

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)
Pittsburgh, Pennsylvania

Financial Statements
For the years ended December 31, 2015 and 2014

and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Allegheny County Parks Foundation
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of Allegheny County Parks Foundation (Parks Foundation), a component unit of the County of Allegheny, Pennsylvania, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Parks Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 10, 2016

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ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 55,085	\$ 96,309
Restricted cash	1,878,926	1,776,438
Contributions receivable	415,059	453,064
Prepaid expenses	1,338	122
Fixed assets, net	1,232	3,190
	\$2,351,640	\$2,329,123
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 16,861	\$ 29,079
Capital lease obligations	-	1,052
	16,861	30,131
NET ASSETS		
Unrestricted	215,691	284,922
Temporarily restricted	2,119,088	2,014,070
	2,334,779	2,298,992
	\$2,351,640	\$2,329,123

See notes to financial statements.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Foundations and trusts	\$ 91,023	\$ 685,660	\$ 776,683	\$ 6,485	\$ 500	\$ 6,985
Corporations	4,647	4,280	8,927	450	900	1,350
Individuals	34,018	16,165	50,183	50,599	5,000	55,599
Government	13,800	249,000	262,800	-	2,121	2,121
Miscellaneous	3,134	-	3,134	-	-	-
Interest	101	-	101	-	3,759	3,759
	<u>146,723</u>	<u>955,105</u>	<u>1,101,828</u>	<u>57,534</u>	<u>12,280</u>	<u>69,814</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	850,087	(850,087)	-	1,770,755	(1,770,755)	-
Total Revenues And Support	<u>996,810</u>	<u>105,018</u>	<u>1,101,828</u>	<u>1,828,289</u>	<u>(1,758,475)</u>	<u>69,814</u>
EXPENSES						
Contractor services	472,277	-	472,277	1,216,633	-	1,216,633
Salaries	309,485	-	309,485	147,646	-	147,646
Design consultants	104,868	-	104,868	281,872	-	281,872
Professional services	45,536	-	45,536	37,898	-	37,898
Fringe benefits	32,909	-	32,909	9,671	-	9,671
Payroll taxes	26,947	-	26,947	12,710	-	12,710
Event expenses	14,019	-	14,019	-	-	-
Rent - in-kind	13,800	-	13,800	13,800	-	13,800
Printing and copying	12,759	-	12,759	700	-	700
Information technology	10,641	-	10,641	-	-	-
Travel and entertainment	7,835	-	7,835	1,221	-	1,221
Communications	4,090	-	4,090	3,884	-	3,884
Supplies	3,912	-	3,912	1,520	-	1,520
Insurance	2,572	-	2,572	6,858	-	6,858
Dues and subscriptions	1,717	-	1,717	1,159	-	1,159
Depreciation and amortization	1,608	-	1,608	3,513	-	3,513
Postage	639	-	639	509	-	509
Other expenses	414	-	414	18,249	-	18,249
Interest	13	-	13	197	-	197
Website development	-	-	-	1,718	-	1,718
	<u>1,066,041</u>	<u>-</u>	<u>1,066,041</u>	<u>1,759,758</u>	<u>-</u>	<u>1,759,758</u>
Change In Net Assets	(69,231)	105,018	35,787	68,531	(1,758,475)	(1,689,944)
NET ASSETS						
Beginning of year	284,922	2,014,070	2,298,992	216,391	3,772,545	3,988,936
End of year	<u>\$ 215,691</u>	<u>\$2,119,088</u>	<u>\$2,334,779</u>	<u>\$ 284,922</u>	<u>\$2,014,070</u>	<u>\$2,298,992</u>

See notes to financial statements.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 35,787	\$(1,689,944)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,462	3,513
Changes in assets and liabilities:		
Contributions receivable	38,005	581,445
Prepaid expenses	(1,216)	243
Accounts payable	(12,218)	(33,089)
Net Cash Provided By (Used In) Operating Activities	<u>63,820</u>	<u>(1,137,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,504)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	<u>(1,052)</u>	<u>(2,379)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	61,264	(1,140,211)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,872,747</u>	<u>3,012,958</u>
End of year	<u>\$ 1,934,011</u>	<u>\$ 1,872,747</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 22</u>	<u>\$ 197</u>

See notes to financial statements.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - ORGANIZATION

The Allegheny County Parks Foundation (Parks Foundation), a component unit of the County of Allegheny, Pennsylvania (Allegheny County), was established in 2007 to stimulate public investment in the Allegheny County parks system. The Parks Foundation and Allegheny County administration have partnered with Allegheny County Council in parks betterment. During 2013, Allegheny County committed to provide a total of \$750,000 in operating funds to the Parks Foundation over a three-year period starting in 2013. According to the agreement with the County, an additional \$250,000 is due to the Parks Foundation in 2016.

