

Financial Statements of

**PITTSBURGH COMMUNITY
BENEFIT FUND**

Year ended December 31, 2017



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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, 2017, 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, 2017, 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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

February 21, 2018

PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2017

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PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 437,002	\$ 416,134
Accounts receivable	–	571
Accrued interest	12,947	18,038
Short-term investments (note 2)	1,400,000	1,452,253
	<u>1,849,949</u>	<u>1,886,996</u>
Long-term investments (note 2)	2,777,341	2,544,399
	<u>\$ 4,627,290</u>	<u>\$ 4,431,395</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,506	\$ 7,006
Net assets:		
Unrestricted	4,618,784	4,424,389
Commitments (note 5)		
	<u>\$ 4,627,290</u>	<u>\$ 4,431,395</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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Investment income	\$ 72,545	\$ 80,730
Net realized gain (loss) on sale of investments	603,461	(25,977)
Unrealized (loss) gain on investments	(315,045)	168,028
	<u>360,961</u>	<u>222,781</u>
Expenses:		
Grants:		
1 st Joyceville Scouts	6,000	-
Barriefield Rock Garden grant	6,640	6,530
Frontenac Heritage fund	5,000	-
Holy Name Church Roof	30,000	30,000
Holy Name School Building Community	-	10,154
Holy Name School Playground	-	20,000
Joyceville Women's Institute	3,322	3,267
Kingston Sheep Dog Trials	14,277	10,892
Kingston United Soccer Club	-	3,000
LaSalle 50 th Reunion	-	15,000
LaSalle Digital Sign	-	15,000
LaSalle Gymnasium	-	24,476
LaSalle Secondary School	25,400	-
Pittsburgh Community Seniors	3,322	3,267
Pittsburgh Softball Association	5,000	2,000
Real Me Project	-	4,500
Sand Hill Presbyterian Church	-	20,000
Scholarship grants	22,500	21,000
Sir John A. MacDonald School	7,500	-
St. Barnaby's Catholic Church	-	27,000
St. John's Church	-	10,000
St. Mark's Anglican Church	-	28,359
St. Martha's Catholic School	13,000	20,000
	<u>141,961</u>	<u>274,445</u>
Administrative:		
Communications	3,169	2,908
Insurance	8,055	7,964
Office	4,837	3,661
Professional fees	8,319	8,641
Service charges	225	-
	<u>24,605</u>	<u>23,174</u>
Total expenses	<u>166,566</u>	<u>297,619</u>
Excess of revenue over expenses		
(expenses over revenue)	<u>\$ 194,395</u>	<u>\$ (74,838)</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Balance, beginning of year	\$ 4,424,389	\$ 4,499,227
Excess of revenue over expenses (expenses over revenue)	194,395	(74,838)
Balance, end of year	\$ 4,618,784	\$ 4,424,389

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 194,395	\$ (74,838)
Changes in non-cash working capital:		
Accounts receivable	571	(571)
Accrued interest	5,091	(864)
Accounts payable and accrued liabilities	1,500	452
	<u>201,557</u>	<u>(75,821)</u>
Investing activities:		
Decrease (increase) in short-term investments	52,253	(293,463)
Decrease (increase) in long-term investments	(232,942)	475,651
	<u>(180,689)</u>	<u>182,188</u>
Increase in cash and cash equivalents	20,868	106,367
Cash and cash equivalents, beginning of year	416,134	309,767
Cash and cash equivalents, end of year	<u>\$ 437,002</u>	<u>\$ 416,134</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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:

	2017		2016	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 1,400,000	\$ 1,400,000	\$ 1,456,202	\$ 1,452,253
Long-term investments:				
Canadian equities	\$ 795,095	\$ 910,916	\$ 523,071	\$ 674,014
Foreign equities	1,253,922	1,866,425	963,368	1,870,385
	\$ 2,049,017	\$ 2,777,341	\$ 1,486,439	\$ 2,544,399

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, 2017

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 1.05% and 2.0% and have maturities ranging from April 27, 2018 to December 31, 2018.

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 2016.

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 Pittsburgh Community Benefit 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. In 2017, the Board of Directors approved an additional one-time amount of \$3,000. During the year, the total amount of \$5,000 was incurred (2016 - \$2,000). The final installment of \$2,000 is to be paid in 2018.

(b) Holy Name Church:

In May of 2016, the Fund approved support for the Holy Name Church Roof Repairs. A maximum amount of \$90,000 is to be paid in equal installments over three years. During the year, an amount of \$30,000 was incurred (2016 - \$30,000). The final installment of \$30,000 is to be paid in 2018.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Commitments (continued):

(c) Grass Creek Park

In November of 2017, the Fund approved support for the construction of washrooms at Grass Creek Park, in agreement with the City of Kingston. A maximum amount of \$499,000 is to be paid, the terms of which have not yet been finalized. No payments were made in 2017.

(d) Other continued support:

At the 2010 Annual General Meeting, the Fund approved support for the Barriefield Rock Garden, Joyceville Women's Institute, Kingston Sheep Dog Trials and Pittsburgh Community Services for a ten year period. The base amount for each project was approved along with annual CPI adjustments.