

***MOUNT WASHINGTON
COMMUNITY DEVELOPMENT CORPORATION***

FINANCIAL STATEMENTS

YEAR ENDED - DECEMBER 31, 2013

TERRY COLLIER & ASSOCIATES, P.C.

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FINANCIAL STATEMENTS

YEAR ENDED - DECEMBER 31, 2013

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Mount Washington Community Development Corporation
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Mount Washington Community Development Corporation Not-for-Profit Organization, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, 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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 Mount Washington Community Development Corporation Not-for-Profit Organization as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with auditing principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Mount Washington Community Development Corporation Not-for-Profit Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Terry Collier & Associates, P.C.

Pittsburgh, Pennsylvania
September 16, 2014

MT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013

| ASSETS | <u>12/31/2013</u> | <u>For Comparison 12/31/2012</u> |
|---|-------------------|--------------------------------------|
| CURRENT ASSETS: | | |
| CASH | \$ 405,543 | \$ 417,681 |
| ACCOUNTS RECEIVABLE | 380,776 | 552,533 |
| PREPAID EXPENSES/DEPOSITS | 10,746 | 7,182 |
| PROPERTY HELD FOR RESALE | 41,546 | 58,357 |
| REAL ESTATE DEPOSITS | 4,800 | 1,350 |
| TOTAL CURRENT ASSETS | <u>843,411</u> | <u>1,037,103</u> |
| NONCURRENT ASSETS | | |
| FIXED ASSETS: | | |
| BUILDING | 3,820 | 3,820 |
| FURNITURE & EQUIPMENT | 6,917 | 6,917 |
| COMPUTER EQUIPMENT | 5,507 | 5,507 |
| VEHICLES | 18,933 | - |
| LEASEHOLDER IMPROVEMENTS | 2,998 | 2,998 |
| LESS: ACCUMULATED DEPRECIATION/AMORTIZATION | (14,976) | (11,515) |
| NET FIXED ASSETS | <u>23,199</u> | <u>7,727</u> |
| LAND | 12,778 | 12,778 |
| LOAN RECEIVABLE | 45,000 | 45,000 |
| SUBTOTAL LAND & LOAN RECEIVABLE | <u>57,778</u> | <u>57,778</u> |
| TOTAL NONCURRENT ASSETS | <u>80,977</u> | <u>65,505</u> |
| TOTAL ASSETS | <u>\$ 924,388</u> | <u>\$ 1,102,608</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 21,667 | 34,369 |
| CREDIT CARD | 1,095 | 1,094 |
| ACCRUED SALARIES & WAGES | - | 11,164 |
| ACCRUED EMPLOYEE LEAVE | 2,668 | - |
| PROMISSORY NOTES ON REAL ESTATE HELD FOR SALE | 3,600 | - |
| SECURITY DEPOSIT LIABILITY | - | 5,000 |
| TOTAL LIABILITIES | <u>29,030</u> | <u>51,627</u> |
| NET ASSETS: | | |
| UNRESTRICTED | 176,725 | 111,376 |
| TEMPORARILY RESTRICTED | 718,633 | 939,605 |
| TOTAL NET ASSETS: | <u>895,358</u> | <u>1,050,981</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 924,388</u> | <u>\$ 1,102,608</u> |

(The independent auditor's report and accompanying notes are an integral part of this report.)

