Friends of the Riverfront, Inc.

Financial Statements

Year Ended June 30, 2021
with Independent Auditor's Report

MaherDuessel

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FRIENDS OF THE RIVERFRONT, INC.

YEAR ENDED JUNE 30, 2021

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Independent Auditor's Report

Board of Directors
Friends of the Riverfront, Inc.

We have audited the accompanying financial statements of the Friends of the Riverfront, Inc. (Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statement 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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.

Maher Duessel

Pittsburgh, Pennsylvania
March 8, 2022

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	$ 507,970	$ 93,378	$ 601,348
Grants receivable	10,600	-	10,600
Investments	4,093	-	4,093
Prepaid expenses	5,904	-	5,904
Property and equipment, net	99,520	-	99,520
Total Assets	$ 628,087	$ 93,378	$ 721,465
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$ 14,136	$ -	$ 14,136
PPP loan payable	55,227	-	55,227
Total Liabilities	69,363	-	69,363
Net Assets:			
Without donor restrictions	558,724	-	558,724
With donor restrictions	-	93,378	93,378
Total Net Assets	558,724	93,378	652,102
Total Liabilities and Net Assets	$ 628,087	$ 93,378	$ 721,465

See accompanying notes to financial statements.

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions and grants	$ 498,934	$ -	$ 498,934
Forgiveness of PPP loan	44,155	-	44,155
Program revenue	1,200	-	1,200
Investment income	519	-	519
Miscellaneous	19,461	-	19,461
Net assets released from restrictions	185,707	(185,707)	-
Total support and revenues	749,976	(185,707)	564,269
Expenses:			
Program	316,212	-	316,212
General and administrative	87,953	-	87,953
Fundraising	21,083	-	21,083
Total expenses	425,248	-	425,248
Change in Net Assets	324,728	(185,707)	139,021
Net Assets:			
Beginning of year	233,996	279,085	513,081
End of year	$ 558,724	$ 93,378	$ 652,102

See accompanying notes to financial statements.

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities:		
Change in net assets	$	139,021
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgiveness of PPP loan		(44,155)
Depreciation		3,630
Change in:		
Grants receivable		19,400
Prepaid expenses		(708)
Accounts payable		13,309
Net cash provided by (used in) operating activities		130,497
Cash Flows From Financing Activities:		
Issuance of PPP loan payable		55,227
Cash Flows From Investing Activities:		
Purchase of Fixed Assets		(18,150)
Net Increase (Decrease) in Cash and Cash Equivalents		167,574
Cash and Cash Equivalents:		
Beginning of year		433,774
End of year	$	601,348

See accompanying notes to financial statements.

1. Organization

Friends of the Riverfront, Inc. (Organization) 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

The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as an entity that is not a private foundation under the meaning of Section 509(a) of the IRC. Additionally, the Organization annually files a Form 990.

2. Summary of Significant Accounting Policies

Basis of Accounting

All transactions of the Organization have been accounted for using the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Basis of Presentation

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 the Organization or by the passage of time.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed time or purpose restrictions are reported as support with donor restrictions. Contributions to give that are scheduled to be received after the financial position date are shown as increases in net assets with donor restrictions and are discounted at the appropriate rate commensurate with the risks involved. When the time or purpose restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions.

Contributions to give subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions held in perpetuity. There were no donor restrictions held in perpetuity at June 30, 2021.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2021.

Contributions of assets other than cash are recorded at their estimated fair value. 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 recognized as increases in net assets without donor restrictions and may be used for general operations, programs, and services.

Program revenue, which represents proceeds from a trail event, is recognized in the period that the performance obligation is satisfied.

Donations of Service

Unpaid volunteers have made significant contributions of their services to develop the Organization's 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.

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.

Although the Organization maintains cash balances in excess of federal insured limits, they have not historically experienced any credit loss.

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 and consist of common stock.

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.

Functional Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in Note 8. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function, and are allocated as follows:

Payroll and 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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity and Availability

The Organization 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, the Organization 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, the Organization 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 hand to meet 60 days of normal operating expense, which are, on average, approximately $50,000.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2021:

Financial assets, at year-end (cash)	$	601,348
Less: reservations to meet donor restrictions		(173,378)
Financial assets available to meet cash needs for general expenditures within one year	$	427,970

Pending Accounting Standards Update

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 Organization's financial statements:

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will 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 also will be 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.

ASU 2020-07, *"Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets,"* is effective for reporting periods beginning after June 15, 2021. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

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. Grants Receivable

Grants receivable as of June 30, 2021 consist of $10,600 due in one year or less. Due to the short-term nature of the expected collections, the net realizable value is considered a reasonable estimate of the fair value.

4. Property and Equipment

Property and equipment are composed of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	$ 85,000	$ -	$ 85,000
Equipment	28,650	(14,130)	14,520
	$ 113,650	$ (14,130)	$ 99,520

5. PPP Loan Payable

A $44,155 Small Business Administration loan was received in April 2020 through the federal government's Paycheck Protection Program (PPP) that resulted from the COVID-19 pandemic. This loan was fully forgiven on March 31, 2021 and recognized as revenue in fiscal year 2021. An additional $55,227 PPP loan was received in February 2021. It is anticipated that the majority of this loan will be forgiven, pending submission and approval of loan forgiveness application. The interest rate of any unforgiven portion is 1% and payable over a 60-month period with deferral of principal and interest payments until the amount of forgiveness is established. The balance on this note payable at June 30, 2021 was $55,227.

6. Net Assets

A summary of activity for net assets with donor restrictions is as follows:

With Donor Restrictions Net Asset Class				
	Beginning Balance	Revenue and Support	Release of Net Assets	Ending Balance
Trail Development Manager	$ 51,699	$ -	$ 29,876	$ 21,823
Vegetative Swale	9,374	-	-	9,374
Development Manager	97,217	-	69,013	28,204
COVID 19 Response	120,795	-	86,818	33,977
	$ 279,085	$ -	$ 185,707	$ 93,378

7. Operating Leases

The Organization leases a copier under an operating lease, which requires monthly payments. Future minimum lease payments under the copier lease are as follows:

2022	$ 1,032
2023	1,032
2024	1,032
2025	172
	$ 3,268

The Organization signed a lease for office space on June 26, 2018 that is effective until June 30, 2021. Rent expense for the year ended June 30, 2021 was $8,400. The lease was extended on a month-to-month basis after this as the Organization looks to relocate.

8. Expenses

Detail of expenses by functional category is as follows:

	Program	General and Administrative	Fundraising	Total
Wages	$ 188,451	$ 50,254	$ 12,563	$ 251,268
Payroll tax	17,941	4,784	1,196	23,921
Health insurance	7,364	1,964	491	9,819
Accounting	11,711	3,123	781	15,615
Legal	52	14	4	70
Depreciation	-	3,630	-	3,630
Other professional services	895	239	60	1,194
Program/event related professional fees	50,668	13,511	3,378	67,557
Marketing	3,818	1,018	255	5,091
Occupancy	7,560	2,016	504	10,080
Insurance	5,926	1,580	395	7,901
Travel	717	191	48	956
Postage and printing	1,656	442	110	2,208
Utilities	4,093	1,091	273	5,457
Meeting	520	139	35	694
Membership dues	3,151	840	210	4,201
Office supplies	1,920	512	128	2,560
Equipment	7,493	1,998	500	9,991
Miscellaneous	2,276	607	152	3,035
Total	$ 316,212	$ 87,953	$ 21,083	$ 425,248