

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

FINANCIAL STATEMENTS

August 31, 2006

(unaudited)

CONTENTS

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7

STOW, BROWN & McLEOD LLP
CHARTERED ACCOUNTANTS

STOW, BROWN & McLEOD LLP

CHARTERED ACCOUNTANTS

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MANAGER

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

REVIEW ENGAGEMENT REPORT

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, 2006 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
November 28, 2006



CHARTERED ACCOUNTANTS

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

as at August 31	2006	2005
ASSETS		
CURRENT		
Cash	\$ 17,377	\$ 10,529
Accounts receivable	3,870	1,878
Prepaid expenses and deposits	<u>9,293</u>	<u>7,572</u>
	30,540	19,979
CAPITAL (Note 3)	<u>707,839</u>	<u>716,475</u>
	<u>\$ 738,379</u>	<u>\$ 736,454</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	\$ 2,278	\$ 2,257
Short term loans	25,000	-
Loans from predecessor trustees	70	70
Current portion of long-term debt	<u>30,422</u>	<u>48,262</u>
	57,770	50,589
LONG TERM DEBT (Note 4)	525,954	560,263
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	<u>82,591</u>	<u>71,512</u>
	<u>666,315</u>	<u>682,364</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	54,090	37,933
Excess of revenue over expenses	<u>17,974</u>	<u>16,157</u>
BALANCE, END OF YEAR	<u>72,064</u>	<u>54,090</u>
	<u>\$ 738,379</u>	<u>\$ 736,454</u>
Net assets invested in capital assets	\$ 68,872	\$ 36,438
Unrestricted net assets	<u>3,192</u>	<u>17,652</u>
	<u>\$ 72,064</u>	<u>\$ 54,090</u>

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

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

for the year ended August 31	2006	%	2005	%
REVENUE				
Amortization of deferred contributions (Note 5)	\$ 3,441		\$ 2,904	
Contributions	2,355		-	
Grants	9,360		7,122	
Interest income	1,159		638	
Student memberships (note 1)	141,252		132,353	
Special events (net)	1,382		1,761	
Rental income	<u>37,362</u>		<u>37,681</u>	
	<u>196,311</u>	<u>100.0</u>	<u>182,459</u>	<u>100.0</u>
EXPENSES				
Advertising and promotion	355	0.2	198	0.1
Amortization	24,489	12.5	24,357	13.3
Bank charges and interest	575	0.3	51	0.0
Hospitality and reception	1,819	0.9	1,100	0.6
Insurance	15,585	7.9	20,447	11.2
Long-term interest	39,188	20.0	40,667	22.3
Municipal taxes	5,773	2.9	2,450	1.3
Office and general	6,312	3.2	10,136	5.6
Professional fees	2,875	1.5	2,400	1.3
Repairs and maintenance	10,457	5.3	20,931	11.5
Telephone	2,378	1.2	3,013	1.7
Utilities	19,213	9.8	19,001	10.4
Wages, benefits and related fees	<u>49,318</u>	<u>25.1</u>	<u>21,551</u>	<u>11.8</u>
	<u>178,337</u>	<u>90.8</u>	<u>166,302</u>	<u>91.1</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 17,974</u>	<u>9.2</u>	<u>\$ 16,157</u>	<u>8.9</u>

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

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

for the year ended August 31	2006	2005
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 17,974	\$ 16,157
Adjustment for:		
- amortization of capital assets	<u>24,489</u>	<u>24,357</u>
	42,463	40,514
Net change in non-cash working capital items		
Accounts receivable	(1,992)	(1,878)
Prepaid expenses	(1,721)	658
Accounts payable and accrued charges	21	(17,342)
Deferred contributions related to capital assets (net)	11,079	71,512
Short term loans	<u>25,000</u>	<u>-</u>
	74,850	93,464
FINANCING ACTIVITIES		
Long term debt (net)	(52,149)	(79,189)
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(15,853)</u>	<u>(30,732)</u>
CASH INCREASE (DECREASE)	6,848	(16,457)
CASH, BEGINNING OF YEAR	<u>10,529</u>	<u>26,986</u>
CASH, END OF YEAR	<u>\$ 17,377</u>	<u>\$ 10,529</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)

August 31, 2006

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. It's 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. The association was registered for charitable status on September 1, 2004 and is accordingly exempt from paying income taxes.

The association's major source of funding is an annual Trent University student levy approved by student vote.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Capital assets and amortization

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

Building	4%
Furniture, fixtures and equipment	20%

(b) 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.

(c) 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.

(d) Deferred contributions related to capital assets

Donations towards financing the building acquisition have been deferred and amortized into income at the same rate as building depreciation is recorded.

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

August 31, 2006

3. CAPITAL ASSETS

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 150,000	\$ -	\$ 150,000	\$ -
Building	594,085	45,282	581,184	22,684
Furniture, fixtures and equipment	<u>12,599</u>	<u>3,563</u>	<u>9,647</u>	<u>1,672</u>
	<u>\$ 756,684</u>	<u>\$ 48,845</u>	<u>\$ 740,831</u>	<u>\$ 24,356</u>
Net book value		<u>\$ 707,839</u>		<u>\$ 716,475</u>

4. LONG TERM DEBT

	<u>2006</u>	<u>2005</u>
Mortgage payable to 993694 Ontario Limited in monthly installments of \$5,063, including interest at 7.5%, secured by land and buildings, due February 27, 2009.	\$ 494,904	\$ 518,166
Promissory notes payable on various due dates from August 2006 to October 2010, unsecured, interest payable on due date at average "Bank Rate".	<u>61,472</u>	<u>90,359</u>
	556,376	608,525
Less: current portion	<u>30,422</u>	<u>48,262</u>
	<u>\$ 525,954</u>	<u>\$ 560,263</u>

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

2007	\$30,422
2008	32,016
2009	487,988
2010	5,950

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

August 31, 2006

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2006</u>	<u>2005</u>
Deferred balance, beginning of year	\$ 71,512	\$ -
Current year contributions	14,520	74,416
Recorded as income during the year	<u>(3,441)</u>	<u>(2,904)</u>
Deferred balance, end of year	<u>\$ 82,591</u>	<u>\$ 71,512</u>

6. FINANCIAL INSTRUMENTS

The association's financial instruments consist of cash, accounts receivable, accounts payable and accrued charges, short term loans 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 approximates their carrying values, unless otherwise noted.