



County of Allegheny

Office of the Controller

**INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE
COUNTY OF ALLEGHENY, PENNSYLVANIA)
FOR THE YEAR ENDED DECEMBER 31, 2010**

MARCH 25, 2011

**County of Allegheny
Office of the Controller
Mark Patrick Flaherty
Controller**

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**INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE
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FOR THE YEAR ENDED DECEMBER 31, 2010**

MARCH 25, 2011

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MARK PATRICK FLAHERTY
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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GUY A. TUMOLO
DEPUTY CONTROLLER

March 7, 2011

Mr. John Surma
Chairman, Board of Directors
Allegheny County Parks Foundation
535 Smithfield Street, Suite 525
Pittsburgh, PA 15222

SUBJECT:

**Independent Auditor's Report
Allegheny County Parks Foundation
(A Component Unit of the County of Allegheny, Pennsylvania)
For the Year Ended December 31, 2010**

Dear Mr. Surma,

We have audited the accompanying statement of financial position of the Allegheny County Parks Foundation ("Parks Foundation") as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management of the Parks Foundation. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

Mr. John Surma
March 7, 2011

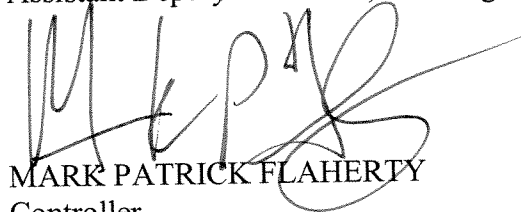
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allegheny County Parks Foundation as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 7, 2011 on our consideration of the Allegheny County Parks Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc: Honorable James Burn, Jr, President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive, Allegheny County
Mr. James M. Flynn Jr., County Manager, Allegheny County
Ms. Amy Griser, Budget Director, Allegheny County
Mr. Joe Catanese, Director of Constituent Services, County Council
Ms. Jennifer Liptak, Budget Director, County Council
Allegheny County Parks Foundation Board of Directors
Ms. Christine Fulton, Executive Director, Allegheny County Parks Foundation
Mr. Guy A. Tumolo, Deputy Controller, Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, Accounting, Controller's Office
Ms. Pamela Goldsmith, Communications Director, Controller's Office

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ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE COUNTY OF ALLEGHENY, PENNSYLVANIA)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2010

ASSETS

Current Assets:	
Cash	\$ 251,481
Restricted cash	1,198,181
Prepaid expenses	4,547
Receivables (no allowance deemed necessary):	
Employees	646
Grants	443,200
	<hr/>
Total Current Assets	1,898,055
Fixed assets, net of accumulated depreciation and amortization	17,183
	<hr/>
Total Assets	<u>\$ 1,915,238</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 8,736
Accrued liabilities	2,367
Capital lease obligations - current portion	1,853
	<hr/>
Total Current Liabilities	12,956
Capital lease obligations - long-term portion	7,634
	<hr/>
Total Liabilities	<u>20,590</u>
Net Assets:	
Unrestricted	696,467
Temporarily restricted	1,198,181
	<hr/>
Total Net Assets	1,894,648
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Total Liabilities and Net Assets	<u>\$ 1,915,238</u>

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE COUNTY OF ALLEGHENY, PENNSYLVANIA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Revenues and Support:			
Foundations and trusts	\$ -	\$ 1,225,536	\$ 1,225,536
Corporations	-	3,000	3,000
Individuals	35,003	-	35,003
In-kind contributions	4,000	-	4,000
Interest	2,059	-	2,059
	41,062	1,228,536	1,269,598
Net assets released from restrictions:			
Satisfaction of program restrictions	30,355	(30,355)	-
	71,417	1,198,181	1,269,598
Expenses:			
Salaries	184,960	-	184,960
Professional services	24,883	-	24,883
Website development	21,794	-	21,794
Fringe benefits	20,138	-	20,138
Payroll taxes	13,523	-	13,523
Rent	10,760	-	10,760
Travel and entertainment	5,131	-	5,131
Communications	4,714	-	4,714
Insurance	4,243	-	4,243
Supplies	2,391	-	2,391
Depreciation and amortization	2,235	-	2,235
Printing and copying	535	-	535
Dues and subscriptions	500	-	500
Interest	492	-	492
Postage	306	-	306
Other expenses	1,443	-	1,443
	298,048	-	298,048
Change in Net Assets	(226,631)	1,198,181	971,550
Net Assets - Beginning of Year	923,098	-	923,098
Net Assets - End of Year	\$ 696,467	\$ 1,198,181	\$ 1,894,648

