

TRANSFORMATIONS 2005 ANNUAL REPORT

**schuylkill
river**
development corporation



Message from the Chairman

In 2002, I joined the Schuylkill River Development Corporation as Board Chairman, a position I embraced with great enthusiasm and excitement. The lower Schuylkill River is a true regional “impact player” - the eight miles of riverfront, hundreds of acres of underutilized properties, historic landmarks and railroads – all present enormous opportunities, significant challenges and an amazing chance to reclaim this valuable regional asset. There was much to consider in setting a course of action — both past accomplishments and the tremendous potential for achievement in the future.

With the help of our dedicated Board and management, we quickly organized. We created a Four Year Strategic Business Plan, outlining goals and capital program priorities totaling more than \$62 million. Most importantly, we secured over \$500,000 in Four-Year Operating Commitments to provide a solid foundation for growth.

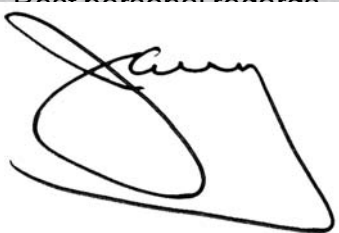
As a result, we have seen both a river and an organization transformed. The SRDC has become a valuable link between investors and stakeholders. And now, with the improvements completed and underway, the lower Schuylkill River connects us all together in history, geography and in spirit. It unites the east and west edges of the City’s core and creates a welcoming destination for outdoor enthusiasts, students, office workers, families and visitors alike.

These efforts on the Schuylkill River have created a sea change in how we think about business and neighborhood life along her banks. Over the next ten years, we anticipate more than \$2.8 billion will be invested by public and private partners along the banks of the Schuylkill. The improvements will lay the groundwork for even more positive changes to come. Our Board and all of the partners of the Schuylkill River Development Corporation are all thrilled to be a part of this renaissance transformation.

To quote John Frederick Lewis, through our efforts the Schuylkill will be “as it was, as it is now, and as it should be.” – our link to a rich past and bridge to even brighter and better future.

Thank you for all of your past support and we look forward to continuing our collective efforts to build on our past successes and create an exciting tomorrow.

Best personal regards

A handwritten signature in black ink, appearing to read "L. Lewis", enclosed within a white rectangular box.

Message from the CEO and Executive Director

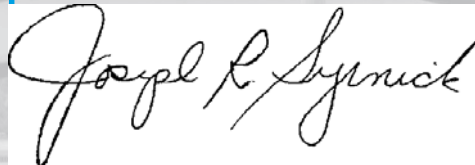
Along the Schuylkill Banks, an amazing transformation is taking place. What was once inaccessible, abandoned industrial acreage is now a welcoming, beautifully landscaped urban park with trees, plants, benches, lighting, scenic outlooks and docks. What once was void of people and excitement, has now become an active hub filled with thousands of bikers, walkers, and joggers - a vibrant riverfront destination for all ages.

In just three years, the long-awaited metamorphosis of the riverfront and SRDC became a reality. The wheels of change were set in motion by a handful of dedicated public and private leaders who envisioned the potential of eight miles of mostly industrialized riverfront to serve as a regional asset and catalyst for economic growth.

The few individuals grew to more than 25 stakeholders: key elected government officials and agencies; leading universities; corporations and community-based organizations. Working together, and deeply dedicated, SRDC put in place a unified vision, a strengthened leadership and an organization with the capacity to execute a multi-million dollar strategic plan to improve the Schuylkill riverfront.

Since 1992, more than \$33 million dollars has been raised thanks to the support of our public and private stakeholders. We have met our goal to complete the Schuylkill River Park and are making significant progress on planning and implementing our Priority Projects.

We look forward to many years of exciting riverfront development - using the power of the Schuylkill River to set Philadelphia on a new course that will benefit generations to come.



CEO



EXECUTIVE DIRECTOR

2002 - 2005 Highlights



Schuylkill River Trail and Greenway Launched



Schuylkill River Park and Trail
Phase II Construction Completed



Schuylkill River Park and Trail
Phase III Construction Underway

- Leadership in Place: New Board Constitution
- Unified Vision and Mission: Multiple Plans for Schuylkill Riverfront Come Together
- Organizing Principles Established: Four-Year Strategic Business Plan (2004- 08)
- Solid Foundation for Growth: Four-Year Annual Operating Commitments from Stakeholders
- Strengthened Public and Private Partnerships
- \$17 million in Federal, State, City and Private Funding in Place
- Priority Projects Underway:

Schuylkill River Trail and Greenway launched

Schuylkill River Park and Trail Phase II Construction Completed

Schuylkill River Park and Trail Phase III Construction Underway

as of 6/30/05

Leadership + Vision = Execution

SRDC has transformed and accomplished many goals following a simple formula. The following summarizes our strategy and accomplishments over the last three years.

