Pittsburgh Downtown Partnership

Financial Statements

Years Ended December 31, 2022 and 2021
with Independent Auditor's Report

MaherDuessel

PITTSBURGH DOWNTOWN PARTNERSHIP

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

Board of Directors
Pittsburgh Downtown Partnership

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pittsburgh Downtown Partnership (Partnership), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, 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.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 2 to the financial statements, the Partnership adopted ASU 2016-02, "*Leases (Topic 842)*," which requires lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. As a result of this implementation, net assets were restated as further described in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

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

Maher Duessel

Pittsburgh, Pennsylvania
May 24, 2023

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents:		
Without donor restrictions, undesignated	$ 1,347,211	$ 1,225,800
With donor restrictions and board-designated	2,413,808	1,930,938
Total cash and cash equivalents	3,761,019	3,156,738
Grants and sponsorships receivable	130,000	562,817
Program income receivables	124,628	40,973
Membership receivables	22,500	-
BID receivable, net of allowance of $4,334 and $4,334, respectively	89,891	59,097
Inventory	20,130	-
Prepaid expenses	48,904	41,166
Total current assets	4,197,072	3,860,791
Noncurrent assets:		
Investments	2,658,615	3,090,162
Financing lease right-of-use asset	39,980	52,282
Operating lease right-of-use asset	519,304	615,175
Property, building, and equipment	1,369,803	1,231,868
Less - accumulated depreciation	(1,144,207)	(1,091,576)
Total fixed assets	225,596	140,292
Loan receivable - noncurrent	105,000	105,000
Total noncurrent assets	3,548,495	4,002,911
Total Assets	$ 7,745,567	$ 7,863,702

(Continued)

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021
(Continued)

Liabilities and Net Assets	2022	2021
Liabilities:		
Current liabilities:		
Accounts payable	$ 822,507	$ 658,977
Accrued liabilities	60,715	67,413
Deferred revenue	12,400	13,400
Current portion of financing lease liability	12,296	12,252
Current portion of operating lease liability	97,738	95,132
Total current liabilities	1,005,656	847,174
Noncurrent liabilities:		
Loans payable	105,000	105,000
Noncurrent portion of financing lease liability	27,827	40,124
Noncurrent portion of operating lease liability	466,027	563,765
Total noncurrent liabilities	598,854	708,889
Total Liabilities	1,604,510	1,556,063
Net Assets (as restated for 2021):		
Without donor restrictions:		
Board-designated	219,549	219,537
Investment in fixed assets	225,596	140,292
Undesignated	499,541	771,248
Total without donor restrictions	944,686	1,131,077
With donor restrictions	5,196,371	5,176,562
Total Net Assets	6,141,057	6,307,639
Total Liabilities and Net Assets	$ 7,745,567	$ 7,863,702

(Concluded)

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Grants and sponsorships	$ 1,167,775	$ 1,330,934	$ 2,498,709
Contributions	544	-	544
BID assessment	2,446,521	-	2,446,521
Program income	1,428,038	-	1,428,038
Membership	142,200	-	142,200
Contributed services	64,500	-	64,500
Other income	11,052	3,910	14,962
Investment gain (loss), net	-	(431,547)	(431,547)
Net assets released from restrictions	883,488	(883,488)	-
Total support and revenues	6,144,118	19,809	6,163,927
Expenses:			
Program services	5,577,465	-	5,577,465
Administration	566,512	-	566,512
Fundraising	186,532	-	186,532
Total expenses	6,330,509	-	6,330,509
Change in Net Assets	(186,391)	19,809	(166,582)
Net Assets:			
Beginning of year, as restated	1,131,077	5,176,562	6,307,639
End of year	$ 944,686	$ 5,196,371	$ 6,141,057

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Grants and sponsorships	$ 1,279,996	$ 4,078,094	$ 5,358,090
Contributions	-	8,473	8,473
BID assessment	2,398,067	-	2,398,067
Program income	1,086,202	-	1,086,202
Membership	118,250	-	118,250
Contributed services	59,500	-	59,500
Other income	2,555	2,343	4,898
Investment gain (loss), net	-	70,291	70,291
Net assets released from restrictions	2,229,915	(2,229,915)	-
Total support and revenues	7,174,485	1,929,286	9,103,771
Expenses:			
Program services	6,570,586	-	6,570,586
Administration	570,540	-	570,540
Fundraising	139,050	-	139,050
Total expenses	7,280,176	-	7,280,176
Change in Net Assets	(105,691)	1,929,286	1,823,595
Net Assets:			
Beginning of year	1,236,768	3,247,276	4,484,044
End of year, as restated	$ 1,131,077	$ 5,176,562	$ 6,307,639