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE COUNTY OF ALLEGHENY, PENNSYLVANIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

Cash Flows From Operating Activities:	
Change in net assets:	\$ 971,550
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided By Operating Activities:	
Depreciation and amortization	2,235
In-kind contributions	(4,000)
Changes in Operating Assets:	
Increase in accounts receivable	(646)
Increase in prepaid expenses	(3,222)
Changes in Operating Liabilities:	
Increase in accounts payable	6,873
Increase in accrued expenses	1,967
Net Adjustments	3,207
Net Cash Provided by Operating Activities	974,757
Cash Flows From Investing Activities:	
Fixed asset acquisitions	(15,418)
Net Cash Used in Investing Activities	(15,418)
Cash Flows From Financing Activities:	
New capital lease obligations	10,499
Payments of capital lease obligations	(1,012)
Net Cash Provided by Financing Activities	9,487
Net Increase in Cash	968,826
Cash - Beginning of Year	480,836
Cash - End of Year	\$ 1,449,662
Supplemental Disclosure of Cash Flow Information:	
Unrestricted Cash - End of Year	\$ 251,481
Restricted Cash - End of Year	1,198,181
Total Cash - End of Year	\$ 1,449,662

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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ALLEGHENY COUNTY PARKS FOUNDATION
(A COMPONENT UNIT OF THE COUNTY OF ALLEGHENY, PENNSYLVANIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

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 is organized under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania. The Parks Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined by the Internal Revenue Service to be a public charity.

The Parks Foundation’s initial Board of Directors was elected by representatives of Allegheny County. Future Directors will be elected by the Parks Foundation’s Board. Allegheny County committed to provide \$1,000,000 in operating funds to the Parks Foundation, and an agreement with the County indicates that the County is committed to match funds, dollar for dollar, raised by the Parks Foundation in the amount of \$10,000,000.

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

Basis of Accounting:

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (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.

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. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets.

Support and Revenue:

Support from government and private grants is recorded when the award is made and any related conditions are known. Such support is recorded as unrestricted or temporarily restricted depending upon the existence of conditions placed upon the use of the award by the donor.

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected beyond a one year period are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Use of Estimates by Management:

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 DEPOSITS

The Parks Foundation had no investments at December 31, 2010 and has not formally adopted an investment policy. At December 31, 2010, the Parks Foundation had \$1,453,167 on deposit in a money market deposit account at a financial institution, \$250,000 of which was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance of \$1,203,167 was uninsured, exposed to custodial credit risk and was not otherwise collateralized. Custodial credit risk is the risk that, in the event of a bank failure, the Parks Foundation's deposits may not be returned to it. The financial institution has a strong credit rating and management believes that the custodial credit risk related to these deposits is minimal.

NOTE 3 EMPLOYEE RECEIVABLES

The Parks Foundation's employees participate in the cost of their health, dental, and vision insurance plans. The Parks Foundation is billed and directly pays for the insurance. The receivables from employees at December 31, 2010, \$646, represent reimbursements of the employees' share of insurance costs to which the Parks Foundation is entitled.

