

Financial Statements of

**PITTSBURGH COMMUNITY  
BENEFIT FUND**

Year ended December 31, 2010



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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, 2010, the statements of operations and changes in net assets 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, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*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 horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Accountants, Licensed Public Accountants

March 14, 2011  
Kingston, Canada

# PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2010

## Financial Statements

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

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 712,402	\$ 142,000
Accrued interest	29,199	78,288
Prepaid expenses	2,659	-
	<u>744,260</u>	<u>220,288</u>
Long-term investments (note 2)	3,762,823	4,204,057
Land, at cost (note 6)	-	107,755
	<u>\$ 4,507,083</u>	<u>\$ 4,532,100</u>

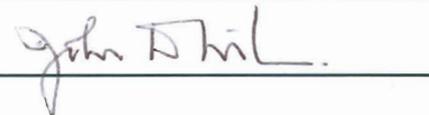
## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,051	\$ 6,130
Net assets:		
Invested in capital assets (note 6)	-	107,755
Internally restricted (note 3)	4,265,357	4,165,388
Unrestricted	235,675	252,827
	<u>4,501,032</u>	<u>4,525,970</u>
	<u>\$ 4,507,083</u>	<u>\$ 4,532,100</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, 2010, with comparative figures for 2009

	2010	2009
<b>Revenue:</b>		
Investment income	\$ 80,814	\$ 153,856
Net realized loss on sale of investments	(8,416)	(20,485)
Unrealized gain on investment	125,884	118,667
	<u>198,282</u>	<u>252,038</u>
<b>Expenditures:</b>		
<b>Grants:</b>		
Scholarship grants	15,000	17,000
Barrielfield Rock Garden grant	6,825	6,000
Joyceville Women's Institute	3,800	2,555
Pittsburgh Women's Institute	3,500	2,500
City of Kingston, Point St. Mark Playground	-	45,000
Bronze Plaque in memoriam: Bill Robb	-	513
Limestone District School Board, lights	50,000	-
Kingston Sheep Dog Trials	10,000	-
	<u>89,125</u>	<u>73,568</u>
<b>Administrative:</b>		
Insurance	7,978	8,481
Professional fees	8,532	9,308
Municipal taxes	-	3,844
Meetings	-	142
Office	3,890	3,170
Communications	5,772	3,373
Service charges	168	-
	<u>26,340</u>	<u>28,318</u>
Total expenditures	<u>115,465</u>	<u>101,886</u>
Excess of revenue over expenditures	\$ 82,817	\$ 150,152

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

## Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

				2010	2009
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 107,755	\$ 4,165,388	\$ 252,827	\$ 4,525,970	\$ 4,375,818
Excess of revenue over expenditures (expenditures over revenue)	(107,755)	-	82,817	(24,938)	150,152
Interfund transfer (note 3)	-	99,969	(99,969)	-	-
Balance, end of year	\$ -	\$ 4,265,357	\$ 235,675	\$ 4,501,032	\$ 4,525,970

See accompanying notes to financial statements.

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2010

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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, 2010

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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. 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, 2010 is as follows:

	2010	2009
Investments held at cost:		
Guaranteed investment certificates	\$ 949,034	\$ 2,051,235
Canadian bonds	1,224,816	1,316,973
Canadian equities	886,565	243,331
Foreign equities	439,732	269,860
Trusts and Limited Partnership	-	205,533
Cash equivalents	695,144	-
	<b>\$ 4,195,291</b>	<b>\$ 4,086,932</b>

## 3. 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 \$4,165,388 for 2010 of 2.4% (2009 - 0.31%) resulted in an amount of \$99,969 (2009 - \$12,873) being transferred to internally restricted funds from the unrestricted funds.

## 4. 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).

# PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## **5. 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.

## **6. 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 totaling \$367,000 once construction of the sports facility commences.

## **7. 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.