MT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>2013 TOTAL</u> | <u>For Comparison 2012 TOTAL</u> |
|--------------------------------------|---------------------|-----------------------------------|-----------------------|--|
| PUBLIC SUPPORT & REVENUE: | | | | |
| <i>SUPPORT</i> | | | | |
| CONTRIBUTIONS | \$ 22,605 | \$ 2,445 | \$ 25,050 | \$ 104,168 |
| MEMBERSHIPS | 655 | - | 655 | 618 |
| GRANTS | - | 468,500 | 468,500 | 705,933 |
| SPECIAL EVENTS | 38,339 | - | 38,339 | 27,298 |
| TOTAL SUPPORT | <u>61,599</u> | <u>470,945</u> | <u>532,544</u> | <u>838,017</u> |
| <i>REVENUE</i> | | | | |
| GOVERNMENT CONTRACTS | - | 203,200 | 203,200 | 184,736 |
| PROGRAM SERVICES | 11,974 | - | 11,974 | 14,760 |
| JOB SUBSIDY | 6,000 | - | 6,000 | 6,000 |
| ADVERTISING | 4,740 | - | 4,740 | - |
| OTHER INCOME | 24,560 | - | 24,560 | 7,454 |
| LOSS ON SALE OF PROPERTY | (20,183) | - | (20,183) | - |
| INTEREST INCOME | 39 | - | 39 | 48 |
| TOTAL REVENUE | <u>27,130</u> | <u>203,200</u> | <u>230,330</u> | <u>212,998</u> |
| RELEASED FROM RESTRICTION | 895,117 | (895,117) | - | - |
| TOTAL SUPPORT & REVENUE | <u>983,846</u> | <u>(220,972)</u> | <u>762,874</u> | <u>1,051,015</u> |
| EXPENSES: | | | | |
| <i>PROGRAM SERVICES</i> | | | | |
| BUSINESS DEVELOPMENT | 82,720 | - | 82,720 | 121,368 |
| COMMUNITY DEVELOPMENT | 639,346 | - | 639,346 | 503,911 |
| REAL ESTATE DEVELOPMENT | 75,439 | - | 75,439 | 205,635 |
| TOTAL PROGRAM SERVICES | <u>797,505</u> | <u>-</u> | <u>797,505</u> | <u>830,914</u> |
| <i>SUPPORT SERVICES</i> | | | | |
| MANAGEMENT & GENERAL | 79,415 | - | 79,415 | 74,098 |
| SPECIAL EVENTS & FUNDRAISING | 41,577 | - | 41,577 | 39,483 |
| TOTAL SUPPORT SERVICES | <u>120,992</u> | <u>-</u> | <u>120,992</u> | <u>113,581</u> |
| TOTAL EXPENSES | <u>918,497</u> | <u>-</u> | <u>918,497</u> | <u>944,495</u> |
| CHANGE IN NET ASSETS | <u>65,349</u> | <u>(220,972)</u> | <u>(155,623)</u> | <u>106,520</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>111,376</u> | <u>939,605</u> | <u>1,050,981</u> | <u>944,461</u> |
| NET ASSETS, END OF YEAR | <u>\$ 176,725</u> | <u>\$ 718,633</u> | <u>\$ 895,358</u> | <u>\$ 1,050,981</u> |

(The independent auditor's report and accompanying notes are an integral part of this report.)

MT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

| DESCRIPTION | ALLOCATION METHOD | PROGRAM EXPENSES | | | | SUPPORT SERVICES | | | 2013 TOTALS |
|----------------------------------|-------------------|-------------------------------|-----------------------|-------------------------|-------------------|----------------------|------------------------------|-------------------|-------------------|
| | | BUSINESS DISTRICT DEVELOPMENT | COMMUNITY DEVELOPMENT | REAL ESTATE DEVELOPMENT | TOTAL | MANAGEMENT & GENERAL | SPECIAL EVENTS & FUNDRAISING | TOTAL | |
| PERSONNEL | 1 | \$ 21,237 | \$ 419,716 | \$ 49,904 | \$ 490,857 | \$ 17,698 | \$ 17,698 | \$ 35,396 | \$ 526,253 |
| PROFESSIONAL SERVICES | 1 | 2,048 | 27,390 | 6,328 | 35,966 | 1,706 | 1,706 | 3,412 | 39,378 |
| OFFICE & ADMINISTRATIVE | 2 | 1,336 | 16,446 | 4,010 | 21,792 | 962 | 2,713 | 3,675 | 25,467 |
| FACILITY & EQUIPMENT | 1 | 2,568 | 14,997 | 3,006 | 20,571 | 1,071 | 1,071 | 2,142 | 22,713 |
| TRAVEL & MEETING EXPENSES | 1 | 235 | 8,278 | 1,983 | 10,496 | 196 | 196 | 392 | 10,888 |
| SPECIAL EVENTS EXPENSES | 2 | 257 | 12,076 | 1,237 | 13,570 | 214 | 15,809 | 16,023 | 29,593 |
| PROGRAM EXPENDITURES | 1 | 54,075 | 131,250 | 4,924 | 190,249 | 1,734 | 1,734 | 3,468 | 193,717 |
| INSURANCE | 1 | 409 | 4,880 | 955 | 6,244 | 341 | 341 | 682 | 6,926 |
| OTHER EXPENSES | 2 | 244 | 1,891 | 2,615 | 4,750 | 55,216 | 136 | 55,352 | 60,102 |
| TOTAL OPERATING EXPENSES: | | 82,409 | 636,924 | 75,162 | 794,495 | 79,138 | 41,404 | 120,542 | 915,037 |
| DEPRECIATION | 1 | 311 | 2,422 | 277 | 3,010 | 277 | 173 | 450 | 3,460 |
| TOTAL EXPENSES: | | \$ 82,720 | \$ 639,346 | \$ 75,439 | \$ 797,505 | \$ 79,415 | \$ 41,577 | \$ 120,992 | \$ 918,497 |
| | % of Total | 9% | 70% | 8% | 87% | 8% | 5% | 13% | 100% |

