

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

FINANCIAL STATEMENTS

August 31, 2008

(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, 2008 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 24, 2008

Stow Brown & McLeod LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

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

as at August 31	2008	2007
ASSETS		
CURRENT		
Cash	\$ 17,838	\$ 1,970
Accounts receivable	2,004	18,691
Prepaid expenses and deposits	<u>7,509</u>	<u>7,783</u>
	27,351	28,444
CAPITAL (Note 3)	<u>673,565</u>	<u>696,929</u>
	<u>\$ 700,916</u>	<u>\$ 725,373</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	\$ 5,807	\$ 2,725
Short term loans	-	15,000
Loans from predecessor trustees	70	70
Current portion of long-term debt	<u>25,183</u>	<u>32,519</u>
	31,060	50,314
LONG TERM DEBT (Note 4)	430,310	495,485
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	<u>127,400</u>	<u>85,940</u>
	<u>588,770</u>	<u>631,739</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	93,634	72,064
Excess of revenue over expenses	<u>18,512</u>	<u>21,570</u>
BALANCE, END OF YEAR	<u>112,146</u>	<u>93,634</u>
	<u>\$ 700,916</u>	<u>\$ 725,373</u>
Net assets invested in capital assets	\$ 90,672	\$ 82,985
Unrestricted net assets	<u>21,474</u>	<u>10,649</u>
	<u>\$ 112,146</u>	<u>\$ 93,634</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	2008	%	2007	%
REVENUE				
Amortization of deferred contributions (Note 5)	\$ 5,531		\$ 3,433	
Contributions	4,985		1,847	
Grants	7,314		9,160	
Interest income	1,269		304	
Student memberships (note 1)	128,360		138,693	
Special events (net)	4,551		1,614	
Rental income	<u>41,495</u>		<u>38,196</u>	
	<u>193,505</u>	<u>100.0</u>	<u>193,247</u>	<u>100.0</u>
EXPENSES				
Advertising and promotion	140	0.1	355	0.2
Amortization	23,364	12.1	24,209	12.5
Bank charges and interest	130	0.1	101	0.1
Bad debts	3,829	2.0	-	-
Hospitality and reception	315	0.2	86	-
Insurance	18,982	9.8	14,369	7.4
Long-term interest	35,234	18.2	37,496	19.4
Municipal taxes	5,971	3.1	5,852	3.0
Office and general	4,244	2.2	5,836	3.0
Professional fees	1,785	0.9	1,500	0.8
Repairs and maintenance	6,926	3.6	7,843	4.1
Telephone	3,293	1.7	2,648	1.4
Utilities	17,420	9.0	19,246	10.0
Wages, benefits and related fees	<u>53,360</u>	<u>27.6</u>	<u>52,136</u>	<u>27.0</u>
	<u>174,993</u>	<u>90.4</u>	<u>171,677</u>	<u>88.9</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 18,512</u>	<u>9.6</u>	<u>\$ 21,570</u>	<u>11.1</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	2008	2007
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 18,512	\$ 21,570
Adjustments for:		
- amortization of capital assets	23,364	24,209
- deferred contributions related to capital assets	<u>41,460</u>	<u>3,349</u>
	83,336	49,128
Net change in non-cash working capital items		
Accounts receivable	16,687	(14,821)
Prepaid expenses	274	1,510
Accounts payable and accrued charges	3,081	447
Short term loans	<u>(15,000)</u>	<u>(10,000)</u>
	88,378	26,264
FINANCING ACTIVITIES		
Long term debt (net)	(72,510)	(28,372)
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>-</u>	<u>(13,299)</u>
CASH INCREASE (DECREASE)	15,868	(15,407)
CASH, BEGINNING OF YEAR	<u>1,970</u>	<u>17,377</u>
CASH, END OF YEAR	<u>\$ 17,838</u>	<u>\$ 1,970</u>
CASH FLOWS SUPPLEMENTARY		
Long-term loan interest paid	<u>\$ 35,234</u>	<u>\$ 37,496</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, 2008

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.

(e) Revenue recognition

Revenue is recorded on the accrual basis at the time of service (rentals) or contribution/grant/membership commitment.

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

August 31, 2008

3. CAPITAL ASSETS

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 150,000	\$ -	\$ 150,000	\$ -
Building	594,085	88,308	594,085	67,234
Land improvements	11,003	652	11,003	221
Furniture, fixtures and equipment	<u>14,895</u>	<u>7,458</u>	<u>14,895</u>	<u>5,599</u>
	<u>\$ 769,983</u>	<u>\$ 96,418</u>	<u>\$ 769,983</u>	<u>\$ 73,054</u>
Net book value		<u>\$ 673,565</u>		<u>\$ 696,929</u>

4. LONG TERM DEBT

	<u>2008</u>	<u>2007</u>
Mortgage payable to 993694 Ontario Limited in monthly installments of \$5,063 to February 2009 and \$3,423 thereafter, including interest at 7.5%, secured by land and buildings, due February 27, 2014.	\$ 442,911	\$ 469,864
Promissory notes payable on various due dates to October 2010, unsecured, interest payable on due date at average "Bank Rate".	<u>12,582</u>	<u>58,140</u>
	455,493	528,004
Less: current portion	<u>25,183</u>	<u>32,519</u>
	<u>\$ 430,310</u>	<u>\$ 495,485</u>

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

2009	25,183
2010	16,534
2011	10,885
2012	11,717
2013	12,612

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

August 31, 2008

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2008</u>	<u>2007</u>
Deferred balance, beginning of year	\$ 85,940	\$ 82,591
Current year contributions	46,991	6,782
Recorded as income during the year	<u>(5,531)</u>	<u>(3,433)</u>
Deferred balance, end of year	<u>\$ 127,400</u>	<u>\$ 85,940</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.