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Activities			
	Operations	Economic Development and Programming	Transportation	Total Program Services	Administration	Fundraising	Total Supporting Activities	Total Expenses
Salaries and wages	$ 155,524	$ 827,403	$ 139,697	$ 1,122,624	$ 150,847	$ 154,521	$ 305,368	$ 1,427,992
Benefits and payroll taxes	24,416	162,088	22,973	209,477	39,197	28,561	67,758	277,235
Improvement projects	27,112	118,795	5,600	151,507	-	-	-	151,507
Market Square improvements	11,939	12,596	-	24,535	-	-	-	24,535
COVID response	-	66,625	-	66,625	-	-	-	66,625
Development projects and strategic planning	-	371,792	-	371,792	-	-	-	371,792
Travel	-	-	-	-	8,320	-	8,320	8,320
Occupancy	8,082	-	19,873	27,955	80,160	-	80,160	108,115
Equipment rental and repair	-	-	-	-	57,156	-	57,156	57,156
Supplies	-	-	-	-	8,739	1,300	10,039	10,039
Postage	-	-	-	-	2,316	1,200	3,516	3,516
Telephone	-	-	-	-	18,099	-	18,099	18,099
Conferences and meetings	-	-	-	-	39,233	-	39,233	39,233
Marketing	-	1,875,315	-	1,875,315	966	-	966	1,876,281
Professional services and contractors	1,426,299	192,352	40,054	1,658,705	62,111	950	63,061	1,721,766
Dues and fees	-	36,187	-	36,187	20,020	-	20,020	56,207
Insurance	-	682	-	682	41,407	-	41,407	42,089
Other	-	-	-	-	5,069	-	5,069	5,069
Bad debt expense	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	12,302	-	12,302	12,302
Depreciation	16,272	9,311	6,478	32,061	20,570	-	20,570	52,631
Total expenses	$ 1,669,644	$ 3,673,146	$ 234,675	$ 5,577,465	$ 566,512	$ 186,532	$ 753,044	$ 6,330,509

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Activities			
	Operations	Economic Development and Programming	Transportation	Total Program Services	Administration	Fundraising	Total Supporting Activities	Total Expenses
Salaries and wages	$ 139,981	$ 767,771	$ 93,723	$ 1,001,475	$ 142,085	$ 111,244	$ 253,329	$ 1,254,804
Benefits and payroll taxes	20,856	145,926	16,840	183,622	24,045	19,321	43,366	226,988
Improvement projects	7,498	541,097	7,160	555,755	-	-	-	555,755
Market Square improvements	3,640	27,710	-	31,350	-	-	-	31,350
COVID response	-	1,137,800	-	1,137,800	-	-	-	1,137,800
Development projects and strategic planning	-	127,074	-	127,074	-	-	-	127,074
Travel	-	-	-	-	832	-	832	832
Occupancy	5,589	-	9,186	14,775	99,071	-	99,071	113,846
Equipment rental and repair	-	-	-	-	86,372	-	86,372	86,372
Supplies	-	-	-	-	14,660	1,300	15,960	15,960
Postage	-	-	-	-	2,094	1,200	3,294	3,294
Telephone	-	-	-	-	19,222	-	19,222	19,222
Conferences and meetings	-	-	-	-	17,248	-	17,248	17,248
Marketing	3,296	1,971,241	269	1,974,806	-	-	-	1,974,806
Professional services and contractors	1,193,647	191,242	106,846	1,491,735	58,692	5,985	64,677	1,556,412
Dues and fees	-	17,905	-	17,905	26,591	-	26,591	44,496
Insurance	-	-	-	-	35,536	-	35,536	35,536
Other	-	-	-	-	3,517	-	3,517	3,517
Bad debt expense	-	-	-	-	10,020	-	10,020	10,020
Amortization	-	-	-	-	12,302	-	12,302	12,302
Depreciation	22,143	5,668	6,478	34,289	18,253	-	18,253	52,542
Total expenses	$ 1,396,650	$ 4,933,434	$ 240,502	$ 6,570,586	$ 570,540	$ 139,050	$ 709,590	$ 7,280,176

See accompanying notes to financial statements.