The Parks Foundation's initial Board of Directors was elected by representatives of Allegheny County. Future Directors will be jointly elected by the Parks Foundation's Board and Allegheny County. An agreement with Allegheny County indicates that Allegheny County is committed to match funds, dollar for dollar, raised by the Parks Foundation in the amount of \$10,000,000 for approved capital projects. The approved and proposed capital projects design, finance and construction will be governed by the individual capital project agreements. To date, as of December 31, 2015, Allegheny County had matched, or committed to match, approximately \$2.7M of capital projects for the Parks Foundation. At December 31, 2015 and 2014, respectively, approximately \$265,000 and \$50,000 was included in contributions receivable relating to matching funds.

For the year ended December 31, 2015, the Parks Foundation received contributions from two sources representing approximately 63% of the Parks Foundation's revenue and support. For the year ended December 31, 2014, the Parks Foundation did not have any concentrations of revenue and support. At December 31, 2015 and 2014, contributions receivable from Allegheny County approximated 67% of total accounts receivable.

The accompanying financial statements are intended to present the financial position and changes in financial position of the Parks Foundation, and not the financial position of Allegheny County taken as a whole.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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 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.

Accounting Basis - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Parks Foundation and the changes therein are classified and reported as follows:

Unrestricted Net Assets - These are net assets that are not subject to donor-imposed stipulations.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets - These are net assets subject to donor-imposed stipulations that may or will be met, either by action of the Parks Foundation 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.

Unrestricted contributions are recorded as revenue when received or pledged. Temporarily restricted contributions are reclassified to unrestricted contributions and reported in the statement of activities as net assets released from restrictions when a stipulated time restriction ends or purpose restriction is accomplished. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. At December 31, 2015, the entire contributions receivable is to be received within the next year. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. The Parks Foundation did not estimate an allowance for doubtful accounts at either December 31, 2015 or 2014.

Cash and Cash Equivalents - The Parks Foundation maintains, at a financial institution, cash that may exceed federally insured amounts at times. For purposes of the statement of cash flows, the Parks Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2015, the Parks Foundation had \$1,934,011 on deposit at a financial institution, \$250,000 of which was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance of \$1,683,384 was uninsured, exposed to custodial risk and was not otherwise collateralized.

Fixed Assets and Depreciation - Furniture, computer equipment and software with a purchase price in excess of \$500 are capitalized if the estimated useful lives are estimated to be three or more years and are valued at cost for purchased assets and fair value for contributed assets. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets. The Parks Foundation reviews the recoverability of the carrying value of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable.

Functional Expenses - The costs of providing the Parks Foundation's various programs and supporting services have been summarized on a functional basis in the footnotes. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Parks Foundation is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an entity that is not a private foundation. Accordingly, no provision for income taxes is recorded in the financial statements. The Parks Foundation has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest and penalties recognized in the statements of activities for the years ended December 31, 2015 and 2014. The statutory tax years of 2011, 2012, 2013 and 2014 remain open.

Related-Party Transactions - In the ordinary course of conducting activities, the Parks Foundation may receive support from individuals or entities for which members of the Board of Directors serve as officers. The Parks Foundation received such funding in the amount of approximately \$17,600 and \$19,400 for the years ended December 31, 2015 and 2014, respectively.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which is the result of a joint project of FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue and to develop a common revenue standard for use in the U.S. and internationally. ASU 2014-09 supersedes the revenue recognition requirements in Topic 605 of the FASB Accounting Standards Codification (Codification) and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 enhances comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, reduces the number of requirements an entity must consider for recognizing revenue, and requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, which deferred ASU 2014-09 by one year. ASU 2014-09 is effective for nonpublic entities for annual reporting periods beginning after December 15, 2018. ASU 2014-09 requires either retrospective application by restating each prior period presented in the financial statements, or retrospective application by recording the cumulative effect on prior reporting periods to beginning retained earnings in the year that the standard becomes effective. The Parks Foundation is currently assessing the provisions of ASU 2014-09 and the impact that it will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15 Presentation of Financial Statements - Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (ASU 2014-15), which is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 provides guidance to an organization's management with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations in the financial statement footnotes. ASU 2014-15 is effective for annual periods ending after December 15, 2016. Early adoption is permitted. The Parks Foundation is currently assessing the impact that ASU 2014-15 will have on its consolidated financial statements.

