

Financial Statements of

**PITTSBURGH COMMUNITY
BENEFIT FUND**

Year ended December 31, 2014



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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 statement of financial position as at December 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 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, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 9, 2015

Kingston, Canada

PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2014

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PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 501,054	\$ 723,983
Accrued interest	20,299	24,516
Short-term investments (note 2)	1,143,217	571,430
	<u>1,664,570</u>	<u>1,319,929</u>
Long-term investments (note 2)	2,945,256	3,150,142
	<u>\$ 4,609,826</u>	<u>\$ 4,470,071</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 79,954	\$ 128,921
Net assets:		
Unrestricted	4,529,872	4,341,150
	<u>\$ 4,609,826</u>	<u>\$ 4,470,071</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Investment income	\$ 120,001	\$ 114,819
Net realized gain on sale of investments	93,067	216,661
Unrealized gain on investment	269,424	132,127
Other income	250	—
	<u>482,742</u>	<u>463,607</u>
Expenditures:		
Grants:		
Barriefield Rock Garden grant	6,300	6,231
Barriefield Village Association	2,000	—
Holy Name Of Jesus Church	20,000	12,500
Holy Name School	—	29,000
Joyceville Public School	22,000	—
Joyceville Women's Institute	3,152	3,115
Kingston Sheep Dog Trials	15,157	10,385
LaSalle Secondary School	15,000	20,000
Pittsburgh Community Garden Association	—	2,115
Pittsburgh Softball Association	8,000	5,000
Scholarship grants	22,500	20,000
St. Barnaby's Catholic Church	15,000	15,000
St. John's Church	45,670	20,500
St. Martha's Catholic School	19,795	—
South Pittsburgh Community	3,152	3,553
	<u>197,726</u>	<u>147,399</u>
Capital grants:		
Soccerfield	73,400	73,400
Sir John A MacDonald Playground	—	252,008
	<u>73,400</u>	<u>325,408</u>
Administrative:		
Communications	3,128	3,245
Insurance	7,964	7,866
Office	4,174	6,420
Professional fees	7,580	9,224
Service charges	48	143
	<u>22,894</u>	<u>26,898</u>
Total expenditures	<u>294,020</u>	<u>499,705</u>
Excess of revenue over expenditures (expenditures over revenue)	\$ 188,722	\$ (36,098)

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Balance, beginning of year	\$ 4,341,150	\$ 4,377,248
Excess of revenue over expenditures (expenditures over revenue)	188,722	(36,098)
Balance, end of year	\$ 4,529,872	\$ 4,341,150

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 188,722	\$ (36,098)
Changes in non-cash working capital:		
Accrued interest	4,217	6,643
Accounts payable and accrued liabilities	(48,967)	121,322
	<u>143,972</u>	<u>91,867</u>
Investing activities:		
Net change in short-term investments	(571,787)	238,604
Net change in long-term investments	204,886	77,408
	<u>(366,901)</u>	<u>316,012</u>
Net increase (decrease) in cash and cash equivalents	(222,929)	407,879
Cash and cash equivalents, beginning of year	723,983	316,104
Cash and cash equivalents, end of year	<u>\$ 501,054</u>	<u>\$ 723,983</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2014

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.

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 CPA Canada Handbook – Accounting.

(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.

(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.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2014

2. Investments:

	2014		2013	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 1,143,217	\$ 1,143,217	\$ 554,470	\$ 571,430
Long-term investments:				
Guaranteed investment certificates	\$ —	\$ —	\$ 300,000	\$ 300,000
Canadian bonds	133,773	293,826	103,447	268,426
Canadian equities	794,411	936,731	816,058	933,856
Foreign equities	1,128,462	1,714,699	1,303,006	1,647,860
	\$ 2,056,646	\$ 2,945,256	\$ 2,522,511	\$ 3,150,142

3. Financial risks and concentration of risk:

The Fund manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board. The Fund is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Fund believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Fund believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 1.90% and 4.55% and have maturities ranging from March 20, 2015 to June 6, 2023.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Fund's overall currency positions are monitored regularly by the portfolio manager.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2014

4. 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 2014, an invoice has been received for \$73,400 from the City of Kingston and recorded as payable. There will be no further payments remaining.

5. 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.