

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

FINANCIAL STATEMENTS

August 31, 2007

(unaudited)

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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, 2007 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
December 17, 2007



CHARTERED ACCOUNTANTS

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

as at August 31	2007	2006
ASSETS		
CURRENT		
Cash	\$ 1,970	\$ 17,377
Accounts receivable	18,691	3,870
Prepaid expenses and deposits	<u>7,783</u>	<u>9,293</u>
	28,444	30,540
CAPITAL (Note 3)	<u>696,929</u>	<u>707,839</u>
	<u>\$ 725,373</u>	<u>\$ 738,379</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	\$ 2,725	\$ 2,278
Short term loans	15,000	25,000
Loans from predecessor trustees	70	70
Current portion of long-term debt	<u>32,519</u>	<u>30,422</u>
	50,314	57,770
LONG TERM DEBT (Note 4)	495,485	525,954
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	<u>85,940</u>	<u>82,591</u>
	<u>631,739</u>	<u>666,315</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	72,064	54,090
Excess of revenue over expenses	<u>21,570</u>	<u>17,974</u>
BALANCE, END OF YEAR	<u>93,634</u>	<u>72,064</u>
	<u>\$ 725,373</u>	<u>\$ 738,379</u>
Net assets invested in capital assets	\$ 82,985	\$ 68,872
Unrestricted net assets	<u>10,649</u>	<u>3,192</u>
	<u>\$ 93,634</u>	<u>\$ 72,064</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	2007	%	2006	%
REVENUE				
Amortization of deferred contributions (Note 5)	\$ 3,433		\$ 3,441	
Contributions	1,847		2,355	
Grants	9,160		9,360	
Interest income	304		1,159	
Student memberships (note 1)	138,693		141,252	
Special events (net)	1,614		1,382	
Rental income	<u>38,196</u>		<u>37,362</u>	
	<u>193,247</u>	<u>100.0</u>	<u>196,311</u>	<u>100.0</u>
EXPENSES				
Advertising and promotion	355	0.2	355	0.2
Amortization	24,209	12.5	24,489	12.5
Bank charges and interest	101	0.1	575	0.3
Hospitality and reception	86	0.0	1,819	0.9
Insurance	14,369	7.4	15,585	7.9
Long-term interest	37,496	19.4	39,188	20.0
Municipal taxes	5,852	3.0	5,773	2.9
Office and general	5,836	3.0	6,312	3.2
Professional fees	1,500	0.8	2,875	1.5
Repairs and maintenance	7,843	4.1	10,457	5.3
Telephone	2,648	1.4	2,378	1.2
Utilities	19,246	10.0	19,213	9.8
Wages, benefits and related fees	<u>52,136</u>	<u>27.0</u>	<u>49,318</u>	<u>25.1</u>
	<u>171,677</u>	<u>88.9</u>	<u>178,337</u>	<u>90.8</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 21,570</u>	<u>11.1</u>	<u>\$ 17,974</u>	<u>9.2</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	2007	2006
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 21,570	\$ 17,974
Adjustment for:		
- amortization of capital assets	<u>24,209</u>	<u>24,489</u>
	45,779	42,463
Net change in non-cash working capital items		
Accounts receivable	(14,821)	(1,992)
Prepaid expenses	1,510	(1,721)
Accounts payable and accrued charges	447	21
Deferred contributions related to capital assets (net)	3,349	11,079
Short term loans	<u>(10,000)</u>	<u>25,000</u>
	26,264	74,850
FINANCING ACTIVITIES		
Long term debt (net)	(28,372)	(52,149)
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(13,299)</u>	<u>(15,853)</u>
CASH INCREASE (DECREASE)	(15,407)	6,848
CASH, BEGINNING OF YEAR	<u>17,377</u>	<u>10,529</u>
CASH, END OF YEAR	<u>\$ 1,970</u>	<u>\$ 17,377</u>
CASH FLOWS SUPPLEMENTARY		
Long-term loan interest paid	<u>\$ 37,496</u>	<u>\$ 39,188</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, 2007

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. 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%
Land improvements	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 and equipment acquisitions have been deferred and amortized into income at the same rate as building and equipment depreciation is recorded.

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

August 31, 2007

3. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 150,000	\$ -	\$ 150,000	\$ -
Building	594,085	67,234	594,085	45,282
Land improvements	11,003	221	-	-
Furniture, fixtures and equipment	<u>14,895</u>	<u>5,599</u>	<u>12,599</u>	<u>3,563</u>
	<u>\$ 769,983</u>	<u>\$ 73,054</u>	<u>\$ 756,684</u>	<u>\$ 48,845</u>
Net book value		<u>\$ 696,929</u>		<u>\$ 707,839</u>

4. LONG TERM DEBT

	<u>2007</u>	<u>2006</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.	\$ 469,864	\$ 494,904
Promissory notes payable on various due dates from August 2006 to October 2010, unsecured, interest payable on due date at average "Bank Rate".	<u>58,140</u>	<u>61,472</u>
	528,004	556,376
Less: current portion	<u>32,519</u>	<u>30,422</u>
	<u>\$ 495,485</u>	<u>\$ 525,954</u>

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

2008	32,519
2009	489,332
2010	6,153

P. R. COMMUNITY & STUDENT ASSOCIATION
(Sadleir House Facility)
NOTES TO THE FINANCIAL STATEMENTS
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August 31, 2007

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2007</u>	<u>2006</u>
Deferred balance, beginning of year	\$ 82,591	\$ 71,512
Current year contributions	6,782	14,520
Recorded as income during the year	<u>(3,433)</u>	<u>(3,441)</u>
Deferred balance, end of year	<u>\$ 85,940</u>	<u>\$ 82,591</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.