PITTSBURGH DOWNTOWN PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	$ (166,582)	$ 1,823,595
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	52,631	52,542
Amortization	12,302	12,302
Reduction in carrying amount of right of use assets - operating	95,871	95,871
Bad debt provisions	-	10,020
Net unrealized and realized loss (gain) on investments	475,157	(55,964)
Contributions restricted for long-term purposes	-	(3,000,000)
Change in:		
Grants and sponsorships receivable	432,817	(141,505)
Program income receivables	(83,655)	2,101
Membership receivables	(22,500)	500
BID receivable	(30,794)	(20,726)
Prepaid expenses	(7,738)	(4,368)
Accounts payable	163,530	123,945
Accrued liabilities	(6,698)	8,485
Inventory	(20,130)	-
Operating lease liability	(95,132)	(52,150)
Deferred revenue	(1,000)	(1,050)
Net cash provided by (used in) operating activities	798,079	(1,146,402)
Cash Flows From Investing Activities:		
Purchases of fixed assets	(137,935)	(41,005)
Purchases of investments	(4,140,568)	(6,034,213)
Proceeds from sale of investments	4,096,958	3,000,015
Net cash provided by (used in) investing activities	(181,545)	(3,075,203)
Cash Flows From Financing Activities:		
Payments on finance lease liability	(12,253)	(12,207)
Proceeds from contributions restricted for perpetual endowment	-	3,000,000
Net cash provided by (used in) financing activities	(12,253)	2,987,793
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	604,281	(1,233,812)
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	3,156,738	4,390,550
End of year	$ 3,761,019	$ 3,156,738
Supplemental Data:		
Interest paid - financing leases	$ 4,168	$ 4,755
Schedule of Noncash Investing and Financing Activities:		
Addition of right to use asset for operating leases	$ -	$ 711,047
Addition of right to use asset for financing leases	$ -	$ 64,583

See accompanying notes to financial statements.

1. Organization

The Pittsburgh Downtown Partnership's (Partnership) mission is to provide dynamic leadership and a consistent voice to improve the vitality of Downtown Pittsburgh, Pennsylvania (Downtown) through enhanced services, advocacy, marketing, economic development, and transportation. A private nonprofit organization, under Internal Revenue Code Section 501(c)(3), the Partnership is the Downtown advocate. Members of the Partnership believe that a vital Downtown is necessary to maintaining a high quality of life for the Pittsburgh region. The Partnership achieves its mission through partnerships with business, property owners, and other organizations, and advocacy for actions that will strengthen Downtown and enhance its beauty and vitality. The Partnership may receive grants from corporations, foundations, and government agencies.

The Downtown Pittsburgh Business Improvement District (BID) was established in the fall of 1996 and started operations in 1997. BID operations are funded through monies raised through the special levy charged to property owners located within the Downtown area and collected in conjunction with real estate taxes. In 2021, the BID was extended for a five-year term, expiring in 2026, through legislative action by the Council of the City of Pittsburgh. The BID assessment is based on total property value (land and building).

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, recognizing revenue when earned and expenses are recorded when incurred.

Basis of Presentation

The Partnership is required to report information regarding its financial position and activities according to two classes of net assets (with donor restrictions and without donor restrictions), established according to their nature and purpose.

Net assets of the Partnership are reported as follows:

Without Donor Restrictions - Represents the portion of expendable funds that are available for support of the Partnership's operations.

Included in this category are Board-designated net assets. As of December 31, 2022 and 2021, the Partnership had the following Board-designated net assets:

	2022	2021
Vacant Upper Floor Loan Program	$ 42,193	$ 42,181
Board-reserved for future operations	177,356	177,356
	$ 219,549	$ 219,537

The Vacant Upper Floor Loan Program designated amount signifies the amount held as collateral against default of the Vacant Upper Floor Loan described below.