Leadership

New Board and Stakeholders Advance Mission

After working diligently for ten years to fund the construction of the Schuylkill River Park, the Schuylkill River Development Council faced a number of unique challenges. Primarily because of continued delays in construction, the future of the project and SRDC were at a critical point in time.

If SRDC was to continue and advance its mission for the entire eight miles of riverfront, important decisions needed to be made regarding funding and stakeholder support. In 2002, under the guidance of the City of Philadelphia Department of Commerce, new leadership was put in place. A new Board of Directors was elected to take the helm and steer a new course for the organization as the "Schuylkill River Development Corporation." The new members included leading civic and institutional leaders, corporate CEOs, directors of municipal agencies and representatives from the former "Council" board - all dedicated to a long term strategy that would preserve the best of the past and ensure a successful future.

Over the next two years, the new SRDC Board and management met goals to secure funding, build participation of key stakeholders and define business priorities through a Four-Year Strategic Plan. Board members and key stakeholders made four-year funding commitments to support operations. New partners joined to undertake capital projects and facilitate coordination of government agencies.

As a result, SRDC was well-positioned to take on a new role – leading and managing a long-term strategy for the development of a dynamic and unique urban waterfront.



Vision

A Unifying Presence for City, Region and Commonwealth

Two exciting plans - the Schuylkill Gateway and the Tidal Schuylkill River Master Plan – provided the framework for creating positive change along the Schuylkill. Given the potential economic, social and physical outcomes, a timely and important decision was made to unify the plans. The result was a coordinated, comprehensive approach that provided significant financial benefits to all stakeholders, both public and private. The benefits of the unified vision under a single, umbrella organization were clear:

- The ability to acquire and leverage funding
- Utilize SRDC's past track record of achievements
- Increase resources through the coordination of agencies

The organizing principles – a unified approach and single, lead organization working in partnership with key stakeholders – forged a solid foundation for growth, ensuring positive, visible signs of progress.

Execution

Sustainable Strategies and Experience

With leadership in place and a vision to guide long-term development, SRDC's next critical step was the execution of the goals of the Master Plan. Working with the Board members and key stakeholders, seven capital projects were identified as priorities and formed the basis of the Four-Year Business Plan.

SRDC's capital program includes a framework of public spaces, a network of bridge and streetscape improvements, a riverfront greenway and trail system and improvement of physical and environmental conditions. A phased approach reflects development priorities, focusing on near term successes (by 2008) and long term results (by 2012).

To ensure successful implementation and execution, the SRDC Board increased the organization's capacity by bringing on an experienced and qualified CEO and expanding the staff. By 2005, the long-awaited River Park, the project which launched the SRDC in 1992, was completed.



2005 Financial Information

STATEMENT OF FINANCIAL POSITION JUNE 30, 2005

ASSETS	
Cash and cash equivalents	\$ 761,052
Contributions and grants receivable	2,128,977
Other assets	<u>12,627</u>
	<u>\$2,902,656</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Line of credit	\$ 23,364
Note payable	50,000
Accounts payable and accrued expenses	<u>249,249</u>
	<u>322,613</u>
Net assets:	
Unrestricted	314,717
Temporarily restricted	<u>2,265,326</u>
	<u>2,580,043</u>
	<u>\$2,902,656</u>

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and grants:			
Foundations	\$ -	\$1,986,749	\$1,986,749
Corporations	102,500	22,500	125,000
Government:			
State	30,000	100,000	130,000
Local	155,400	600,000	755,400
Other	1,030	-	1,030
Interest	8,969	-	8,969
Net assets released from restrictions	<u>2,193,510</u>	<u>(2,193,510)</u>	<u>-</u>
	<u>2,491,409</u>	<u>515,739</u>	<u>3,007,148</u>
Expenses:			
Program:			
River Park Project	1,210,477	-	1,210,477
South Street Project	112,549	-	112,549
Greys Ferry/Bartram's Garden Project	157,158	-	157,158
Market Street	58,149	-	58,149
Walnut & Chestnut Streets Project	57,517	-	57,517
Strategic Planning	110,470	-	110,470
Public Programming	53,806	-	53,806
Management and general	168,196	-	168,196
Development activities and marketing	<u>423,369</u>	<u>-</u>	<u>423,369</u>
	<u>2,351,691</u>	<u>-</u>	<u>2,351,691</u>
Increase in net assets	139,718	515,739	655,457
Net assets beginning of year	<u>174,999</u>	<u>1,749,587</u>	<u>1,924,586</u>
Net assets at end of year	<u>\$ 314,717</u>	<u>\$2,265,326</u>	<u>\$2,580,043</u>

