

**P. R. COMMUNITY & STUDENT ASSOCIATION  
(Sadleir House Facility)**

**FINANCIAL STATEMENTS**

August 31, 2004

(unaudited)

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# STOW, BROWN & McLEOD LLP

CHARTERED ACCOUNTANTS

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## PARTNERS

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K.L.S. Brown, B.A., C.A.  
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## MANAGER

Paul Chan, A.A.I.A., C.G.A.

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## REVIEW ENGAGEMENT REPORT

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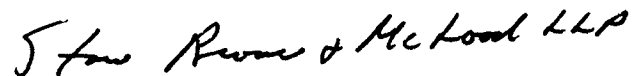
To the Directors of  
P. R. Community & Student Association  
(Sadleir House Facility)

We have reviewed the statement of financial position of P. R. Community & Student Association (Sadleir House Facility) as at August 31, 2004 and the statements of operations and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the association.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Peterborough, Ontario  
January 25, 2005



CHARTERED ACCOUNTANTS

**P. R. COMMUNITY & STUDENT ASSOCIATION**  
**(Sadleir House Facility)**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**

<b>as at August 31</b>	<b>2004</b>
<b>ASSETS</b>	
CURRENT	
Cash	\$ 26,986
Prepaid expenses and deposits	8,230
	35,216
CAPITAL (Note 3)	710,100
	\$ 745,316
<b>LIABILITIES</b>	
CURRENT	
Accounts payable and accrued charges	\$ 19,600
Loans from predecessor trustees	70
Current portion of long-term debt	49,636
	69,306
LONG TERM (Note 4)	638,078
<b>SURPLUS</b>	
BALANCE, END OF YEAR	37,932
	\$ 745,316

(The accompanying notes form an integral part of this financial statement)

**P. R. COMMUNITY & STUDENT ASSOCIATION**  
**(Sadleir House Facility)**  
**STATEMENT OF OPERATIONS**  
**(unaudited)**

<b>for the year ended August 31</b>	<b>2004</b>	<b>%</b>
<b>REVENUE</b>		
Grants	\$ 1,877	
Interest income	451	
Student memberships	120,695	
Special events (net)	(35)	
Rental income	<u>2,004</u>	
	<u>124,992</u>	<u>100.0</u>
<b>EXPENSES</b>		
Advertising and promotion	886	0.7
Bank charges and interest	212	0.2
Hospitality and reception	1,765	1.4
Insurance	11,058	8.8
Long-term interest	21,635	17.3
Municipal taxes	4,318	0.0
Office and general	1,493	1.2
Professional fees	5,432	4.3
Repairs and maintenance	4,614	3.7
Telephone	1,698	1.4
Utilities	5,679	4.5
Wages, benefits and related fees	<u>28,270</u>	<u>22.6</u>
	<u>87,060</u>	<u>66.1</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ <u>37,932</u></b>	<b><u>33.9</u></b>

(The accompanying notes form an integral part of this financial statement)

**P. R. COMMUNITY & STUDENT ASSOCIATION**  
**(Sadleir House Facility)**  
**STATEMENT OF CASH FLOWS**  
**(unaudited)**

<b>for the year ended August 31</b>	<b>2004</b>
<b>OPERATING ACTIVITIES</b>	
Excess of revenue over expenses	\$ 37,932
Net change in non-cash working capital items	
Prepaid expenses	(8,230)
Accounts payable and accrued charges	<u>19,600</u>
	<u>49,302</u>
<b>FINANCING ACTIVITIES</b>	
Long-term debt (net)	687,714
Loans from predecessor trustees	<u>70</u>
	<u>687,784</u>
<b>INVESTING ACTIVITIES</b>	
Acquisition of capital assets	<u>(710,100)</u>
<b>CASH INCREASE</b>	26,986
<b>CASH, BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH, END OF YEAR</b>	<u>\$ 26,986</u>

(The accompanying notes form an integral part of this financial statement)

**P. R. COMMUNITY & STUDENT ASSOCIATION**  
**(Sadleir House Facility)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

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**August 31, 2004**

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**1. DESCRIPTION OF THE ASSOCIATION**

The P.R. Community and Student Association was incorporated without share capital on February 19, 2004 under the laws of Ontario. Its purpose is to establish and operate a community centre to be used for workshops, programs, athletics, drama, art, music, handicrafts, hobbies and recreation for the benefit of the general public.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Statement of Operations

The Statement of Operations for the period ended August 31, 2004, includes all revenue and expenses incurred from the date of incorporation to August 31, 2004 plus revenue and expenses incurred by Downtown Student Facility Trust, a trust set up in 2003 in anticipation of the incorporation of the Association.

(b) Capital assets and amortization

Capital assets are recorded at acquisition cost. Amortization will be provided on the declining balance basis at the following annual rates:

Building	4%
Furniture, fixtures and equipment	25%

As the capital assets were not fully in use at August 31, 2004, no amortization has been charged in the period.

(c) Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(d) Contributed Services

Volunteers contribute many hours per year to assist P. R. Community & Student Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**P. R. COMMUNITY & STUDENT ASSOCIATION**  
**(Sadleir House Facility)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

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**August 31, 2004**

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**3. CAPITAL ASSETS**

	<u>2004</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 150,000	\$ -
Building	553,026	-
Furniture, fixtures and equipment	<u>7,074</u>	<u>-</u>
	<u>\$ 710,100</u>	<u>\$ -</u>
Net book value		<u>\$ 710,100</u>

**4. LONG TERM DEBT**

	<u>2004</u>
Mortgage payable to 993694 Ontario Limited in monthly instalments of \$5,063, including interest at 7.5%, secured by land and buildings, due February 27, 2009.	\$ 539,777
Promissory notes from contributors payable on various due dates from August 2006 to October 2010, unsecured, interest payable on due date at average "Bank Rate".	<u>147,937</u>
	687,714
Less: current portion	<u>49,636</u>
	<u>\$ 638,078</u>

Principal payments due over the next five years are as follows:

2005	\$49,636
2006	48,262
2007	40,127
2008	37,135
2009 & subsequent	512,554

**5. FINANCIAL INSTRUMENTS**

The association's financial instruments consist of accounts payable and accrued charges and long-term debt. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.