Friends of the Riverfront, Inc.

Financial Statements

Year Ended June 30, 2024
with Independent Auditor's Report

FRIENDS OF THE RIVERFRONT, INC.

YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

Board of Directors
Friends of the Riverfront, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Friends of the Riverfront, Inc. (Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year 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 Organization as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Organization'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 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 generally accepted auditing standards, 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 Organization'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 Organization'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
November 19, 2024

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	$ 460,240	$ 50,677	$ 510,917
Grants receivable	258,377	-	258,377
Investments	306,627	-	306,627
Prepaid expenses	10,361	-	10,361
Right-of-use asset - operating lease	2,579	-	2,579
Property and equipment, net	88,630	-	88,630
Total Assets	$ 1,126,814	$ 50,677	$ 1,177,491
Liabilities and Net Assets			
Accounts payable	$ 105,367	$ -	$ 105,367
Refundable advances	33,790	-	33,790
Lease liability - operating	2,664	-	2,664
Total Liabilities	141,821	-	141,821
Net Assets:			
Without donor restrictions	984,993	-	984,993
With donor restrictions	-	50,677	50,677
Total Net Assets	984,993	50,677	1,035,670
Total Liabilities and Net Assets	$ 1,126,814	$ 50,677	$ 1,177,491

See accompanying notes to financial statements.

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions and grants	$ 968,185	$ 651,647	$ 1,619,832
Investment income	10,291	-	10,291
Program revenue	17,898	-	17,898
Net assets released from restrictions	680,217	(680,217)	-
Total support and revenues	1,676,591	(28,570)	1,648,021
Expenses:			
Program	1,267,224	-	1,267,224
General and administrative	142,055	-	142,055
Fundraising	133,273	-	133,273
Total expenses	1,542,552	-	1,542,552
Change in Net Assets	134,039	(28,570)	105,469
Net Assets:			
Beginning of year	850,954	79,247	930,201
End of year	$ 984,993	$ 50,677	$ 1,035,670

See accompanying notes to financial statements.

FRIENDS OF THE RIVERFRONT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities:		
Change in net assets	$	105,469
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized/unrealized (gain) loss on investments		(32)
Reduction of right-of-use asset		30,674
Depreciation		3,630
Change in:		
Grants receivable		(197,864)
Prepaid expenses		(6,879)
Accounts payable		83,708
Refundable advances		33,790
Lease liability		(31,331)
Net cash provided by (used in) operating activities		21,165
Cash Flows From Investing Activities:		
Purchase of investments		(56,765)
Net Increase (Decrease) in Cash and Cash Equivalents		(35,600)
Cash and Cash Equivalents:		
Beginning of year		546,517
End of year	$	510,917

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 the Organization is notified of receipt. 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, 2024.

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 that have not been recognized as of June 30, 2024.

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.

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state governmental and non-governmental grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were $33,790 refundable advances at June 30, 2024 related to funds received during the year for which qualified expenses have not been incurred. The total unrealized amount of cost-reimbursable grants and contracts was $1,433,251 as of June 30, 2024.

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 and Investments

Cash, certificates of deposit, and other highly liquid investments purchased with maturities of three months or less are considered to be cash equivalents. Certificates of deposits with maturities longer than three months are reported as investments on the Statement of Financial Position.

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.

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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Functional Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in Note 7. 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 without donor restrictions, on hand to meet 60 days of normal operating expense, which are, on average, approximately $75,000.

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, 2024:

Financial assets, at year-end (cash and grants receivable)	$	769,294
Less: reservations to meet donor restrictions		(50,677)
Financial assets available to meet cash needs for general expenditures within one year	$	718,617

Adopted Accounting Standard

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

ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*." 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. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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, 2024 consist of $258,377 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.

Included in the grants receivable are unbilled amounts totaling $187,121, which was made up of revenue earned through grant activities that have been performed or expenses incurred but have not yet been invoiced to the grantor for reimbursements.

4. Property and Equipment

Property and equipment are composed of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	$ 85,000	$ -	$ 85,000
Equipment	18,150	(14,520)	3,630
	$ 103,150	$ (14,520)	$ 88,630

5. Net Assets

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

	Beginning Balance	Revenue and Support	Release of Net Assets	Ending Balance
Trail Stewardship/Development	$ 50,000	$ 576,284	$ 575,607	$ 50,677
Riverfronts	17,841	1,000	18,841	-
Trail Maintenance Fund	4,100	19,975	24,075	-
Signage	5,880	-	5,880	-
Other	1,426	54,388	55,814	-
	$ 79,247	$ 651,647	$ 680,217	$ 50,677

6. Operating Leases

The Organization leases office space under an operating lease effective August 1, 2022 through June 30, 2024.

The amount charged to operations was $16,493 for the year ended June 30, 2024. The weighted average discount rate is 2.9%. The Organization signed an extended lease agreement in July 2024, for an additional year, with an automatic one-year extension to July 8, 2026. The present value of the lease payments is $66,531.

7. Expenses

Detail of expenses by functional category is as follows:

	Program	General and Administrative	Fundraising	Total
Wages	$ 435,610	$ 53,021	$ 98,052	$ 586,683
Payroll tax	36,645	5,230	7,340	49,215
Health insurance	13,092	8,871	4,550	26,513
Other payroll	3,945	563	563	5,071
Accounting	-	30,042	-	30,042
Legal	488	97	-	585
Depreciation	-	3,630	-	3,630
Other professional services	3,194	1,630	3,016	7,840
Program/event related professional fees	637,203	-	800	638,003
Marketing	2,519	1,895	3,330	7,744
Occupancy	19,768	11,361	-	31,129
Insurance	-	9,098	-	9,098
Travel	3,664	168	151	3,983
Postage and printing	9,751	1,825	1,267	12,843
Utilities	-	7,629	-	7,629
Meeting	547	1,554	1,468	3,569
Professional Development	8,057	1,810	529	10,396
Fundraising Events	2,645	-	9,434	12,079
Office supplies	1,567	3,629	660	5,856
Equipment	40,870	-	-	40,870
Other program	47,572	-	-	47,572
Miscellaneous	87	2	2,113	2,202
Total	$ 1,267,224	$ 142,055	$ 133,273	$ 1,542,552