u>	<u>(661,112)</u>
	<u>\$ 6,392,220</u>	<u>\$ 6,610,225</u>

Construction in Progress

The balance in construction in progress at June 30, 2021 and 2020 is primarily related to the construction of the Whittingham Discovery Center.

9. Debt

On April 27, 2015, the Collaborative entered into a note payable (the “note”) with a financial institution to borrow funds up to \$4,010,000. Per the note agreement, the use of all borrowings under the note are to be used for the construction of a pavilion, carousel and adjoining trellis (the “construction project”). Borrowings under the note were secured by certain pledges and contributions receivable related to the construction project. The note bore interest at the Wall Street Journal Prime Rate, which was 5.5% and matured on June 1, 2020. Interest capitalized on the note was \$6,599 during the year ended June 30, 2020. The note was paid in full in June 2020.

On April 25, 2019, the Collaborative entered into a revolving line of credit to borrow up to \$100,000. Interest on the line of credit is the Prime Rate plus 1%, which was equal to 6.5% per annum at June 30, 2021. The line of credit is secured by general business assets of the Collaborative. There were no borrowings on the line of credit during the year ended June 30, 2021 and 2020. The line of credit does not have an expiration date and is cancelable by either party on demand. As of the date of this report, there are no outstanding borrowings under this line of credit.

The Collaborative received a \$10,000 Economic Injury Disaster Loan (“EIDL”) advance from the SBA in April 2020. The \$10,000 EIDL advance did not need to be repaid.

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

9. Debt (continued)

On April 24, 2020, the Collaborative applied for and received a Small Business Administration (“SBA”) Paycheck Protection Program loan (the “PPP loan”) in the amount of \$280,600. The PPP loan had an interest rate of 1%. The PPP loan was payable in monthly installments of \$15,791 beginning on November 24, 2020, with the final payment of any unpaid principal and interest due on April 24, 2022. In December 2020, the Collaborative received notice from its lender and the SBA that the PPP loan of \$280,600 was fully forgiven, which included the \$10,000 EIDL advance. Income from loan forgiveness is included in the Collaborative’s 2021 statement of activities.

On February 3, 2021, the Collaborative was approved for a second draw PPP loan (the “PPP2” loan) in the amount of \$239,974. The PPP2 loan carried interest at 1% and had a maturity date of February 3, 2026. In November 2021, the Collaborative received notice from its lender and the SBA that the PPP2 loan of \$239,974 was fully forgiven. Income from loan forgiveness will be included in the Collaborative’s fiscal year 2022 statement of activities.

On May 19, 2020, the Collaborative received an additional EIDL loan for \$150,000 from the SBA. Interest on the loan accrues at an annual rate of 2.75% and is payable in monthly installments of \$641 beginning in the second half of fiscal year 2021. The loan matures on May 19, 2050 and is secured by the Collaborative’s assets. Proceeds from the loan can only be used as working capital to alleviate economic injury caused by the COVID-19 pandemic beginning January 31, 2020.

In August 2020, the Collaborative financed the purchase of \$30,500 of equipment through a loan. The loan has an interest rate of 9.19% per annum and matures on August 31, 2024. Future principal payments on the loan are as follows for each of the years ended June 30:

2022	\$	7,625
2023		7,625
2024		7,625
2025		<u>1,271</u>
	\$	<u>24,146</u>

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

10. Endowment

The Collaborative maintains donor-restricted funds whose purpose is to provide long term support for programs. In classifying such funds for financial statement purposes as either net assets with donor restrictions or net assets without donor restrictions, the Board of Directors looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of Connecticut.

Funds held for long-term investment include donor restricted funds to be held in perpetuity and unappropriated earnings of these donor restricted funds. The earnings are to be used to support specific programs and operations as designated by the donors, such as ice skating lessons for underprivileged children, which is in part funded by donations received from The Steven and Alexandra Cohen Foundation.

