Friends of the Riverfront, Inc.
12 Freeport Street
Pittsburgh, PA 15223

FINANCIAL REPORT

June 30, 2019

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Frank P. Hess & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of the Riverfront, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement.

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 Friends of the Riverfront, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Pittsburgh, PA
October 16, 2019

Frank P. Hess & Co., Inc.

FRIENDS OF THE RIVERFRONT, INC.

BALANCE SHEET
JUNE 30, 2019

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	$ 117,749	$ 90,167	$ 207,916
Investments (Note 3)	4,093	0	4,093
Prepaid Expenses	4,723	0	4,723
Property and Equipment - Net (Note 4)	85,000	0	85,000
TOTAL ASSETS	$ 211,565	$ 90,167	$ 301,732

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES			
Accounts Payable	$ 6,527	$ 0	$ 6,527
TOTAL LIABILITIES	6,527	0	6,527
NET ASSETS (Note 5)			
Without Donor Restrictions	205,038	0	205,038
With Donor Restrictions	0	90,167	90,167
TOTAL NET ASSETS	205,038	90,167	295,205
TOTAL LIABILITIES AND NET ASSETS	$ 211,565	$ 90,167	$ 301,732

See Notes to Financial Statements

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Grants (Note 6)	$ 186,617	$ 130,000	$ 316,617
Program Revenue (Note 7)	7,661	0	7,661
Investment Income	1,473	0	1,473
Miscellaneous	151	0	151
Net Assets Released from Restriction	134,504	(134,504)	0
TOTAL SUPPORT AND REVENUE	330,406	(4,504)	325,902
EXPENSES (Note 8)			
Program	210,481	0	210,481
General and Administrative	63,909	0	63,909
Fund Raising	17,712	0	17,712
TOTAL EXPENSES	292,102	0	292,102
CHANGE IN NET ASSETS	38,304	(4,504)	33,800
NET ASSETS - BEGINNING OF YEAR	166,734	94,671	261,405
NET ASSETS - END OF YEAR	$ 205,038	$ 90,167	$ 295,205

See Notes to Financial Statements

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	33,800
Add (Deduct) Items Not Affecting Cash:		
Capital (Gain)/Loss		(344)
Stock donation		(1,273)
Change in Prepaid Expenses		324
Change in Accounts Payable		2,812
NET CASH FLOWS FROM OPERATING ACTIVITIES		35,319
CASH FLOWS FROM INVESTING ACTIVITIES		0
CASH FLOWS FROM FINANCING ACTIVITIES		0
NET CASH FLOWS		35,319
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		172,597
CASH AND CASH EQUIVALENTS - END OF YEAR	$	207,916

There were no noncash investing and financing transactions for the year ended June 30, 2019.

See Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management has evaluated subsequent events through October 16, 2019, the date on which the financial statements were available to be issued.

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 building safe, clean, and accessible riverfront trails as part of the Three Rivers Heritage Trail system to create and maintain an outstanding experience for trail users while providing economic, environmental, and health benefits to the Pittsburgh region.

Tax Status

Since incorporation Friends has operated as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code. Tax form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Revenue Recognition

Contributions are recognized as revenue when the donor makes an unconditional promise to give. Program revenue is recognized in the period that the performance obligation is satisfied.

Accounting for Restrictions

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Friends are classified and reported as follows:

Net Assets Without Donor Restrictions - Net Assets which are not subject to donor-imposed restrictions.

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

Contributions

Support that is restricted by the donor is reported as an increase in Net Assets With Donor Restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions and reported in the statement of activities as net assets released from restrictions.

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 without donor restriction unless specifically delineated otherwise by the original donor.

In the absence of donor stipulations, investment income earned on funds With Donor Restrictions is Without Donor Restrictions and may be used for general operations, programs, and services.

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 due to the nature of the services rendered. During the fiscal year volunteers donated over 1,100 hours.

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 and 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.

Fair Value Accounting

Investments are reported at fair value. Fair values are classified according to a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Securities not traded in an active market but for which market inputs are readily available.

Level 3 - Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

All Investments are Level 1 securities.

Property and Equipment

All Property and Equipment are being depreciated using the straight-line method over each asset's useful life. Useful lives assigned are five to ten years for Equipment. Repairs and maintenance, which do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss from the retirement or other disposition of these assets is included in the statement of activities.

Advertising

Advertising costs are expensed as incurred.

Allocations

Friends allocates expenses to Program, Administration and Fund Raising as follows:

Payroll & Related Costs – time sheets, position responsibilities and management estimates.

Occupancy – square footage consumed by each activity.

Other – management's best estimates using professional judgment.

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 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets, at year end (cash)	$ 207,916
Less reservations to meet donor restrictions	(90,167)
Financial assets available to meet cash needs for general expenditures within one year	$ 117,749

Friends is supported by donor restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Friends must maintain sufficient resources to meet those responsibilities to its donors. Thus certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, Friends has a policy to structure its financial assets to be available as its expenditures, liabilities and other obligations come due. It has a goal to maintain financial assets on had to meet 60 days of normal operating expense, which are, on average, approximately $50,000.

NOTE 3 INVESTMENTS

Investments were composed of common stocks.

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment are composed of the following:

Description	Cost	Accumulated Depreciation	Net Book Value
Land	$ 85,000	$ 0	$ 85,000
Equipment	10,500	10,500	0
	$ 95,500	$ 10,500	$ 85,000

NOTE 5 NET ASSETS

Friends currently maintains two separate net asset classifications in order to control in detail all gifts received. These classifications include: 1) Without Donor Restrictions, which is used to account for revenues earned and gifts received without a restrictive directive; and 2) With Donor Restrictions, which is used to account for gifts received by Friends with donor-restricted directives. A summary of activity in the Net Assets With Donor Restrictions class during the year is as follows:

With Donor Restrictions Net Asset Class	Beginning Balance	Revenue & Support	Release of Net Assets	Ending Balance
Trail Development Manager	$56,149	$ 130,000	$ 117,469	$ 68,680
Vegetative Swale	9,374	0	0	9,374
Riverfront Trail Maintenance	8,000	0	0	8,000
Water Trail	21,148	0	17,035	4,113
	$94,671	$ 130,000	$ 134,504	$ 90,167

NOTE 6 CONCENTRATION OF CONTRIBUTIONS AND GRANTS

$280,000 of contributions and grants came from three sources.

NOTE 7 PROGRAM REVENUE

Program Revenue is proceeds from a trail event.

NOTE 8 EXPENSES

Detail of expenses by functional category is as follows:

Expense	Program	General & Administrative	Fund Raising	Total
Payroll & Related Costs	$ 134,404	$ 35,840	$ 8,960	$ 179,204
Professional Fees	28,748	477	0	29,225
Promotion	16,425	1,561	6,789	24,775
Accounting & Legal	0	18,055	0	18,055
Occupancy	13,539	3,685	611	17,835
Supplies	10,471	3,821	1,235	15,527
Meetings/Memberships	3,170	141	117	3,428
Travel	3,233	170	0	3,403
Other Expense	491	159	0	650
	$ 210,481	$ 63,909	$ 17,712	$ 292,102

NOTE 9 CONCENTRATION OF CREDIT RISK

Although Friends maintains cash balances in excess of federally insured limits, they have not historically experienced any credit loss.