With Donor Restrictions - Represents a portion of the net assets of the Partnership resulting (a) from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the organization pursuant to those stipulations and (b) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action of the organization pursuant to those stipulations. Also included in this category are net assets subject to donor-imposed stipulations to be maintained in perpetuity. The Partnership had $2,524,843 and $3,000,000 of net assets with donor restrictions that are to be maintained in perpetuity as of December 31, 2022 and 2021, respectively.

Contribution Revenue and Revenue Recognition

Contributed support includes grants and sponsorships. Contributions, which include unconditional promises to give funds to the Partnership, are recognized as support with donor restrictions or without donor restrictions as of the earlier of the date on which unconditional promises or the cash or property contributed is received or promised depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributed support, the restrictions of which are met in the same reporting period, are reported as contributed support without donor restrictions in the financial statements.

Conditional promises to give stipulate a measurable performance or other barrier and a right of return and are recognized only when the conditions on which they depend have been met. During 2021, the Partnership received a PPP loan in the amount of $197,245 that was treated as a conditional federal grant. All conditions were met during 2021 and grant revenue was recognized, as the Partnership received full forgiveness of the PPP loan from the U.S. Small Business Administration on November 6, 2021. Promises to give at December 31, 2022 and 2021 totaled $500,000 and $0, respectively. During 2022, the Partnership was awarded a grant in the amount of $600,000 with $100,000 in funds received and the remaining amount being treated as a conditional contribution, subject to achievement of certain program agreements and milestones.

A portion of the Partnership's grant revenue is derived from cost-reimbursable governmental contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Partnership has incurred expenditures in compliance with specific contract or grant provisions. Remaining available award balances on governmental contracts that have not been recognized as of December 31, 2022 and 2021 were $0 and $102,410, respectively. There were no amounts received prior to incurring qualifying expenditures in 2022 or 2021.

The Partnership has a membership campaign for businesses and residents of the downtown area. Membership dues are assessed by the Partnership according to the categorization of members. Membership dues are considered contributed support and are recognized when received.

The BID assessment is based on the amount of revenue the Partnership is allowed to collect based on legislation. BID assessment is recognized as revenue at the time of billing.

Program income is earned at various events held throughout the year and is recognized at the time the related event is held. Revenues for program events received in advance of the year to which they relate are deferred and were not significant at year-end.

Beginning and ending accounts receivable balances related to BID assessment and program income consisted of the following for the years ended December 31, 2022 and 2021:

	Bid Assessment		Program Income	
	January 1	December 31	January 1	December 31
2022	$ 59,097	$ 89,891	$ 40,973	$ 124,628
2021	48,391	59,097	43,074	40,973

Cash and Cash Equivalents

The Partnership considers all investments with a purchased maturity of three months or less to be cash equivalents. The Partnership maintains at various banks in Pittsburgh, Pennsylvania, its cash and cash equivalents, which may exceed federally insured amounts at times.

Book balance and bank balance of all cash in banks totals $3,761,019 and $3,797,885, respectively, at December 31, 2022. Total FDIC insured funds are $1,921,156 and uninsured funds total $1,876,729 on December 31, 2022. Management is currently satisfied with the solvency of the financial institutions that hold its deposits.

Book balance and bank balance of all cash in banks totals $3,156,738 and $3,199,942, respectively, at December 31, 2021. Total FDIC insured funds are $1,883,431 and uninsured funds total $1,316,511 on December 31, 2021.

Receivables

Receivables consist of unconditional promises to give related to grants and sponsorships, program income, and outstanding membership dues, as well as for amounts billed for the BID assessment and are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the receivable. Receivables due within one year are considered current assets. There were no long-term grants and sponsorships receivable balances as of December 31, 2022 and 2021. The allowance for doubtful accounts related to the BID receivable was $4,334 at December 31, 2022 and 2021.

Loan Receivable and Loans Payable

In conjunction with the Vacant Upper Floor Loan Program, the Partnership issued a $105,000 loan to a business in 2010, which was set to make repayment beginning in 2013. This loan was funded by loans the Partnership received from the Heinz Endowments and the Urban Redevelopment Authority (URA), totaling $105,000. As of December 31, 2022, the loan receivable is in default, and the Partnership is working with the URA and Heinz to transfer the loan to the URA for servicing. No payments are required to be made on the loans payable by the Partnership at this time. Until the transfer occurs, the loans will continue to be recorded as a non-current loan receivable and non-current loans payable on the statements of financial position. The Partnership anticipates that the loan receivable will be fully offset by relief to the Partnership from the loans payable and no loss to the Partnership will occur.

