

FINANCIAL STATEMENTS OF

**P. R. COMMUNITY & STUDENT
ASSOCIATION (SADLEIR HOUSE FACILITY)**

**August 31, 2014
(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, 2014 and the statements of changes in net assets, 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 inquiry, 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 accounting standards for not-for-profit organizations.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
January 13, 2015

**P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF FINANCIAL POSITION
(Unaudited)
As at August 31, 2014**

	2014 \$	2013 \$
ASSETS		
Current assets		
Cash	61,835	38,205
Accounts receivable	10,455	11,535
Prepaid expenses	1,874	1,742
	74,164	51,482
Capital Assets (note 3)	632,624	653,377
	706,788	704,859
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	6,524	3,421
Loans from predecessor trustees	70	70
Demand loan (note 4)	364,000	-
Current portion of long-term debt	-	13,576
Deferred revenue (note 5)	31,713	20,489
	402,307	37,556
Long-term liabilities		
Long-term debt	-	364,985
Deferred capital contributions (note 6)	133,678	139,306
	133,678	504,291
	535,985	541,847
Net assets		
Net assets invested in capital assets	134,946	135,510
Unrestricted net assets	35,857	27,502
	170,803	163,012
	706,788	704,859

The accompanying notes are an integral part of these financial statements

P. R. COMMUNITY & STUDENT ASSOCIATION (SADLEIR HOUSE FACILITY)

STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

For the year ended August 31, 2014

	Net assets invested in capital assets \$	Unrestricted net assets \$	Total 2014 \$	Total 2013 \$
Net assets - beginning of year	135,510	27,502	163,012	141,017
Excess (deficiency) of revenues over expenses for the year	(15,125)	22,916	7,791	21,995
Interfund transfer - debt reduction	14,561	(14,561)	-	-
Net assets - end of year	134,946	35,857	170,803	163,012

The accompanying notes are an integral part of these financial statements

**P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF OPERATIONS
(Unaudited)
For the year ended August 31, 2014**

	2014	2013
	\$	\$
Revenues		
Student memberships	157,623	153,550
Rental	37,309	38,552
Grants and contributions	19,649	21,315
Amortization of deferred contributions (note 6)	5,628	5,877
Special events - net (note 8)	2,995	2,656
Journal of Undergraduate Studies at Trent program	1,925	360
Interest	592	174
Fundraising	549	-
Library and archive	302	788
Workshop fees	27	-
	226,599	223,272
Expenses		
Wages and benefits	77,556	72,567
Repairs and maintenance	37,180	31,933
Long term interest	22,996	28,469
Amortization	20,753	21,443
Utilities	15,978	12,944
Office and administration	7,048	5,098
Insurance	8,365	8,904
Municipal taxes	7,949	7,815
Tenth anniversary event	5,938	-
Professional fees	5,251	5,082
Telephone	2,360	2,021
Fundraising	1,960	-
Journal of Undergraduate Studies at Trent program	1,925	360
Interest and bank charges	1,808	145
Library and archive	1,076	3,282
Advertising and promotion	300	314
Hospitality and reception	203	95
Licenses and permits	200	265
Bad debts (recovery)	(38)	540
	218,808	201,277
Excess of revenues over expenses for the year	7,791	21,995

The accompanying notes are an integral part of these financial statements

**P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF CASH FLOWS
(Unaudited)
For the year ended August 31, 2014**

	2014	2013
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenues over expenses for the year	7,791	21,995
Items not affecting cash		
Amortization	20,753	21,443
Amortization of deferred contributions	(5,628)	(5,877)
	22,916	37,561
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	1,080	(5,129)
Increase in prepaid expenses	(132)	-
Increase (decrease) in accounts payable and accrued liabilities	3,103	(1,568)
Increase in deferred revenue	11,224	20,489
	38,191	51,353
Investing activity		
Purchase of capital assets	-	(32,763)
Financing activities		
Proceeds from demand loan	368,550	-
Repayment of long-term debt	(378,562)	(12,612)
Repayment of demand loan	(4,549)	-
	(14,561)	(12,612)
Increase in cash	23,630	5,978
Cash - beginning of year	38,205	32,227
Cash - end of year	61,835	38,205

The accompanying notes are an integral part of these financial statements

**P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
For the year ended August 31, 2014**

1. NATURE OF OPERATIONS

P. R. Community & Student Association (Sadleir House Facility) 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 income taxes.

The Association's major source of funding is annual Trent University student memberships approved by student vote.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Recognition of Revenue and Expenses

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenses in the period the goods or services are acquired and a legal liability is incurred.

(b) Capital Assets

Capital assets are recorded at cost. The Association provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	4%
Furniture and fixtures	20%
Land improvements	4%

Contributed capital assets are recognized at fair value at the date of contribution.

(c) Contributed Services

Volunteers contribute significant time 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)
For the year ended August 31, 2014**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Management Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(e) Deferred Capital Contributions

Donations towards financing the building and equipment acquisitions have been deferred and amortized into revenue at the same rate as building and equipment amortization is recorded.

(f) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost.

Changes in fair value are recognized in excess of revenue over expenditure.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, loans from predecessor trustees, and demand loan.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

(g) Deferred revenue

Deferred revenue represents funding related to expenditures of a subsequent period.

P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
For the year ended August 31, 2014

3. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2014 Net book value \$	2013 Net book value \$
Land	150,000	-	150,000	150,000
Buildings	645,683	210,785	434,898	453,019
Furniture and fixtures	19,448	16,368	3,080	3,851
Land improvements	51,011	6,365	44,646	46,507
	866,142	233,518	632,624	653,377

4. DEMAND LOAN

On May 9, 2014, the Association acquired a \$368,550 demand instalment loan with a fixed interest rate of 3.886% per year for a 60 month term amortized over 180 months. The first regular instalment payment was due June 15, 2014. Repayment involves 60 regular blended monthly payments of \$2,705. The demand instalment loan has a security agreement granting first security in all present and after acquired personal property and a collateral mortgage for \$368,550, giving the lender a first charge over Commercial Property 751 George St N, Peterborough, Ontario. The demand instalment loan includes a covenant that the Association must have a debt service ratio of 1.2 to 1.0 or more and will be monitored on an annual basis. At August 31, 2014, the Association is in compliance with this covenant.

5. DEFERRED REVENUE

Deferred revenue relates to unspent funds in the JUST program.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of grants received for capital assets.

	2014 \$	2013 \$
Deferred capital contributions related to capital assets, beginning of year	139,306	145,183
Recorded as revenue during the year	(5,628)	(5,877)
Deferred capital contributions related to capital assets, end of year	133,678	139,306

**P. R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
For the year ended August 31, 2014**

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The association is not subject to significant currency, interest rate or concentration risk.

Liquidity risk

The Association does have liquidity risk in the accounts payable and accrued liabilities of \$6,524 (2013 - \$3,421). Liquidity risk is the risk that the Association cannot repay its obligations when the become due to its creditors. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management, the liquidity risk exposure to the association is low and is not significant.

Credit risk

The Association does have credit risk in accounts receivable of \$10,455 (2013 - \$11,535). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management, the credit risk exposure to the Association is low.

8. SPECIAL EVENTS - NET

Special events - net is comprised of:

	2014	2013
	\$	\$
Bar and concession revenue	9,627	6,387
Bar and concession expense	(6,632)	(3,731)
Net special events revenue	2,995	2,656

9. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.