

**Friends of the Riverfront, Inc.**  
33 Terminal Way  
Pittsburgh, PA 15219

FINANCIAL REPORT

June 30, 2010

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**FRANK P. HESS & CO., INC.**

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANTS  
BIRMINGHAM BUILDING  
51 SOUTH 14TH STREET  
PITTSBURGH, PA. 15203

PHONE (412) 431-1112  
FAX (412) 431-4416

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
of Friends of the Riverfront, Inc.:

We have reviewed the accompanying balance sheet of Friends of the Riverfront, Inc. as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Frank P. Hess & Co., Inc.*

April 21, 2011

FRIENDS OF THE RIVERFRONT, INC.

BALANCE SHEET

JUNE 30, 2010

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 188,442	\$ 116,205	\$ 304,647
Receivables	618	7,955	8,573
Prepaid Expenses	3,063	0	3,063
Land	<u>85,000</u>	<u>0</u>	<u>85,000</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 277,123</u>	 <u>\$ 124,160</u>	 <u>\$ 401,283</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 27,283	\$ 0	\$ 27,283
Loan Payable (Note 2)	<u>70,000</u>	<u>0</u>	<u>70,000</u>
 <u>TOTAL LIABILITIES</u>	 <u>97,283</u>	 <u>0</u>	 <u>97,283</u>

NET ASSETS

Unrestricted	179,840	0	179,840
Temporarily Restricted (Note 3)	<u>0</u>	<u>124,160</u>	<u>124,160</u>
 <u>TOTAL NET ASSETS</u>	 <u>179,840</u>	 <u>124,160</u>	 <u>304,000</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 277,123</u>	 <u>\$ 124,160</u>	 <u>\$ 401,283</u>

See Accountant's Review Report and Notes to Financial Statements

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions and Grants (Note 4)	\$ 116,925	\$ 146,218	\$ 263,143
Program Revenue (Note 5)	83,460	0	83,460
Government Grants (Note 4)	0	6,705	6,705
Memberships	5,030	0	5,030
Interest	1,362	0	1,362
Miscellaneous Revenue	10,493	0	10,493
Net Assets Released from Restriction	<u>185,610</u>	<u>(185,610)</u>	<u>0</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>402,880</u>	<u>(32,687)</u>	<u>370,193</u>
 <u>EXPENSES</u> (Note 6)			
Program	294,812	0	294,812
General and Administrative	39,175	0	39,175
Fund Raising	<u>12,315</u>	<u>0</u>	<u>12,315</u>
<u>TOTAL EXPENSES</u>	<u>346,302</u>	<u>0</u>	<u>346,302</u>
 <u>CHANGE IN NET ASSETS</u>	 56,578	 (32,687)	 23,891
 <u>NET ASSETS - BEGINNING OF YEAR</u>	 <u>123,262</u>	 <u>156,847</u>	 <u>280,109</u>
 <u>NET ASSETS - END OF YEAR</u>	 <u>\$ 179,840</u>	 <u>\$ 124,160</u>	 <u>\$ 304,000</u>

See Accountant's Review Report and Notes to Financial Statements

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 23,891
Change in Receivables	12,752
Change in Prepaid Expenses	206
Change in Accounts Payable	<u>25,096</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES 61,945

CASH FLOWS FROM INVESTING ACTIVITIES

Draw on Loan	70,000
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CASH FLOWS FROM FINANCING ACTIVITIES - None 0

NET CASH FLOWS 131,945

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 172,702

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 304,647

SUPPLEMENTAL CASH FLOW INFORMATION

There were no noncash investing and financing transactions for the year ended June 30, 2010.

See Accountant's Review Report and Notes to Financial Statements

FRIENDS OF THE RIVERFRONT, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of the Riverfront, Inc., ("Friends") was incorporated on February 14, 1991, under the laws of the Commonwealth of Pennsylvania for the purpose of increasing awareness and engagement with the Pittsburgh region's rivers and riverfronts through activities, stewardship and expansion of water and land trails. Since then it has operated as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code.

Net Assets

Net Assets of Friends are classified and reported as follows:

Unrestricted Net Assets - Net Assets which are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net Assets which are subject to donor-imposed restrictions which will be satisfied by actions of Friends or by the passage of time.

Permanently Restricted Net Assets - Net Assets which are subject to donor-imposed stipulations that they be maintained or used in a certain way or endowments which represent resources that must be invested permanently with income to be used for either general or specific purposes. Friends does not currently have permanently restricted net assets.