Accounting Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, and such differences may be material.

Fair Value Measurement

The Partnership measures its investments at fair value on a recurring basis in accordance with US GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of fair value hierarchy are as follows:

- Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

- Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other market-corroborated inputs.

- Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Partnership, using available market information and appropriate valuation methodologies, has determined the estimated fair value of its investments. However, considerable judgment is required in interpreting data to develop the estimates of fair value.

Investments

Investments consist primarily of equity and fixed income mutual funds. Gains, losses and investment income are recognized in the period earned and are classified as without donor restrictions or with donor restrictions with respect to the stipulations established by the donor at the date of donation and applicable state law. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that a change in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements and accompanying notes. The Partnership mitigates this risk by actively managing its investments through the Investment Committee of the Board of Directors (Board).

Property and Equipment

Property and equipment of the Partnership are recorded at cost when purchased or at fair value at the date of the gift when received as a contribution. The Partnership has established a policy to capitalize all property and equipment purchases over $5,000. Depreciation expense is recorded on the straight-line method over estimated useful lives. Estimated useful lives range from three to thirty-nine years. Repairs and maintenance costs that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in the statements of activities.

Leases

The Partnership currently leases office space and copiers for operational purposes. The Partnership determines if an arrangement is a lease at inception. Leases are included as operating and finance lease right-of-use (ROU) assets and operating and finance lease liabilities on the statements of financial position.

ROU assets represent the Partnership's right to use an underlying asset for the lease term and lease liabilities represent the Partnership's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Partnership's leases do not provide an implicit rate, the risk-free Treasury rate is used in determining the present value of lease payments. The lease ROU asset also includes any lease payments made and excludes lease incentives. The Partnership's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

Liquidity and Availability

The primary sources of funding for the Partnership are grants and sponsorships and BID assessment revenue. The Partnership structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. Project revenue and expense reports are prepared and reviewed on a regular basis to assist in monitoring liquidity.

As of December 31, 2022 and 2021, financial assets available within one year for general expenditures, such as operating expenses, were as follows:

	2022	2021
Cash and cash equivalents	$ 3,761,019	$ 3,156,738
Grants and sponsorships receivable	130,000	562,817
Program income receivables	124,628	40,973
Membership receivables	22,500	-
BID receivable, net	89,891	59,097
Investments	2,658,615	3,090,162
Total financial assets	6,786,653	6,909,787
Less those unavailable for general expenditures within one year due to:		
Board-designated	(219,549)	(219,537)
Restricted by donor with time or purpose restrictions	(2,671,528)	(2,176,562)
Restricted for permanent endowment	(2,524,843)	(3,000,000)
	(5,415,920)	(5,396,099)
Financial assets available to meet cash needs for general expenses within one year	$ 1,370,733	$ 1,513,688

Income Taxes

The Partnership is tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code, except on net income derived from unrelated business activities. In addition, the Partnership qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, the Partnership annually files a Form 990 and 990-T as applicable. Management asserts that they have no uncertain tax positions.

Functional Allocation of Expenses

Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimated time and effort.

Advertising Costs

The Partnership's policy is to expense advertising costs in the period incurred. Such costs approximated $212,000 and $231,000 for the years ended December 31, 2022 and 2021, respectively.

Adopted Accounting Standards

The provisions of these Standards Updates have been adopted and incorporated into these financial statements:

ASU 2016-02, "*Leases (Topic 842)*." These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this standard resulted in the presentation of right-of-use lease assets and related lease liabilities on the statements of financial position, and additional footnote disclosure. The Partnership entered into a new office space lease effective January 1, 2021. As such, the adoption of the new lease accounting guidance did not restate net assets as of January 1, 2021, but rather adjusted the presentation of the activity in 2021 by increasing expenses and decreasing ending net assets by $43,816. As of December 31, 2021, the Partnership recognized a lease liability of $711,273, and a right-of-use asset of $667,457. The standard had a material impact on the Partnership's statement of financial position but did not have a material impact on the statements of activities, functional expenses, or cash flows.