1 - BASED ON SALARY DISTRIBUTION

2 - ACTUAL OR APPROXIMATION THEREOF

(The independent auditor's report and accompanying notes are an integral part of this report.)

MT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

| | <u>12/31/2013</u> | <u>For Comparison 12/31/2012</u> |
|--|-------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| CHANGE IN NET ASSETS | \$ (155,623) | \$ 106,520 |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 3,461 | 1,382 |
| ACCOUNTS RECEIVABLE | 171,757 | 214,047 |
| PREPAID EXPENSES | (3,564) | (4,201) |
| REAL ESTATE DEPOSITS | (3,450) | - |
| ACCOUNTS PAYABLE | (12,702) | (13,140) |
| CREDIT CARD | 1 | 26 |
| ACCRUED SALARIES & WAGES | (11,164) | 11,164 |
| ACCRUED EMPLOYEE LEAVE | 2,668 | (3,683) |
| PROMISSORY NOTES ON REAL ESTATE HELD FOR SALE | 3,600 | - |
| SECURITY DEPOSIT LIABILITY | (5,000) | 5,000 |
| NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES | <u>(10,016)</u> | <u>317,115</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| PURCHASE OF FIXED ASSETS | (18,933) | (3,939) |
| PROPERTY HELD FOR SALE | 16,811 | (58,357) |
| CASH FLOWS (USED) BY INVESTING ACTIVITIES: | <u>(2,122)</u> | <u>(62,296)</u> |
| NET DECREASE/INCREASE IN CASH | (12,138) | 254,819 |
| CASH AT BEGINNING OF YEAR | <u>417,681</u> | <u>162,862</u> |
| CASH AT END OF YEAR | <u>\$ 405,543</u> | <u>\$ 417,681</u> |
| CASH PAID FOR INTEREST | <u>\$ -</u> | <u>\$ 39</u> |

(The independent auditor's report and accompanying notes are an integral part of this report.)

MOUNT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1: DESCRIPTION OF ORGANIZATION

Mount Washington Community Development Corporation (MWCDC) is a not-for-profit corporation with a mission to cultivate growth, development, and community investment.

The MWCDC was incorporated as a Pennsylvania not-for-profit corporation in August 1990 and received 501(c)(3) designation in June 1995. Contributions to the MWCDC are tax deductible within limitations prescribed by the Internal Revenue Code.

The offices of MWCDC are located at 301 Shiloh Street, Pittsburgh, Pennsylvania 15211. The telephone number is 412-481-3220. The facsimile number is 412-481-2324. The website address is www.mwcdc.org.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

MWCDC uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses recorded when incurred without regard to the time of cash receipt or disbursement. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

B. Financial Statement Presentation

MWCDC reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets summarized as follows:

Unrestricted: - Net assets over which MWCDC has discretionary control that are not subject to donor-imposed restrictions.

