

**FINANCIAL STATEMENTS OF**

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

**August 31, 2015  
(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, 2015 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  
Licensed Public Accountants

Peterborough, Ontario  
March 24, 2016

**P. R. COMMUNITY & STUDENT ASSOCIATION  
(SADLEIR HOUSE FACILITY)  
STATEMENT OF FINANCIAL POSITION  
(Unaudited)  
As at August 31, 2015**

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	64,859	61,835
HST receivable	2,141	2,850
Accounts receivable	3,378	7,605
Prepaid expenses	6,985	1,874
	77,363	74,164
<b>Capital assets (note 3)</b>	<b>634,724</b>	<b>632,624</b>
	712,087	706,788
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	7,508	6,524
Loans from predecessor trustees	70	70
Demand loan (note 4)	345,354	364,000
Deferred revenue (note 5)	33,214	31,713
	386,146	402,307
<b>Long-term liabilities</b>		
Deferred capital contributions (note 6)	128,286	133,678
	514,432	535,985
<b>Net assets</b>		
Net assets invested in capital assets	157,954	134,946
Unrestricted net assets	39,701	35,857
	197,655	170,803
	712,087	706,788

*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, 2015**

	Net assets invested in capital assets \$	Unrestricted net assets \$	Total 2015 \$	Total 2014 \$
<b>Net assets - beginning of year</b>	134,946	35,857	170,803	163,012
Excess of revenues over expenses for the year	4,362	22,490	26,852	7,791
Interfund transfer - debt reduction	18,646	(18,646)	-	-
<b>Net assets - end of year</b>	<b>157,954</b>	<b>39,701</b>	<b>197,655</b>	<b>170,803</b>

*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, 2015**

	2015	2014
	\$	\$
<b>Revenues</b>		
Student memberships	162,587	157,623
Rental	37,704	37,309
Grants and contributions	18,229	19,649
Journal of Undergraduate Studies at Trent program	12,024	1,925
Amortization of deferred contributions (note 6)	5,392	5,628
Library and archive	2,391	302
Special events - net (note 8)	1,908	2,995
Fundraising	1,568	549
Interest	301	592
Workshop fees	-	27
	<b>242,104</b>	<b>226,599</b>
<b>Expenses</b>		
Wages and benefits	86,571	77,556
Repairs and maintenance	23,969	37,180
Amortization	20,245	20,753
Utilities	18,412	15,978
Long term interest	13,815	22,996
Journal of Undergraduate Studies at Trent program	12,024	1,925
Municipal taxes	8,361	7,949
Professional fees	7,541	5,251
Insurance	7,118	8,365
Library and archive	3,869	1,076
Office and administration	6,804	7,048
Telephone	2,666	2,360
Interest and bank charges	1,703	1,808
Licenses and permits	550	200
Bad debts (recovery)	530	(38)
Hospitality and reception	483	203
Advertising and promotion	416	300
Tenth anniversary event	175	5,938
Fundraising	-	1,960
	<b>215,252</b>	<b>218,808</b>
<b>Excess of revenues over expenses for the year</b>	<b>26,852</b>	<b>7,791</b>

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**P. R. COMMUNITY & STUDENT ASSOCIATION  
(SADLEIR HOUSE FACILITY)  
STATEMENT OF CASH FLOWS  
(Unaudited)  
For the year ended August 31, 2015**

	2015	2014
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	26,852	7,791
Items not affecting cash		
Amortization	20,245	20,753
Amortization of deferred contributions	(5,392)	(5,628)
	41,705	22,916
Change in non-cash working capital items		
Increase in HST receivable	709	(2,850)
Decrease in accounts receivable	4,227	3,930
Increase in prepaid expenses	(5,111)	(132)
Increase in accounts payable and accrued liabilities	984	3,103
Increase in deferred revenue	1,501	11,224
	44,015	38,191
<b>Investing activity</b>		
Purchase of capital assets	(22,345)	-
<b>Financing activities</b>		
Proceeds from demand loan	-	368,550
Repayment of long-term debt	-	(378,562)
Repayment of demand loan	(18,646)	(4,549)
	(18,646)	(14,561)
<b>Increase in cash</b>	<b>3,024</b>	<b>23,630</b>
<b>Cash - beginning of year</b>	<b>61,835</b>	<b>38,205</b>
<b>Cash - end of year</b>	<b>64,859</b>	<b>61,835</b>

*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, 2015**

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**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  
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NOTES TO THE FINANCIAL STATEMENTS  
(Unaudited)  
For the year ended August 31, 2015**

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**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 the building and equipment amortization.

*(f) Financial Instruments*

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

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, 2015**

**3. CAPITAL ASSETS**

	Cost \$	Accumulated amortization \$	2015 Net book value \$	2014 Net book value \$
Land	150,000	-	150,000	150,000
Buildings	651,678	228,301	423,377	434,898
Furniture and fixtures	19,448	16,984	2,464	3,080
Land improvements	67,361	8,478	58,883	44,646
	<b>888,487</b>	<b>253,763</b>	<b>634,724</b>	<b>632,624</b>

**4. DEMAND LOAN**

The Association has a demand instalment loan with a fixed interest rate of 3.886% per year for a 60 month term amortized over 180 months. Repayment involves blended monthly payments of \$2,705. The balance outstanding at year end is \$345,354 (2014 - \$364,000).

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 Street North, 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, 2015, the Association is in compliance with this covenant.

**5. DEFERRED REVENUE**

Deferred revenue relates to unspent funds in the Journal of Undergraduate Studies at Trent program.

**6. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions consist of grants received for acquisition of capital assets.

	2015 \$	2014 \$
Deferred capital contributions related to capital assets, beginning of year	133,678	139,306
Recorded as revenue during the year	(5,392)	(5,628)
Deferred capital contributions related to capital assets, end of year	<b>128,286</b>	<b>133,678</b>

**P. R. COMMUNITY & STUDENT ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS  
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For the year ended August 31, 2015**

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**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 \$7,508 (2014 - \$6,524). 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 HST receivable and accounts receivable of \$5,519 (2014 - \$10,455). 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:

	2015	2014
	\$	\$
Bar and concession revenue	6,685	9,627
Bar and concession expense	(4,777)	(6,632)
<b>Net special events revenue</b>	<b>1,908</b>	<b>2,995</b>

**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.