2005 Financial Information

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2005

Cash flows from operating activities:	
Increase in net assets	\$ 655,457
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	9,651
Change in assets and liabilities:	
Contributions and grants receivable	(1,018,800)
Other assets	(7,919)
Accounts payable and accrued expenses	<u>189,200</u>
Net cash used in operating activities	<u>(172,411)</u>
Cash flows from financing activities:	
Net repayments under line of credit	(9,000)
Borrowings on note payable	<u>50,000</u>
Net cash provided by financing activities	<u>41,000</u>
Net decrease in cash and cash equivalents	(131,411)
Cash and cash equivalents at beginning of year	<u>892,463</u>
Cash and cash equivalents at end of year	<u><u>\$ 761,052</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 1,837</u></u>



2005 Financial Information

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

(1) SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

Schuylkill River Development Corporation ("SRDC") is a Pennsylvania non-profit corporation whose mission is to achieve visible and positive change for the Tidal Schuylkill River, the urban section of the Schuylkill Watershed. SRDC seeks to stimulate, promote and coordinate physical, social and economic improvements and to transform the River into a vital economic, social and environmental resource in partnership with public and private sector agencies. SRDC's activities are primarily funded by a small number of contributors and grantors.

Basis of Presentation

Net assets are classified as permanently restricted, temporarily restricted, or unrestricted, depending upon the existence and nature of donor-imposed stipulations. Gifts of cash and other assets, including unconditional promises to give, are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Cash and Cash Equivalents

SRDC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of money market funds.

Concentration of Credit Risk

Certain financial instruments, primarily cash and cash equivalents, and receivables, potentially subject SRDC to concentrations of credit risk. At June 30, 2005, approximately 70% of contributions and grants receivable were due from a single charitable foundation, and the balance primarily from Drexel University and the University of Pennsylvania. The Presidents of Drexel and Penn are members of the SRDC Board of Directors. SRDC performs ongoing credit evaluations; no allowance for uncollectible accounts was considered necessary at June 30, 2005.

Income Taxes

SRDC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal or Pennsylvania income tax.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are due as follows:

Less than one year	\$1,317,350
One to five years	<u>837,700</u>
	2,155,050
Less discount to present value	<u>26,073</u>
	<u><u>\$2,128,977</u></u>

2005 Financial Information

NOTES TO FINANCIAL STATEMENTS (CONT.'D)

(3) LINE OF CREDIT

SRDC has a \$150,000 line of credit from a lending institution. Borrowings are collateralized by substantially all assets. Borrowings bear interest at the lending institution's prime rate plus 1% (7% at June 30, 2005). The line of credit expires on October 1, 2005.

(4) NOTE PAYABLE

A non-interest-bearing unsecured note payable is due March 31, 2006 to PIDC.

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of:

Projects	\$1,618,118
Subsequent year operations	<u>647,208</u>
	<u>\$2,265,326</u>

(6) OPERATING LEASE

SRDC rents office space on a month-to-month basis. Rent expense was \$13,200 for 2005.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Schuylkill River Development Corporation
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of Schuylkill River Development Corporation (a Pennsylvania corporation, not-for-profit) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Schuylkill River Development Corporation. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SRDC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the financial position of Schuylkill River Development Corporation as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Isdaner & Company, LLC

September 13, 2005

Contributors: 2002-2005

Operations and Programs

Brandywine Realty Trust¹
Cesar Pelli & Associates
City of Philadelphia – Department of Commerce¹
Delaware River Port Authority^{1,2}
Drexel University¹
Fairmount Park Conservancy
Historic Landmarks for Living
Melissa Heller
PECO Energy¹
Pennoni Associates
Pennsylvania Department of Community and Economic Development
Sunoco¹
Turner Construction
University of Pennsylvania¹
Urban Engineers
William Penn Foundation

1 - SRDC Board Member

2 - Inkind support

Capital

City of Philadelphia Capital Program
Commonwealth of Pennsylvania Redevelopment-
Capital Assistance Program
Pennsylvania Department of Transportation (PennDot)
Pennsylvania Department of Conservation and Natural Resources
Pennsylvania Department of Environmental Protection-
Coastal Zone Management Program
US Department of Transportation (2005 Appropriation)
US Department of Transportation-
Bridge Funds (2004 Appropriation)
William Penn Foundation

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Joseph Synchron, President 2005- Present

Louise Turan, Executive Director 2000-Present

Erin Bolz, Executive Assistant 2005-Present

Caroline Harrington, Communications Assistant 2004-Present

Credits

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The Schuylkill River Park project is one of seven priority projects identified in the Master Plan. Funded with federal and city dollars, the infrastructure phase of the Park and Trail was completed by July 2003, providing public access to the riverfront for the first time in decades. Leveraging its first successful improvement project, and using already committed federal funds, SRDC then worked in partnership with the Fairmount Park Commission and the US Army Corps of Engineers to undertake the next phase of the project. This included landscaping, benches, trash receptacles, plazas and scenic lookouts between Race and Locust Streets.

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