

Financial Statements of

**PITTSBURGH COMMUNITY  
BENEFIT FUND**

Year ended December 31, 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 Pittsburgh Community Benefit Fund, which comprise the statement of financial position as at December 31, 2011, 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 generally accepted accounting principles, 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 Pittsburgh Community Benefit Fund as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

March 12, 2012

Kingston, Canada

# PITTSBURGH COMMUNITY BENEFIT FUND

## Financial Statements

Year ended December 31, 2011

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# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 270,649	\$ 252,475
Accrued interest	24,925	29,199
Prepaid expenses	—	2,659
Short-term investments (note 2)	502,037	459,927
	<u>797,611</u>	<u>744,260</u>
Long-term investments (note 2)	3,488,062	3,762,823
	<u>\$ 4,285,673</u>	<u>\$ 4,507,083</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,239	\$ 6,051
Net assets:		
Unrestricted (note 3)	4,278,434	4,501,032
	<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

## Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Revenue:</b>		
Investment income	\$ 83,003	\$ 80,814
Net realized gain (loss) on sale of investments	74	(8,416)
Unrealized gain (loss) on investment	(80,010)	125,884
Other income	895	—
	<u>3,962</u>	<u>198,282</u>
<b>Expenditures:</b>		
Grants:		
Army, Navy and Air Force Veterans	7,000	—
Barriefield Rock Garden grant	6,000	6,825
Joyceville Public School	1,400	—
Joyceville Women's Institute	3,000	3,800
Kingston Sheep Dog Trials	10,000	10,000
Limestone District School Board, lights	—	50,000
Pittsburgh Community Garden Association	750	—
Pittsburgh Women's Institute	—	3,500
Scholarship grants	15,000	15,000
Soccerfield	146,800	—
St. John's Church	6,000	—
	<u>195,950</u>	<u>89,125</u>
Administrative:		
Communications	3,191	5,772
Insurance	7,978	7,978
Office	6,470	3,890
Professional fees	12,929	8,532
Service charges	42	168
	<u>30,610</u>	<u>26,340</u>
Total expenditures	<u>226,560</u>	<u>115,465</u>
Excess of revenue over expenditures (expenditures over revenue)	\$ (222,598)	\$ 82,817

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Balance, beginning of year	\$ 4,501,032	\$ 4,418,215
Excess of revenue over expenditures (expenditures over revenue)	(222,598)	82,817
Balance, end of year	\$ 4,278,434	\$ 4,501,032

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ (222,598)	\$ 82,817
Changes in non-cash working capital:		
Accrued interest	4,274	49,089
Prepaid expenses	2,659	(2,659)
Accounts payable and accrued liabilities	1,188	(79)
	<u>(214,477)</u>	<u>129,168</u>
Investing activities:		
Net change in short-term investments	(42,110)	(459,927)
Net change in long-term investments	274,761	441,234
	<u>232,651</u>	<u>(18,693)</u>
Net increase in cash and cash equivalents	18,174	110,475
Cash and cash equivalents, beginning of year	252,475	142,000
Cash and cash equivalents, end of year	<u>\$ 270,649</u>	<u>\$ 252,475</u>

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2011

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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 in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

### (a) Fund accounting:

The Fund follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

### (b) Cash and cash equivalents:

Cash and cash equivalents consist of cash and other short-term instruments with an initial maturity of 90 days or less.

### (c) Investments:

Short-term investments consist of short-term instruments with maturities of less than one year.

All investments are designated as held for trading and are measured at fair value. Fair value is determined at quoted market prices. Purchases and sales of long-term investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are recorded against investment income.

### (d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenditures during the period. 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) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 1. Significant accounting policies (continued):

### (f) 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:

	2011		2010	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 477,714	\$ 502,037	\$ 475,522	\$ 459,927
Long-term investments:				
Guaranteed investment certificates	766,700	789,123	949,034	964,074
Canadian bonds	929,436	995,336	1,224,816	1,258,536
Canadian equities	945,267	991,287	886,565	1,032,285
Foreign equities	694,455	712,316	439,732	507,928
	\$ 3,335,858	\$ 3,488,062	\$ 3,500,147	\$ 3,762,823

## 3. Net assets:

Net assets of \$4,265,357 were previously presented as internally restricted. Management subsequently identified that the procedure necessary to classify this balance as internally restricted was not completed. Consequently, the comparative internally restricted net assets have been reclassified to unrestricted net assets.

## 4. 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)

Year ended December 31, 2011

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## **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 2011, construction commenced and payments totalling \$146,800 were paid. The remaining three payments total \$220,200.

## **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.

## **7. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.