The Collaborative's Board of Directors and management oversee the investment of the funds held in perpetuity which are to be invested in highly liquid money market funds, such as certificates of deposit. Below is a summary of activity of funds held for long-term investment for the years ended June 30, 2021 and 2020:

	Unappropriated Endowment Funds Earnings	Endowment Funds Held in Perpetuity	Total
Balance, July 1, 2019	\$ 12,488	\$ 535,000	\$ 547,488
Appropriations	-	-	-
Investment income, net	<u>51</u>	<u>-</u>	<u>51</u>
Balance, June 30, 2020	12,539	535,000	547,539
Appropriations	-	-	-
Investment income, net	<u>29</u>	<u>-</u>	<u>29</u>
Balance, June 30, 2021	<u>\$ 12,568</u>	<u>\$ 535,000</u>	<u>\$ 547,568</u>

11. Restrictions of Net Assets

Net assets with donor restrictions released from restrictions and disbursed consist of the following for the years ended June 30:

	2021	2020 (As Restated)
Ice Rink and Discovery Center	\$ 2,114,611	\$ 378,865
Horticulture	-	58,721
Invasive plants	<u>4,958</u>	<u>2,407</u>
	<u>\$ 2,119,569</u>	<u>\$ 439,993</u>

Mill River Collaborative, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

11. Restrictions of Net Assets (continued)

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u> (As Restated)
Endowment Funds Held in Perpetuity:		
The Steven and Alexandra Cohen Foundation	\$ 500,000	\$ 500,000
Various donors	35,000	35,000
Time and Purpose Restrictions:		
Ice Rink and Discovery Center	21,925	2,132,028
General capital projects	50,014	14,272
Mill River playground project	80,131	80,131
Unappropriated earning on endowment funds held in perpetuity	12,568	12,539
Invasive plant species control and planting new shrubs	-	4,958
	<u>\$ 699,638</u>	<u>\$ 2,778,928</u>

Amounts above are displayed net of the present value discount related to pledge amounts to be received in more than one year.

12. Lease Commitments

During the years ended June 30, 2021 and 2020, the Collaborative leases office space at 1010 Washington Boulevard. The lease agreements expires in June 2025. Future minimum lease payments are as follows:

2022	\$ 53,250
2023	54,945
2024	56,675
2025	<u>58,439</u>
	<u>\$ 223,309</u>

Mill River Collaborative, Inc.

Notes to Financial Statements
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13. Retirement Plan

Effective December 31, 2018, the Collaborative adopted a Simple IRA Plan (the "Simple Plan"). The Simple Plan was put into effect on January 1, 2019. Individuals are fully eligible for the Simple Plan once they are employees of the Collaborative. On an annual basis, the Collaborative will match employee contributions to the Simple Plan up to three percent (3%) of contributing employees' annual compensation. During the year ended June 30, 2021 and 2020, the Collaborative contributed \$10,457 and \$12,973 to the Simple Plan.

14. Subsequent Events

On July 21, 2021, the Collaborative was awarded a grant from the State of Connecticut Department of Energy and Consumer Protection (the "DECP") in the amount of \$2,000,000 to develop and restore properties within Mill River Park, to create a public space that is inviting and safe for park patrons and to develop a greenway along the Mill River. Funds shall be reimbursed for the successful completion of the project and contingent upon receipt by the DECP of required detailed invoices and any other required supportive documentation. A final payment shall be reimbursed following completion of the project.

On July 28, 2021, the Collaborative was awarded a second grant from the DECP in the amount of \$3,000,000 to assist with the building of the Whittingham Discovery Center (the "Project"). Funds shall be reimbursed for the successful completion of the Whittingham Discovery Center and contingent upon receipt by the DECP of required detailed invoices and any other required supportive documentation. A final payment shall be reimbursed following completion of the project.

On September 14, 2021, the Collaborative entered into a loan with a financial institution to borrow up to \$3,500,000. Per the loan agreement, the use of all borrowings are to be used for completion of the Whittingham Discovery Center. Borrowings are secured by current and future pledges issued by donors in connection with or related to the project and assignment of the Collaborative's tax increment funding from the City of Stamford. The loan bears interest 6%. Drawings under this loan as of the date of this report were \$2,223,575.