NOTE 4 FIXED ASSETS

The following is a summary of fixed assets at December 31, 2010:

	Cost 1/1/2010	Additions	Disposals	Cost 12/31/2010
Furniture	\$ -	\$ 4,000	\$ -	\$ 4,000
Equipment	-	4,919	-	4,919
Capital Lease Property	-	10,499	-	10,499
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ 19,418</u>	<u>\$ -</u>	<u>\$ 19,418</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 **FIXED ASSETS (CONTINUED)**

	Accum. Depr. & Amortization 1/1/2010	Additions	Disposals	Accum. Depr. & Amortization 12/31/2010
Furniture	\$ -	\$ 381	\$ -	\$ 381
Equipment	-	629	-	629
Capital Lease Property	-	1,225	-	1,225
	-	1,225	-	1,225
Total	<u>\$ -</u>	<u>\$ 2,235</u>	<u>\$ -</u>	<u>\$ 2,235</u>

NOTE 5 **NET ASSET RESTRICTIONS**

Temporarily restricted net assets as of December 31, 2010, subject exclusively to purpose restrictions, are as follows:

North Park Multi-Use Trail	\$ 598,000
Friends of the Park Projects	275,000
South Park Connector Trail	254,645
Volunteer Initiative	25,000
Children's Projects	25,000
Community Awareness	<u>20,536</u>
TOTAL	<u>\$1,198,181</u>

NOTE 6 **LEASES**

The Parks Foundation leases office space under a non-cancelable operating lease with a three-year term expiring April 2013. The lease is subject to annual tax and expense escalations. Rent expense for the year ended December 31, 2010 was \$9,260.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 LEASES (CONTINUED)

Minimum future lease payments under the lease for the next three years are as follows:

<u>Year</u>	<u>Future Minimum Lease Payments</u>
2011	\$ 15,505
2012	23,580
2013	<u>7,860</u>
Total	<u>\$ 46,945</u>

The Parks Foundation leases office equipment under a non-cancelable capital lease with a five-year term expiring June 2015. Minimum future lease payments for the next five years are as follows:

<u>Year</u>	<u>Future Minimum Lease Payments</u>
2011	\$ 2,577
2012	2,577
2013	2,577
2014	2,577
2015	<u>1,073</u>
Total Minimum Lease Payments	\$11,381
Less: Amount Representing Interest	<u>(1,894)</u>
Present Value of Minimum Lease Payments	<u>\$ 9,487</u>

NOTE 7 RELATED PARTY TRANSACTIONS

The President of the Jewish Healthcare Foundation is a member of the Parks Foundation's Board of Directors. During the year ended December 31, 2010, the Jewish Healthcare Foundation leased temporary office space to the Foundation on a month to month basis at \$500 per month. Rent expense under the lease for the year ended December 31, 2010 was \$1,500 as the Foundation occupied the temporary office space for three months during the year. There were no amounts due to or due from the Jewish Healthcare Foundation attributable to the lease at December 31, 2010.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 **COMMITMENTS AND CONTINGENCIES**

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 year ended December 31, 2010 was \$3,388.

The Parks Foundation has received a conditional grant from the Jewish Healthcare Foundation in the amount of \$60,000 to fund the Montour Trail Project. The grant is contingent upon successful completion of project milestones established in connection with the initial unconditional grant received from the Jewish Healthcare Foundation and the Parks Foundation's successful solicitation of additional funds to complete the project.

NOTE 9 **SUBSEQUENT EVENTS**

The Parks Foundation's management has evaluated subsequent events through March 25, 2011, the date of the issuance of the financial statements.

On March 9, 2011, a joint venture agreement to undertake the South Park Montour Connector Trail project was executed by the Parks Foundation and Allegheny County. The scope of the project includes approximately two miles of trail, a 50 foot bridge crossing Sleepy Hollow Run, grading at the intersection with the Montour Trail, and trail heads close to parking lots within South Park for easy access. The trail is intended to adhere to ADA requirements and offer amenities including benches and tables. The project has an estimated budget of \$1,418,964 which contemplates the provision of resources from multiple funding sources. The Parks Foundation and Allegheny County are each projected to cover \$452,482 of the project costs. The agreement permits Allegheny County to satisfy a portion of its matching commitment through the provision of in-kind services.