

Financial Statements of

**PITTSBURGH COMMUNITY
BENEFIT FUND**

Year ended December 31, 2018



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

Opinion

We have audited the financial statements of the Pittsburgh Community Benefit Fund (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations for the year then ended;
- the statement of changes net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

February 25 2019

PITTSBURGH COMMUNITY BENEFIT FUND

Financial Statements

Year ended December 31, 2018

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PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 362,173	\$ 437,002
Accrued interest	14,071	12,947
Short-term investments (note 2)	1,100,988	1,400,000
	<u>1,477,232</u>	<u>1,849,949</u>
Long-term investments (note 2)	2,950,634	2,777,341
	<u>\$ 4,427,866</u>	<u>\$ 4,627,290</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,101	\$ 8,506
Net assets:		
Unrestricted	4,419,765	4,618,784
Commitments (note 5)		
	<u>\$ 4,427,866</u>	<u>\$ 4,627,290</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Investment income	\$ 89,538	\$ 72,545
Net realized gain (loss) on sale of investments	(46,604)	603,461
Unrealized loss on investments	(36,141)	(315,045)
	6,793	360,961
Expenses:		
Grants:		
1 st Joyceville Scouts	-	6,000
Army Navy Air Force	2,000	-
Barriefield Rock Garden grant	6,790	6,640
Frontenac Heritage fund	-	5,000
Holy Name Church Roof	30,000	30,000
Joyceville Women's Institute	3,385	3,322
Kingston East Business Association	4,500	-
Kingston Sheep Dog Trials	15,000	14,277
LaSalle Secondary School	-	25,400
Pittsburgh Community Seniors	3,385	3,322
Pittsburgh Softball Association	2,000	5,000
Scholarship grants	21,000	22,500
Sir John A. MacDonald School	-	7,500
St. Mark's Anglican Church	89,786	-
St. Martha's Catholic School	-	13,000
	177,846	141,961
Administrative:		
Communications	3,242	3,169
Insurance	6,559	8,055
Office	5,904	4,837
Professional fees	12,061	8,319
Service charges	200	225
	27,966	24,605
Total expenses	205,812	166,566
Excess of revenue over expenses		
(expenses over revenue)	\$ (199,019)	\$ 194,395

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Balance, beginning of year	\$ 4,618,784	\$ 4,424,389
Excess of revenue over expenses (expenses over revenue)	(199,019)	194,395
Balance, end of year	\$ 4,419,765	\$ 4,618,784

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (199,019)	\$ 194,395
Changes in non-cash working capital:		
Accounts receivable	—	571
Accrued interest	(1,124)	5,091
Accounts payable and accrued liabilities	(405)	1,500
	<u>(200,548)</u>	<u>201,557</u>
Investing activities:		
Decrease in short-term investments	299,012	52,253
Increase in long-term investments	(173,293)	(232,942)
	<u>125,719</u>	<u>(180,689)</u>
Increase (decrease) in cash and cash equivalents	(74,829)	20,868
Cash and cash equivalents, beginning of year	437,002	416,134
Cash and cash equivalents, end of year	<u>\$ 362,173</u>	<u>\$ 437,002</u>

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements

Year ended December 31, 2018

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, which is recorded on the accrual basis, 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, 2018

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:

	2018		2017	
	Cost	Fair value	Cost	Fair value
Short-term investments	\$ 1,100,000	\$ 1,100,988	\$ 1,400,000	\$ 1,400,000
Long-term investments:				
Canadian equities	\$ 885,899	\$ 941,272	\$ 795,095	\$ 910,916
Foreign equities	1,375,922	2,009,362	1,253,922	1,866,425
	2,261,821	2,950,634	2,049,017	2,777,341
	\$ 3,361,821	\$ 4,051,622	\$ 3,449,017	\$ 4,177,341

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.

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 2.51% and 3.45% and have maturities ranging from May 15, 2019 to December 24, 2021.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Financial risks and concentration of risk:

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 2017.

4. 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.

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. During the year, the final installment of \$2,000 was paid (2017 - \$5,000, as the Board of Directors approved an additional one-time amount of \$3,000).

(b) Holy Name Church Roof Repairs:

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 three equal installments over three years. During the year, the final installment of \$30,000 was paid (2017 - \$30,000).

(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 in six equal installments over six years. Payments will be made on the anniversary of the commencement date. The project is expected to commence in 2019. No payments were made in 2018.

PITTSBURGH COMMUNITY BENEFIT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Commitments (continued):

(d) Splash Pad:

In February of 2018, the Fund approved support towards a splash pad at Kingston East Community Centre, in agreement with the City of Kingston. A maximum amount of \$300,000 is to be paid in five equal installments over five years. Payments will be made on the anniversary of the commencement date. The project is expected to commence in 2019. No payments were made in 2018.

(e) Other continued support:

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