ASU 2020-07, *"Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets."* The amendments in this update expand upon the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are utilized and recognized by the not-for-profit organization. The adoption of this standard did not have a significant impact on the financial statements.

Pending Accounting Standards Updates

The Financial Accounting Standard Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

ASU 2022-03, "*Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*," is effective for fiscal years beginning after December 15, 2024. The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Investments and Fair Value Measurements

Investments consist of bank deposits and mutual funds. Cash and cash equivalents, reported with investments on the statements of financial position, are available to be invested, with the assistance of external advisors, in equity or longer-term debt instruments. Since there is no intent to liquidate the cash and cash equivalents for short-term operating needs, they are presented as long-term investments.

The total returns on investments and cash equivalents for the year ended December 31, 2022 are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income, net of expenses	$ -	$ 43,610	$ 43,610
Net realized and unrealized gains (losses)	-	(475,157)	(475,157)
Total investment gain (loss)	$ -	$ (431,547)	$ (431,547)

The total returns on investments and cash equivalents for the year ended December 31, 2021 are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income, net of expenses	$ -	$ 14,327	$ 14,327
Net realized and unrealized gains (losses)	-	55,964	55,964
Total investment gain (loss)	$ -	$ 70,291	$ 70,291

As indicated below, at December 31, 2022 and 2021, all of the Partnership's investments were valued using Level 1 inputs.

Fair values of assets measured on a recurring basis as of December 31, 2022 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 202,624	$ 202,624	$ -	$ -
Fixed income	586,677	586,677	-	-
Equities	1,869,314	1,869,314	-	-
ETPs, Mutual Funds, Exchange-Traded Funds, and Interval Funds	-	-	-	-
Totals	$ 2,658,615	$ 2,658,615	$ -	$ -

Fair values of assets measured on a recurring basis as of December 31, 2021 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 48,847	$ 48,847	$ -	$ -
Fixed income	-	-	-	-
Equities	-	-	-	-
ETPs, Mutual Funds, Exchange-Traded Funds, and Interval Funds	3,041,315	3,041,315	-	-
Totals	$ 3,090,162	$ 3,090,162	$ -	$ -

4. Endowment

In 2021, the Partnership received an investment of approximately $3,000,000 to be used to fund an Uncommon and Curated Pittsburgh Endowment Fund. The purpose of this fund is to support staffing and project expenses toward downtown activation and public art initiatives. The investment is a permanently restricted endowment in which the Partnership may draw 5% of the value annually. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted relevant law (Pennsylvania State Act 141 of 1998) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Partnership classifies the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment as net assets with donor (perpetual) restrictions. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor (purpose) restrictions until those amounts are disbursed by the Partnership.

Investment and Spending Policies

The Partnership has adopted investment policies for endowment assets that attempt to generate the most revenue for the longest time, consistent with the safekeeping of the funds, to benefit the Partnership. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to keep the investment costs and administrative fees low, diversify the asset classes and periodically rebalance the asset holdings.

The Partnership's Board-approved spending policy allows the Partnership to spend in any one year, five percent of the prior three-year average endowment fair value to support the endowment's purpose. This spending policy is in accordance with Pennsylvania law and donor restrictions.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Partnership to retain as a fund of perpetual duration or the original corpus of the permanent gift (underwater endowment). At December 31, 2022, funds with an original gift value of $3,000,000, current fair value of $2,524,843, and a deficiency of $475,157 were reported in net assets with donor restrictions (perpetual). The deficiency resulted from unfavorable market fluctuations. There were no such deficiencies for the year ended December 31, 2021.

Changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions (Purpose)	With Donor Restrictions (Perpetual)	Total
Balance at beginning of year	$ -	$ 90,162	$ 3,000,000	$ 3,090,162
Contributions	-	-	-	-
Investment return:				
Investment income, net of expenses	-	43,610	-	43,610
Net appreciation (depreciation)	-	-	(475,157)	(475,157)
Balance at end of year	$ -	$ 133,772	$ 2,524,843	$ 2,658,615

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions (Purpose)	With Donor Restrictions (Perpetual)	Total
Balance at beginning of year	$ -	$ -	$ -	$ -
Contributions	-	19,871	3,000,000	3,019,871
Investment return:				
Investment income, net of expenses	-	14,327	-	14,327
Net appreciation (depreciation)	-	55,964	-	55,964
Balance at end of year	$ -	$ 90,162	$ 3,000,000	$ 3,090,162

