

Financial Statements of

**PITTSBURGH COMMUNITY  
BENEFIT FUND**

Year ended December 31, 2009



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## **AUDITORS' REPORT TO THE STAKEHOLDERS**

We have audited the statement of financial position of Pittsburgh Community Benefit Fund (the "Fund") as at December 31, 2009 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada  
February 10, 2010

# PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2009

## Financial Statements

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# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Financial Position

December 31, 2009, with comparative figures for 2008

|                                | 2009         | 2008         |
|--------------------------------|--------------|--------------|
| <b>Assets</b>                  |              |              |
| Current assets:                |              |              |
| Cash and cash equivalents      | \$ 142,000   | \$ 768,452   |
| Accrued interest               | 78,288       | 80,085       |
| Prepaid expenses               | -            | 7,387        |
|                                | 220,288      | 855,924      |
| Long-term investments (note 3) | 4,204,057    | 3,417,973    |
| Land, at cost                  | 107,755      | 107,755      |
|                                | \$ 4,532,100 | \$ 4,381,652 |

## Liabilities and Net Assets

|  |              |              |
|--|--------------|--------------|
| Current liabilities:                     |              |              |
| Accounts payable and accrued liabilities | \$ 6,130     | \$ 5,834     |
| Net assets:                              |              |              |
| Invested in capital assets               | 107,755      | 107,755      |
| Internally restricted (note 4)           | 4,165,388    | 4,152,515    |
| Unrestricted                             | 252,827      | 115,548      |
|  | 4,525,970    | 4,375,818    |
| Subsequent event (note 7)                |              |              |
|  | \$ 4,532,100 | \$ 4,381,652 |

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009           | 2008           |
|---|----------------|----------------|
| Revenue:  |                |                |
| Investment income   | \$ 153,856     | \$ 80,216      |
| Net realized gain (loss) on sale of investments                                     | (20,485)       | 93,927         |
| Change in unrealized gain on investments designated<br>as held for trading (note 3) | 118,667        | 17,394         |
|   | <u>252,038</u> | <u>191,537</u> |
| Expenditures:   |                |                |
| Grants:   |                |                |
| Scholarship grants  | 17,000         | 17,000         |
| Barriefield Rock Garden grant   | 6,000          | 6,000          |
| Joyceville Women's Institute  | 2,555          | 6,222          |
| Pittsburgh Women's Institute  | 2,500          | 5,000          |
| Kingston Fire and Rescue, Historical Pumper Truck<br>Restoration                    | -              | 10,000         |
| Eric Van Aerde, United Nations Conference<br>Sponsorship                            | -              | 150            |
| City of Kingston, Point St. Mark Playground   | 45,000         | 9,100          |
| Bronze Plaque in memoriam: Bill Robb  | 513            | -              |
|   | <u>73,568</u>  | <u>53,472</u>  |
| Administrative:   |                |                |
| Insurance   | 8,481          | 7,978          |
| Professional fees   | 9,308          | 10,111         |
| Municipal taxes   | 3,844          | 3,724          |
| Meetings  | 142            | 73             |
| Office  | 3,170          | 5,453          |
| Communications  | 3,373          | 7,060          |
|   | <u>28,318</u>  | <u>34,399</u>  |
| Total expenditures  | <u>101,886</u> | <u>87,871</u>  |
| Excess of revenue over expenditures   | \$ 150,152     | \$ 103,666     |

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

|                                     |                               |                          |              | 2009         | 2008         |
|-------------------------------------|-------------------------------|--------------------------|--------------|--------------|--------------|
|                                     | Invested in<br>Capital Assets | Internally<br>Restricted | Unrestricted | Total        | Total        |
| Balance, beginning of year          | \$ 107,755                    | \$ 4,152,515             | \$ 115,548   | \$ 4,375,818 | \$ 4,272,152 |
| Excess of revenue over expenditures | -                             | -                        | 150,152      | 150,152      | 103,666      |
| Interfund transfer (note 4)         | -                             | 12,873                   | (12,873)     | -            | -            |
| Balance, end of year                | \$ 107,755                    | \$ 4,165,388             | \$ 252,827   | \$ 4,525,970 | \$ 4,375,818 |

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2009

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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.

The Internally Restricted Fund reports resources which have been restricted through internal board decisions (note 4).

### (b) Investments:

Long-term 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.

### (c) 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.

### (d) 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, 2009

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## 1. Significant accounting policies (continued):

### (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.

## 2. Adoption of new accounting standards:

Effective January 1, 2009, the Pittsburgh Community Benefit Fund adopted the following Canadian Institute of Chartered Accountants ("CICA") amendments to the 4400 Section of the CICA Handbook:

### (a) Amendments to Accounting Standards that Apply Only to Not-For-Profit Organizations:

These amendments revised the financial statement presentation and disclosure requirements for not-for-profit organizations. Adoption of these recommendations had no significant impact on the financial statements for the year ended December 31, 2009.

### (b) Amendments to Section 1000, *Financial Statement Concepts*:

These amendments revised the definitions of assets and liabilities and removed the recognition of items as assets and liabilities solely on the basis of matching revenues and expenses. Adoption of these recommendations had no effect on the financial statements for the year ended December 31, 2009.

### (c) Amendments to Section 1535, *Capital Disclosures*:

The Fund implemented the CICA Handbook Section 1535, *Capital Disclosures*, which establishes standards for disclosing information about an entity's capital and how it is managed. Implementation of these recommendations had no effect on the financial statements for the year ending December 31, 2009, except for the additional note disclosure in note 8.



# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2009

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### 3. Investments at cost:

Whereas the investments are stated at fair value on the statement of financial position, the cost of these investments as at December 31, 2009 is as follows:

|                                    | 2009               | 2008               |
|------------------------------------|--------------------|--------------------|
| Investments held at cost:          |                    |                    |
| Guaranteed investment certificates | \$ 2,051,235       | \$ 1,605,406       |
| Canadian bonds                     | 1,316,973          | 1,373,695          |
| Canadian equities                  | 243,331            | 217,058            |
| Foreign equities                   | 269,860            | 230,708            |
| Trusts and Limited Partnership     | 205,533            | 4,287              |
|                                    | <hr/> \$ 4,086,932 | <hr/> \$ 3,431,154 |

### 4. Interfund transfers and internally restricted net assets:

In prior years, the board of directors internally restricted an initial amount of \$3,524,199. The interest earned on these funds is to be used to provide for current projects.

The board of directors also approved a motion to preserve the capital of the internally restricted funds by charging earnings with an annual inflation adjustment. The current year inflation factor applied to the prior year end balance of \$4,152,515 for 2008 of 0.31% (2008 - 2.4%) resulted in an amount of \$12,873 (2008 - \$97,325) being transferred to internally restricted funds from the unrestricted funds.

### 5. Fair value of financial assets and financial liabilities:

The fair value of the Fund's cash, accrued interest 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(b).

### 6. Statement of cash flows:

A statement of cash flows has not been completed as the required cash flow information is readily apparent from the other financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2009

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## **7. Subsequent event:**

On November 26, 2009, Pittsburgh Community Benefit Fund has 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 will transfer title of the land to the City and assist to finance the project costs with five annual payments totaling \$367,000. No transactions relating to this project have occurred as of December 31, 2009.

## **8. Capital management:**

The main objective of the Fund is to maintain an inflation-adjusted level of net assets to provide scholarships and grants based on established application criteria. 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.