Temporarily Restricted: - Net assets that are subject to donor-imposed restrictions that may or will be met, either by actions of MWCDC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2013, MWCDC's temporarily restricted net assets were \$718,633.

C. 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 the reported amounts of assets and liabilities, 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. Significant estimates used in preparing these financial statements include the fair market value of investments, depreciation of property and equipment, and the allocation of expenses. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

MWCDC considers all highly liquid deposits available for current use with an initial maturity of ninety days or less to be cash equivalents.

E. Investments

Purchased marketable securities are carried at fair value. Donated marketable securities are recorded at fair value on the date of donation and carried at fair value. Fair value is 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. Gains and investment income are recognized in the period earned and are classified as unrestricted or temporarily restricted with respect to the stipulations established by the donor at the date of donation or applicable state law.

MOUNT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

F. Property and Equipment

Property and equipment acquired with a basis of \$1,000 or greater and a useful life of greater than one fiscal period are capitalized and recorded at cost when purchased. Expenditures for renewals and improvements that significantly extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed. Gains and losses on disposition of property and equipment are reflected in income. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Depreciation expense was \$3,460 for the year ended December 31, 2013.

G. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recovered. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

I. Support and Revenue Recognition

Support including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Promises to give that are scheduled to be received after the financial position date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restriction is met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with risks involved.

H. Donated Services and Materials

MWCDC receives a substantial amount of services donated by its members in carrying out its mission. In general, no amounts are reflected in the financial statements for those services since generally there is no objective basis to measure the value of such services. In limited circumstances, however, objectively measurable donated services are recorded. These donated services must require specialized skills, be provided by individuals possessing those skills, and would typically be purchased if not provided by donation. MWCDC received \$-0- in donated services during the year under audit. Donated materials are recorded at their fair value at the date of the donation. These donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

I. Income Tax Status

The Internal Revenue Service has determined that MWCDC is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

As a tax-exempt organization, no part of MWCDC's net assets can inure to the benefit of any private individual. In the event MWCDC is dissolved and liquidated, the net assets, after paying all liabilities, would be distributed to a similar tax-exempt organization, which in the judgment of the Board of Directors, has a purpose clearly allied to that of MWCDC's.

MWCDC accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined that there were no tax uncertainties that met the recognition threshold in 2013.

MOUNT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

J. Fair Value Measurement

A fair value hierarchy that prioritizes the inputs to valuation methods is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that MWCDC has the ability to access.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement (i.e. supported with little or no market activity).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MWCDC, using available market information and appropriate valuation methodologies, has determined the estimated fair value of its financial instruments. However, considerable judgment is required in interpreting data to develop the estimates of fair value. The fair values of MWCDC's financial instruments are estimated based on current market rates and instruments with the same risk and maturities.

K. Advertising

MWCDC uses advertising to promote its programs and services. Advertising costs are expensed as incurred. For the year ended December 31, 2013 advertising expense was \$-0-.

L. Concentration of Credit and Market Risk

Financial instruments that expose MWCDC to concentrations of credit and market risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and MWCDC has not experienced any loss on its cash equivalents.

M. Subsequent Events

MWCDC has evaluated all events through September 16, 2014 which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require recognition or disclosure.

NOTE 3: FUNCTIONAL CATEGORIES

A. Program Services:

Business Development

Business development at the neighborhood level begins by taking advantage of existing resources and assets in the community including the close proximity to the downtown core business district, affordable single family homes, access to parks and recreation, mass transit availability and an active core business district. Additionally, a tremendous visitor/tourism base due to the magnificent city skyline and great amenities like the restaurants on Grandview Avenue help to retain existing businesses and attract new ones to Mount Washington.

The MWCDC will continue to support existing businesses and expand efforts to attract new businesses to the neighborhood which will improve the business district, decrease vacant storefronts, and grow an existing customer base in underserved segments of the neighborhood.

a) Mainstreets

MOUNT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3: FUNCTIONAL CATEGORIES, continued

A. Program Services, continued:

Community Development

Community development is a broad term used to promote a variety of change elements into a neighborhood. From open space and recreation to public safety, community development is a broad function to ensure community growth and quality of life. Mount Washington's signature is its open spaces, embodied by a remarkable view of the City; the community has unsurpassed urban green space generated by the Emerald View Park (EVP). The MWCDC through its Emerald Trail Corps and other park-related activities is continually improving and developing park-related amenities and recreation opportunities in conjunction with the City of Pittsburgh.