5. Property, Building, and Equipment

Property, building, and equipment, net of depreciation, is composed of the following amounts:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Office/computer and misc. equipment	$ 337,662	$ -	$ -	$ 337,662
Equipment	76,342	-	-	76,342
Office renovations	25,800	-	-	25,800
Lights	188,359	-	-	188,359
Deposit on Smithfield bus shelter	45,345	-	-	45,345
Picklesburgh balloon	14,030	-	-	14,030
Santa's House and Chalets	544,330	137,935	-	682,265
Total fixed assets	1,231,868	137,935	-	1,369,803
Accumulated depreciation	(1,091,576)	(52,631)	-	(1,144,207)
Net fixed assets	$ 140,292	$ 85,304	$ -	$ 225,596

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
Office/computer and misc. equipment	$ 323,762	$ 13,900	$ -	$ 337,662
Equipment	76,342	-	-	76,342
Office renovations	25,800	-	-	25,800
Lights	188,359	-	-	188,359
Deposit on Smithfield bus shelter	45,345	-	-	45,345
Picklesburgh balloon	-	14,030	-	14,030
Santa's House and Chalets	531,255	13,075	-	544,330
Total fixed assets	1,190,863	41,005	-	1,231,868
Accumulated depreciation	(1,039,034)	(52,542)	-	(1,091,576)
Net fixed assets	$ 151,829	$ (11,537)	$ -	$ 140,292

6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available at December 31, 2022 and 2021 for the following purposes or periods:

	2022	2021
Subject to expense for a specified purpose:		
Restaurant Recovery Program	$ -	$ 91,112
COVID Recovery	-	81,820
Paris to Pittsburgh	783,599	552,305
Light Up Night	-	25,045
Wayfinding	-	42,995
Housing revitalization	34,083	37,168
Mobility	486,806	860,959
604 Liberty/PG&H	-	58,523
Market Square project	17,009	22,230
Downtown Activation and Public Art Initiative	92,182	236,212
6th Street Enhancement	136,408	-
Cultural District Public Realm Planning	200,104	-
Golden Triangle Ambassador	715,096	-
Clean Sweep	41,263	66,186
Other	51,122	31,716
Endowment income restricted to specified programs	113,856	70,291
Total subject to purpose restrictions	2,671,528	2,176,562
Endowment investments held in perpetuity	2,524,843	3,000,000
Total net assets with donor restrictions	$ 5,196,371	$ 5,176,562

7. Release of Net Assets with Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the other events specified by donors for the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Purpose restrictions accomplished:		
Restaurant Recovery Program	$ 91,112	$ 1,610,212
COVID Recovery	81,820	78,311
Paris to Pittsburgh	21,027	70,010
Maddox Place	-	75,156
Wayfinding	42,995	-
Housing revitalization	3,118	-
Clean sweep	24,974	-
Mobility	375,540	278,269
604 Liberty/PG&H	58,523	100,254
Sustainable Pittsburgh	-	1,299
Light Up Night	25,045	-
Market Square project	5,241	-
Downtown Activation and Public Art Initiative	144,176	-
Other	9,917	16,404
	$ 883,488	$ 2,229,915

8. Leases

The Partnership leases office space under a non-cancelable operating lease and a copier under a non-cancelable finance lease. As discussed in Note 2, the Partnership adopted ASU 2016-02 during 2022, which required these leases to be reported as right-of-use assets and lease liabilities on the statements of net position. As of December 31, 2022 and 2021, assets recorded under operating and finance leases were $559,284 and $667,457, respectively, and accumulated amortization associated with these leases was $216,346 and $108,173, respectively.

Both leases provide for renewal options with similar terms at the then fair rental value negotiated in good faith. Since the Partnership is not reasonably certain as of December 31, 2022 or 2021 that these renewal options will be exercised, the periods under those renewals options are excluded in the right-of-use asset and lease liability for both years on the statements of net position.