Contribution Restriction Policies

Friends has adopted the following policy for gifts received with a donor-imposed restriction:

In the absence of donor stipulations specifying how long-lived donated assets must be used, restrictions on long-lived assets and other personal property items, or cash to acquire long-lived assets or personal property items, expire when the assets are placed in service or purchased as the case may be. The sale proceeds (or, in the case of a destroyed item, insurance proceeds) from either a donated asset or an asset purchased with a gift of cash are unrestricted unless specifically delineated otherwise by the original donor. In the absence of donor stipulations, investment income earned on temporarily and permanently restricted funds is unrestricted and may be used for general operations, programs, and services.

### Contributions

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Donations of Service

Unpaid volunteers have made significant contributions of their services to develop Friends' programs and assist in its support. The value of these contributions is not reflected in the accompanying financial statements since it is not susceptible to an objective measurement or valuation.

### Basis of Accounting

All transactions of Friends have been accounted for using the accrual basis of accounting. All restricted gifts are separately identified both in the financial statements and in the underlying accounting workpapers.

### Cash Equivalents

Cash, certificates of deposit and other highly liquid investments purchased with maturities of three months or less are considered to be cash equivalents.

### Advertising

Advertising costs are expensed as incurred.

### Allocations

Friends adheres to the AICPA's *Not-for-Profit Organizations Audit and Accounting Guide* in reporting fundraising costs and expenses by their functional classification. Accordingly, some expenses have been allocated to functional classifications based on salary costs and square footage.

### Use of Estimates

These financial statements use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



NOTE 2      LOAN PAYABLE

Loan Payable is a term loan with a balloon payment of \$70,000 due January 30, 2011. Interest at 5.75% is payable monthly.

NOTE 3      TEMPORARILY RESTRICTED NET ASSETS

Activity in the open temporarily restricted net asset class during the year is as follows:

<u>Restriction</u>	<u>Beginning Balance</u>	<u>Revenue &amp; Support</u>	<u>Release</u>	<u>Ending Balance</u>
TRHT Development	\$ 24,674	\$ 32,784	\$ 164	\$ 57,294
Ohio River Corridor Study	20,000	0	20	19,980
Riverfronts Naturally	24,271	27,299	32,741	18,829
Land Trail Signage	1,059	11,706	5,560	7,205
Squaw Run Trail	7,025	0	0	7,025
Peace Garden	7,825	0	2,871	4,954
Water Trail	31,473	11,500	38,277	4,696
Education	0	1,800	0	1,800
Memorial Bench	0	900	0	900
Trail Mapping	0	19,871	19,121	750
Riverfront Trail Maintenance	0	1,571	1,012	559
Community Bikes	238	2,000	2,070	168
Triathlon	12,598	30,945	43,543	0
Allegheny County Trail	27,684	0	27,684	0
Trail Mixer	<u>0</u>	<u>12,547</u>	<u>12,547</u>	<u>0</u>
	<u>\$156,847</u>	<u>\$152,923</u>	<u>\$185,610</u>	<u>\$124,160</u>

NOTE 4      CONCENTRATION OF CONTRIBUTIONS AND GRANTS

\$121,000 of contributions and government grants came from three sources.

NOTE 5      PROGRAM REVENUE

Program Revenue is registration fees for the annual Triathlon and Trail Mixer events.

NOTE 6      EXPENSES

Detail of expenses by functional category is as follows:

<u>Expense</u>	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Professional Fees	\$150,513	\$ 1,792	\$ 0	\$152,305
Payroll & Related Costs	53,389	14,238	3,560	71,187
Supplies	40,835	7,532	616	48,983
Brochures & Maps	16,475	0	0	16,475
Rent	10,080	3,600	720	14,400
Promotion	6,457	718	7,176	14,351
Accounting & Legal	0	9,398	0	9,398
Meetings/Memberships	8,030	376	64	8,470
Insurance	4,267	1,067	0	5,334
Telephone	1,984	372	124	2,480
Interest	2,370	0	0	2,370
Other Expense	<u>412</u>	<u>82</u>	<u>55</u>	<u>549</u>
	<u>\$294,812</u>	<u>\$ 39,175</u>	<u>\$12,315</u>	<u>\$346,302</u>

NOTE 7      RENT EXPENSE

Friends is renting administrative office space on a monthly basis at a current rate of \$1,200 per month.

NOTE 8      SUBSEQUENT EVENTS

On January 27, 2011, Friends entered into an agreement to purchase the Aspinwall Marina for \$2,300,000. A capital campaign is planned to fund the acquisition. Friends had no other subsequent events during the period July 1, 2010 through April 21, 2011 which is the date the financial statements were available for issue.