- a) Emerald View Park*
- b) Pennsylvania Scenic Byway (McArdle Roadway and Grandview Avenue)*
- c) Youth Programming*
- d) Public Safety*

Real Estate Development

Residential and community development projects will take a holistic approach to encourage long-term development benefits to the neighborhood, improves the community's housing stock and begins to develop projects by the MWCDC to target properties and projects to redevelop the community.

Strategies will leverage the community's existing architectural and historic character, mass transit resources and excellent accessibility to quality housing.

- a) Commercial Real Estate Development*
- b) Housing Development*

B. Support Services:

Management and General - Organizational success will be best attained with a clear, well-funded plan, dedicated leadership, staff and board expertise, effective committees and an active volunteer base.

The MWCDC organization must in-turn be based on strong and diverse connections with its community, a relationship that fosters involvement and builds civic partnerships that bring resources from both the organization and the neighborhood to achieve shared community goals.

Fundraising - This includes the cost specifically related to raising moneys for MWCDC.

NOTE 4: LEASES

MWCDC leases a copier for a term of 60 months with payments of \$249 per month. The lease operating expires in September of 2018. Required payments through the end of the contract are as follows:

| | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>2014 - \$2,988</i> | <i>2015 - \$2,988</i> | <i>2016 - \$2,988</i> | <i>2017 - \$2,988</i> | <i>2018 - \$2,241</i> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|

MOUNT WASHINGTON COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5: COMMITMENTS AND CONTINGENCIES

MWCDC entered into an agreement with Virginia/Shiloh/Mosites Limited Partnership (the Partnership) in March of 1999 to renovate and expand a community grocery and create additional job opportunities for persons of low to moderate income.

MWCDC secured grants from federal, state, and local governmental units, which were loaned to the Partnership to fund a portion of these renovations. MWCDC retains a loan receivable in the amount of \$45,000 from the Partnership. The loan may be called by MWCDC if any of the following contingencies become effective: 1) the property is sold or transferred by the Partnership; 2) the project site does not house an operational grocery store; 3) the Partnership defaults on the bank loans used to fund the renovations; and/or 4) the expiration of the SuperValu lease. None of these contingencies occurred during 2013. The SuperValu lease expires on March 18, 2014; upon expiration, the lease is renewable for an additional five-year term.

In addition, the agreement includes an effective interest rate of 2.46% which is payable in the form of job subsidy payments to be made by the grocer housed in the project site through the Partnership of \$500 per month. The subsidy is to create job opportunities for persons of low to moderate income. \$6,000 was paid by year end for job subsidy payments to MWCDC by the Partnership during 2013.

NOTE 6: SPECIAL EVENTS & FUNDRAISING

MWCDC's Annual Dinner was held on November 14, 2013 at the LeMont Restaurant

| | |
|--------------|------------------|
| Receipts | \$ 31,045 |
| Expenditures | <u>(17,346)</u> |
| Net Receipts | <u>\$ 13,699</u> |

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following specified program services:

| | |
|-------------------------|------------------|
| Business Development | \$143,866 |
| Community Development | 86,830 |
| Emerald View Park | 270,687 |
| Real Estate Development | 157,876 |
| Grandview Scenic Byway | <u>59,374</u> |
| | <u>\$718,633</u> |

NOTE 8: LINE OF CREDIT

MWCDC has a \$100,000 line of credit with a local financial institution with an interest rate per annum of 4.25%. At year-end there was no outstanding balance.

NOTE 9: PROMISSORY NOTES

The City of Pittsburgh holds six promissory notes securing the deposit on six parcels of land in the eighteenth and nineteenth Wards of the City. The total face value of the notes is \$3,600. It is held at no interest. The notes shall be redeemed within thirty days upon approval of the City Council and Mayor for the purchase of these parcels. The notes shall become null and void if said approval is not secured. There is no schedule for such approval.