Subsequent Events - Management has evaluated subsequent events through March 10, 2016, the date on which the restated financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets at December 31:

	<u>2015</u>	<u>2014</u>
Furniture	\$ 4,000	\$ 4,000
Equipment	5,560	5,560
Capital lease property	<u>10,499</u>	<u>10,499</u>
	20,059	20,059
Less - Accumulated depreciation and amortization	<u>18,872</u>	<u>16,870</u>
	<u>\$ 1,232</u>	<u>\$ 3,190</u>

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - NET ASSET RESTRICTIONS

Temporarily restricted net assets as of December 31 subject exclusively to purpose restrictions are as follows:

	<u>2015</u>	<u>2014</u>
North Park Multi-Use Trail	\$ 970,953	\$ 817,153
Volunteer Mobilization	512,236	528,071
Chimney Swift Towers	195,604	-
Community Awareness	191,072	41,072
Operations	97,185	250,000
Children's Projects	43,000	48,000
Boyce Eco Plan	35,660	-
Communications and Marketing	28,091	23,030
Bench Program	20,653	9,248
Youth Park Stewardship	5,000	5,000
Signage - Interpretive	4,927	19,987
Round Hill Shade Structures	4,534	25,000
South Park Outdoor Classroom	3,614	3,614
Eagle Scout Program	2,123	2,700
Settler's Cabin Trails	1,566	231,558
South Park Oval Project	1,123	8,417
South Park Connector Trail	1,050	1,050
Hartwood Mansion Restoration	597	-
Friends of Deer Lake	100	100
Friends of North Park	-	70
	<u>\$ 2,119,088</u>	<u>\$ 2,014,070</u>

Temporarily restricted net assets were released from donor restrictions primarily by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors. Net assets were released during the years ended December 31 for the following purposes:

	<u>2015</u>	<u>2014</u>
Operating Fund	\$ 251,816	\$ 260,291
North Park Multi-Use Trail	238,716	309,403
Settler's Cabin Trails	231,287	240,606
Friends of the Park Projects	47,083	15,643
Communications and Marketing	30,786	11,955
Round Hill Project	20,466	-
Sub-total	820,154	837,898

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - NET ASSET RESTRICTIONS (Continued)

	2015	2014
Balance forward	\$ 5850,154	\$ 837,898
Signage Program	15,061	-
South Park Oval Project	5,375	920,728
Children's Projects	5,000	-
Bench Program	3,920	11,729
Eagle Scout Program	577	400
	\$ 29,933	\$ 1,770,775

NOTE 5 - LEASES

In 2013, the Parks Foundation entered an agreement with Allegheny County for donated space at the Boyce Park Administration building. The agreement is for three years with an option for two, one-year extensions. For 2015 and 2014, the Foundation recorded in-kind contributions of \$13,800.

The Parks Foundation has entered into a lease agreement through May 2015 for office equipment that has been accounted for as a capital lease. The obligation, which is collateralized by the underlying equipment, is payable in monthly installments of \$215, including interest at 8.37%. The asset is being depreciated over its estimated useful life.

NOTE 6 - EMPLOYEE BENEFIT PLAN

In lieu of establishing a retirement plan, the Parks Foundation has committed to contribute 2% of salary annually to the personal retirement accounts of each of its employees. Retirement expense for the years ended 2015 and 2014 was approximately \$3,300 and \$1,800, respectively.

NOTE 7 - ALLEGHENY COUNTY AGREEMENT

Under the agreement with Allegheny County, the design, finance and construction of the capital projects will be governed by the individual project agreements. Depending on the nature of the costs and the project agreement, the Parks Foundation may pay the respective costs directly to a third party and be reimbursed by Allegheny County for the 50% match of the associated costs, or Allegheny County may pay the third party directly and the Parks Foundation will reimburse Allegheny County for 50% of the associated costs. The Parks Foundation will only recognize a matching contribution from Allegheny County in the statements of activities for contracts and costs whereby Allegheny County reimburses the Parks Foundation directly. The Parks Foundation has committed to fund approximately \$457,000 of design costs for ongoing projects, of which approximately \$365,000 has been funded at December 31, 2015.

ALLEGHENY COUNTY PARKS FOUNDATION
(A Component Unit of the County of Allegheny, Pennsylvania)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 7 - ALLEGHENY COUNTY AGREEMENT (Continued)

As of December 31, 2015, Allegheny County has committed to match approximately \$685,500 for construction costs of ongoing projects. These matching funds will be paid by Allegheny County directly to the contractor as invoices are presented. As such, no receivable or revenue has been recorded by the Parks Foundation for these matching funds at or for the year ended December 31, 2015.

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