

Financial Statements of

**PITTSBURGH COMMUNITY
BENEFIT FUND**

Years ended December 31, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Stakeholders of the Pittsburgh Community Benefit Fund

We have audited the accompanying financial statements of the Pittsburgh Community Benefit Fund, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 our 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, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Pittsburgh Community Benefit Fund as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

February 25, 2013

Kingston, Canada

PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Years ended December 31, 2012 and 2011

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PITTSBURGH COMMUNITY BENEFIT FUND

Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash and cash equivalents	\$ 316,104	\$ 270,649	\$ 252,475
Accrued interest	31,159	24,925	29,199
Prepaid expenses	—	—	2,659
Short-term investments (note 2)	810,034	502,037	459,927
	<u>1,157,297</u>	<u>797,611</u>	<u>744,260</u>
Long-term investments (note 2)	3,227,550	3,488,062	3,762,823
	<u>\$ 4,384,847</u>	<u>\$ 4,285,673</u>	<u>\$ 4,507,083</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities (note 4)	\$ 7,599	\$ 7,239	\$ 6,051
Net assets:			
Unrestricted	4,377,248	4,278,434	4,501,032
	<u>\$ 4,384,847</u>	<u>\$ 4,285,673</u>	<u>\$ 4,507,083</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

PITTSBURGH COMMUNITY BENEFIT FUND

Statements of Operations

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Investment income	\$ 125,030	\$ 83,003
Net realized gain on sale of investments	27,066	74
Unrealized gain (loss) on investment	106,329	(80,010)
Other income	465	895
	<u>258,890</u>	<u>3,962</u>
Expenditures:		
Grants:		
Holy Name Parish	12,500	-
Pittsburgh Historical Society	1,968	-
Army, Navy and Air Force Veterans	-	7,000
Barriefield Rock Garden grant	6,138	6,000
Joyceville Public School	1,500	1,400
Joyceville Women's Institute	3,069	3,000
Kingston Sheep Dog Trials	10,230	10,000
Pittsburgh Community Garden Association	2,790	750
Scholarship grants	15,000	15,000
Soccerfield	73,400	146,800
St. John's Church	6,000	6,000
	<u>132,595</u>	<u>195,950</u>
Administrative:		
Communications	3,995	3,191
Insurance	7,978	7,978
Office	5,308	6,470
Professional fees	9,958	12,929
Service charges	242	42
	<u>27,481</u>	<u>30,610</u>
Total expenditures	<u>160,076</u>	<u>226,560</u>
Excess of revenue over expenditures (expenditures over revenue)	\$ 98,814	\$ (222,598)

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Balance, beginning of year	\$ 4,278,434	\$ 4,501,032
Excess of revenue over expenditures (expenditures over revenue)	98,814	(222,598)
Balance, end of year	\$ 4,377,248	\$ 4,278,434

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 98,814	\$ (222,598)
Changes in non-cash working capital:		
Accrued interest	(6,234)	4,274
Prepaid expenses	-	2,659
Accounts payable and accrued liabilities	360	1,188
	<u>92,940</u>	<u>(214,477)</u>
Investing activities:		
Net change in short-term investments	(307,997)	(42,110)
Net change in long-term investments	260,512	274,761
	<u>(47,485)</u>	<u>232,651</u>
Net increase in cash and cash equivalents	45,455	18,174
Cash and cash equivalents, beginning of year	270,649	252,475
Cash and cash equivalents, end of year	<u>\$ 316,104</u>	<u>\$ 270,649</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Years ended December 31, 2012 and 2011

The Fund is incorporated without share capital under the laws of Ontario. Its principal activity is to fund projects that will enhance the quality of life of residents in the former Township of Pittsburgh.

On January 1, 2012, the Fund adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Fund has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying these Not-For-Profit Standards.

There were no adjustments to net assets as at January 1, 2011 or net assets for the year ended December 31, 2011 as a result of the transition to these standards.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook.

(a) Revenue recognition:

Investment revenue includes dividends, interest and realized gains and losses on investments.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value.

Sales and purchases of investments are recorded on the trade date. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

(e) Net realized gain on sale of investments:

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

2. Investments:

	December 31, 2012		December 31, 2011		January 1, 2011	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 769,436	\$ 810,304	\$ 477,714	\$ 502,037	\$ 475,522	\$ 459,927
Long-term investments:						
Guaranteed investment certificates	\$ 754,470	\$ 766,760	\$ 766,700	\$ 789,123	\$ 949,034	\$ 964,074
Canadian bonds	286,836	310,818	929,436	995,336	1,224,816	1,258,536
Canadian equities	757,099	919,732	945,267	991,287	886,565	1,032,285
Foreign equities	1,195,190	1,230,240	694,455	712,316	439,732	507,928
	<u>\$2,993,595</u>	<u>\$3,227,550</u>	<u>\$3,335,858</u>	<u>\$3,488,062</u>	<u>\$3,500,147</u>	<u>\$3,762,823</u>

3. Fair value of financial assets and financial liabilities:

The fair value of the Fund's cash and cash equivalents and accounts payable and accrued liabilities approximates their carrying amounts due to the relatively short periods to maturity of these financial instruments. The fair value of investments is reported as described in note 1(c).

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (December 31, 2011 - \$Nil; January 1, 2011 - \$Nil).

5. Transfer of land:

On November 26, 2009, Pittsburgh Community Benefit Fund entered into a Pittsburgh Community Benefit Fund Gifting Agreement with the Corporation of the City of Kingston for the City to develop a community sports facility.

The Fund transferred title of the land to the City in 2010 and will assist to finance the project costs with five annual payments totalling \$367,000 once construction of the sports facility commenced. During 2012, payments of \$73,400 were paid. There are two payments remaining totalling \$146,800.

6. Capital management:

The main objective of the Fund is to provide support, benefits, and assistance to the residents of the community. The Fund fulfils its primary objective by adhering to specific investment policies outlined in its Investment Policy Statement, which is reviewed regularly by the Investment and Finance Committee. The Fund manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds in accordance with the approved Investment Policy Statement. Increases in net assets are a direct result of investment income generated by investments held by the Fund.