

Financial Statements of

**PITTSBURGH COMMUNITY
BENEFIT FUND**

Year ended December 31, 2016



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Telephone 613-549-1550
Fax 613-549-6349

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, 2016, 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, 2016, 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 6, 2017

Kingston, Canada

PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2016

	Page
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 416,134	\$ 309,767
Accounts receivable	571	–
Accrued interest	18,038	17,174
Short-term investments (note 2)	1,452,253	1,158,790
	<u>1,886,996</u>	<u>1,485,731</u>
Long-term investments (note 2)	2,544,399	3,020,050
	<u>\$ 4,431,395</u>	<u>\$ 4,505,781</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,006	\$ 6,554
Net assets:		
Unrestricted	4,424,389	4,499,227
Commitments (note 5)		
	<u>\$ 4,431,395</u>	<u>\$ 4,505,781</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, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Investment income	\$ 80,730	\$ 123,604
Net realized loss on sale of investments	(25,977)	(5,895)
Unrealized gain on investment	168,028	137,871
Other income	-	7,993
	<u>222,781</u>	<u>263,573</u>
Expenses:		
Grants:		
1 st Joyceville Scouts	-	5,740
Barriefield Rock Garden grant	6,530	6,420
Frontenac County School Museum	-	2,635
Holy Name Church Roof	30,000	-
Holy Name School Building Community	10,154	-
Holy Name School Playground	20,000	20,000
Joyceville Women's Institute	3,267	3,212
Kingston Scottish Festival	-	5,000
Kingston Sheep Dog Trials	10,892	10,710
Kingston United Soccer Club	3,000	-
LaSalle 50 th Reunion	15,000	-
LaSalle Digital Sign	15,000	-
Lasalle Gymnasium	24,476	-
LaSalle Secondary School	-	45,784
Pittsburgh Community Seniors	3,267	-
Pittsburgh Softball Association	2,000	2,000
Real Me Project	4,500	-
Sand Hill Church Windows	20,000	-
Sand Hill Presbyterian Church	-	20,000
Scholarship grants	21,000	22,500
South Pittsburgh Community	-	3,212
St. Barnaby's Catholic Church	27,000	27,000
St. John's Church	10,000	7,244
St. Lawrence College	-	25,000
St. Mark's Anglican Church	28,359	28,930
St. Martha's Catholic School	20,000	33,796
	<u>274,445</u>	<u>269,183</u>
Administrative:		
Communications	2,908	2,442
Insurance	7,964	7,964
Office	3,661	4,113
Professional fees	8,641	10,290
Service charges	-	226
	<u>23,174</u>	<u>25,035</u>
Total expenses	<u>297,619</u>	<u>294,218</u>
Excess of expenses over revenue	<u>\$ (74,838)</u>	<u>\$ (30,645)</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Balance, beginning of year	\$ 4,499,227	\$ 4,529,872
Excess of expenses over revenue	(74,838)	(30,645)
Balance, end of year	\$ 4,424,389	\$ 4,499,227

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of expenses over revenue	\$ (74,838)	\$ (30,645)
Changes in non-cash working capital:		
Accounts receivable	(571)	—
Accrued interest	(864)	3,125
Accounts payable and accrued liabilities	452	(73,400)
	<u>(75,821)</u>	<u>(100,920)</u>
Investing activities:		
Increase in short-term investments	(293,463)	(15,573)
Decrease (increase) in long-term investments	475,651	(74,794)
	<u>182,188</u>	<u>(90,367)</u>
Net increase (decrease) in cash and cash equivalents	106,367	(191,287)
Cash and cash equivalents, beginning of year	309,767	501,054
Cash and cash equivalents, end of year	<u>\$ 416,134</u>	<u>\$ 309,767</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2016

The Pittsburgh Community Benefit Fund (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, 2016

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 less investment fees.

2. Investments:

	2016		2015	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 1,456,202	\$ 1,452,253	\$ 1,159,650	\$ 1,158,790
Long-term investments:				
Canadian bonds	\$ —	\$ —	\$ 234,573	\$ 233,066
Canadian equities	523,071	674,014	755,513	780,867
Foreign equities	963,368	1,870,385	1,156,350	2,006,117
	\$ 1,486,439	\$ 2,544,399	\$ 2,146,436	\$ 3,020,050

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, 2016

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 1.35% and 5.29% and have maturities ranging from April 25, 2017 to November 29, 2017.

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.

There are no significant changes in risk exposures from 2015.

4. Capital management:

The main objective of the Fund is to provide support, benefits, and assistance to the residents of the community. The Fund fulfills 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.

5. Commitments:

(a) 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 \$4,000 was incurred as of December 31, 2016 (2015 - \$2,000). An additional \$2,000 is to be paid in each of 2017 and 2018.

(b) Holy Name Church:

In May of 2016, the Fund approved support for the Holy Name Church. A maximum amount of \$90,000 is to be paid in three equal installments over three years. An amount of \$30,000 was incurred as of December 31, 2016 (2015 - \$Nil).

(c) Other continued support:

In January of 2016, the Fund approved continued support until the year 2020 of the Pittsburgh and Joyceville Women's Institutes, Kingston Sheep Dog Trials, and Barriefield Gardens. The amount of support will be determined yearly based on their applications.