The Partnership's leases include fixed and variable rental payments. For the years ended December 31, 2022 and 2021, the Partnership recognized lease cost in the amount of $99,871 and $100,415, respectively for operating leases, and $12,470 and $12,514, respectively for finance leases. Cash paid for amounts included in the lease liability for the years ended December 31, 2022 and 2021 was $99,132 and $56,693, respectively for operating leases, and $12,420 for each year for finance leases.

Future minimum lease payments under noncancelable operating and finance leases for the year ending December 31, are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2023	$ 101,112	$ 12,420
2024	103,128	12,420
2025	105,192	12,420
2026	107,304	3,104
2027	109,440	-
Thereafter	47,927	-
Total future minimum lease payments	$ 574,103	$ 40,364
Less effects of discounting	(10,338)	(241)
Total	$ 563,765	$ 40,123

Other information related to leases was as follows:

	2022	2021
Weighted average remaining lease term:		
Operating leases	5.42 years	6.42 years
Finance leases	3.25 years	4.25 years
Weighted average discount rate:		
Operating leases	0.65%	0.65%
Finance leases	0.36%	0.36%

The Partnership has used a discount rate equal to the risk-free Treasury rate as of the original lease inception date, for each original lease term.

9. Employee Benefit Plans

The Partnership sponsors a defined contribution 401(k) retirement plan (plan) covering all eligible employees. Participation in the plan is subject to specific eligibility provisions of the plan. Employees may make contributions from their salaries up to or equal to the salary reduction dollar limit set by the IRS. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. The Partnership is required to make a fully-vested Safe Harbor Non-Elective contribution equal to 3% of each employee's pay. The Partnership, at its discretion, may make additional contributions to the plan. The Partnership contributed approximately $33,000 to the plan for the year ended December 31, 2022 and $34,000 to the plan for the year ended December 31, 2021.

10. Economic Dependency

The Partnership receives a majority of its support from grants and sponsorships. Total support received by the Partnership in the form of grants and sponsorships was 41% for the year ended December 31, 2022, with 52% of grants and sponsorships provided by three foundations and one company. Total support received by the Partnership in the form of grants and sponsorships was 59% for the year ended December 31, 2021, with 59% of grants and sponsorships provided by one foundation. Management anticipates that support will continue from the Partnership's contributors. Any significant reduction in the level of contribution support would significantly affect the Partnership's programs and would result in current staffing being evaluated.

11. Related Parties

A member of the Partnership's Board is the Executive Director at the URA. The Partnership is administering a loan program that is funded by the URA. As of December 31, 2022 and 2021, one loan has been issued from the loan program. This $52,500 loan was issued in 2010. The Partnership considers the contract to have been negotiated at "arm's length" and not indicative of a conflict of interest. There were no other significant transactions between the URA and the Partnership during 2022 or 2021.

A member of the Partnership's Board is President of Development and Acquisitions for McKnight Realty Partners, LLC, which owns The Bank Tower, where the Partnership became a tenant in 2020. As discussed in Note 8, the Partnership moved into the new office space in December 2020 and rent payments for the new space began in 2021 pursuant to the lease agreement. The Partnership paid approximately $105,800 and $57,500 to McKnight Realty Partners, LLC for rent and other costs related to the new space during 2022 and 2021, respectively. The Partnership considers the lease agreement to have been negotiated at "arm's length" and not indicative of a conflict of interest.

A member of the Partnership's Board is a shareholder of Buchanan, Ingersoll, & Rooney. During 2022 and 2021, $41,062 and $34,438, respectively, was paid to Buchanan, Ingersoll, & Rooney for legal and consulting services.

A member of the Partnership's Board is the owner of AlphaGraphics, which provides printing services to the Partnership. During 2022 and 2021, $15,886 and $15,696, respectively, was paid to AlphaGraphics for printing services.

A member of the Partnership's Board is a District Executive of PennDOT, which provides transportation planning and programming grant funding to the Partnership. During 2022 and 2021, $102,410 and $218,837, respectively, was received by the Partnership from PennDOT.

Organizations with which the Board is affiliated do contribute to the Partnership throughout the year.

12. Contributed Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Marketing Services	$ 64,500	$ 59,500

The Partnership recognized contributed nonfinancial assets within revenue, as contributed services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed marketing services were utilized in program services. The Partnership estimated the fair value on the basis of advertising fees paid to other vendors during the year for comparable marketing services.