

Financial Statements of

**PITTSBURGH COMMUNITY  
BENEFIT FUND**

Year ended December 31, 2015



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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, 2015, 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, 2015, 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*

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Chartered Professional Accountants, Licensed Public Accountants

February 22, 2016

Kingston, Canada

# PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2015

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# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 309,767	\$ 501,054
Accrued interest	17,174	20,299
Short-term investments (note 2)	1,158,790	1,143,217
	<u>1,485,731</u>	<u>1,664,570</u>
Long-term investments (note 2)	3,020,050	2,945,256
	<u>\$ 4,505,781</u>	<u>\$ 4,609,826</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,554	\$ 79,954
Net assets:		
Unrestricted	4,499,227	4,529,872
Commitments (note 6)		
	<u>\$ 4,505,781</u>	<u>\$ 4,609,826</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, 2015, with comparative information for 2014

	2015	2014
<b>Revenue:</b>		
Investment income	\$ 123,604	\$ 120,001
Net realized gain (loss) on sale of investments	(5,895)	93,067
Unrealized gain on investment	137,871	269,424
Other income	7,993	250
	<u>263,573</u>	<u>482,742</u>
<b>Expenses:</b>		
<b>Grants:</b>		
1 <sup>st</sup> Joyceville Scouts	5,740	-
Barriefield Rock Garden grant	6,420	6,300
Barriefield Village Association	-	2,000
Frontenac County School Museum	2,635	-
Holy Name School Playground	20,000	20,000
Joyceville Public School	-	22,000
Joyceville Women's Institute	3,212	3,152
Kingston Scottish Festival	5,000	-
Kingston Sheep Dog Trials	10,710	15,157
LaSalle Secondary School	45,784	15,000
Pittsburgh Softball Association	2,000	8,000
Sand Hill Presbyterian Church	20,000	-
Scholarship grants	22,500	22,500
South Pittsburgh Community	3,212	3,152
St. Barnaby's Catholic Church	27,000	15,000
St. John's Church	7,244	45,670
St. Lawrence College	25,000	-
St. Mark's Anglican Church	28,930	-
St. Martha's Catholic School	33,796	19,795
	<u>269,183</u>	<u>197,726</u>
<b>Capital grants:</b>		
Soccer field	-	73,400
<b>Administrative:</b>		
Communications	2,442	3,128
Insurance	7,964	7,964
Office	4,113	4,174
Professional fees	10,290	7,580
Service charges	226	48
	<u>25,035</u>	<u>22,894</u>
<b>Total expenses</b>	<u>294,218</u>	<u>294,020</u>
<b>Excess of revenue over expenses</b>		
(expenses over revenue)	<u>\$ (30,645)</u>	<u>\$ 188,722</u>

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Balance, beginning of year	\$ 4,529,872	\$ 4,341,150
Excess of revenue over expenses (expenses over revenue)	(30,645)	188,722
Balance, end of year	\$ 4,499,227	\$ 4,529,872

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (30,645)	\$ 188,722
Changes in non-cash working capital:		
Accrued interest	3,125	4,217
Accounts payable and accrued liabilities	(73,400)	(48,967)
	<u>(100,920)</u>	<u>143,972</u>
Investing activities:		
Increase in short-term investments	(15,573)	(571,787)
Decrease (increase) in long-term investments	(74,794)	204,886
	<u>(90,367)</u>	<u>(366,901)</u>
Net decrease in cash and cash equivalents	(191,287)	(222,929)
Cash and cash equivalents, beginning of year	501,054	723,983
Cash and cash equivalents, end of year	<u>\$ 309,767</u>	<u>\$ 501,054</u>

See accompanying notes to financial statements.



# PITTSBURGH COMMUNITY BENEFIT FUND

## Notes to Financial Statements

Year ended December 31, 2015

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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 Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

(a) Revenue recognition:

Investment income includes dividends and interest earned 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. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Fund has elected to subsequently carry all of its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal period if there are indicators of impairment. If there is an indicator of impairment, the Fund determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Fund expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 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.

### (e) Net realized gain (loss) on sale of investments:

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

## 2. Investments:

	2015		2014	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 1,159,650	\$ 1,158,790	\$ 1,143,217	\$ 1,143,217
Long-term investments:				
Canadian bonds	\$ 234,573	\$ 233,066	\$ 133,773	\$ 293,826
Canadian equities	755,513	780,867	794,411	936,731
Foreign equities	1,156,350	2,006,117	1,128,462	1,714,699
	\$ 2,146,436	\$ 3,020,050	\$ 2,056,646	\$ 2,945,256

## 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.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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### 3. Financial risks and concentration of risk (continued):

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 1.55% and 5.29% and have maturities ranging from January 30, 2016 to March 22, 2021.

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.

### 4. Transfer of land:

On November 26, 2009, PCBF entered into a gifting agreement with the City of Kingston (the "City") for the City to develop a community sports facility. The Fund transferred title of the land to the City in 2010 and financed the project costs with five annual payments totaling \$367,000 once construction of the sports facility commenced.

During 2014, an invoice was received for \$73,400 from the City and was recorded as payable. The \$73,400 was accrued and presented on the 2014 financial statements and payment was made in early 2015.

As of December 31, 2015, there are 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.

### 6. Commitments:

#### (a) St. Barnaby's Catholic Church:

In March of 2015, the Fund approved support for St. Barnaby's Catholic Church for window replacement and roof repairs. A maximum amount of \$54,000 is to be paid in two equal installments over two years. An amount of \$27,000 was incurred as of December 31, 2015. An additional \$27,000 is to be paid in 2016.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 6. Commitments (continued):

(b) Sand Hill Presbyterian Church:

In March of 2015, the Fund approved support for Sand Hill Presbyterian Church for stained-glass window replacement. A maximum amount of \$40,000 is to be paid in two equal installments over two years. An amount of \$20,000 was incurred as of December 31, 2015. An additional \$20,000 is to be paid in 2016.

(c) Pittsburgh Softball Association:

In April of 2015, the Fund approved support for the Pittsburgh Softball Association to purchase new softball equipment and uniforms. A maximum amount of \$8,000 is to be paid in four equal installments over four years. An amount of \$2,000 was incurred as of December 31, 2015. An additional \$2,000 is to be paid in each of 2016, 2017, and 2018.

(d) St. Mark's Anglican Church:

In March of 2015, the Fund approved support for St. Mark's Anglican Church for the Barriefield Parish Community Hall Renovation Project. A maximum amount of \$57,860 is to be paid in two equal installments over two years. An amount of \$28,930 was incurred as of December 31, 2015. An additional \$28,930 is to be paid in 2016.

(e) LaSalle Secondary School Gymnasium of Dreams:

In March of 2015, the Fund approved support for the LaSalle Secondary School Gymnasium of Dreams. A maximum amount of \$48,952 is to be paid in two equal installments over two years. An amount of \$24,476 was incurred as of December 31, 2015. An additional \$24,476 is to be paid in 2016.

(f) Holy Name School Playground:

In February of 2014, the Fund approved support for the Holy Name School Playground for All. A maximum amount of \$60,000 is to be paid in three equal installments over three years. An amount of \$20,000 was incurred this fiscal year as of December 31, 2015. An additional \$20,000 is to be paid in 2016.