

FINANCIAL STATEMENTS OF

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

**August 31, 2016
(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, 2016 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
February 27, 2017

**P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF FINANCIAL POSITION
(Unaudited)
As at August 31, 2016**

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash	63,438	64,859
HST receivable	3,410	2,141
Accounts receivable	2,595	3,378
Prepaid expenses	8,031	6,985
	77,474	77,363
Tangible capital assets (note 3)	638,089	634,724
	715,563	712,087
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	7,203	7,508
Loan from predecessor trustees	70	70
Demand loan (note 4)	325,971	345,354
Deferred revenue (note 5)	43,205	33,214
	376,449	386,146
Long-term liabilities		
Deferred capital contributions (note 6)	122,940	128,286
	499,389	514,432
Net assets		
Net assets invested in capital assets	189,178	157,954
Unrestricted net assets	26,996	39,701
	216,174	197,655
	715,563	712,087

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, 2016

	Net assets invested in capital assets \$	Unrestricted net assets \$	Total 2016 \$	Total 2015 \$
Net assets - beginning of year	157,954	39,701	197,655	170,803
Excess (deficiency) of revenues over expenses for the year	(12,614)	31,133	18,519	26,852
Purchase of tangible capital assets	24,455	(24,455)	-	-
Interfund transfer - debt reduction	19,383	(19,383)	-	-
Net assets - end of year	189,178	26,996	216,174	197,655

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, 2016**

	2016	2015
	\$	\$
Revenues		
Student memberships	159,110	162,587
Rental	40,432	37,704
Grants and contributions	20,876	18,229
Amortization of deferred contributions (note 6)	5,346	5,392
Journal of Undergraduate Studies at Trent program	3,218	12,024
Special events (note 8)	1,485	1,908
Fundraising	628	1,568
Interest	382	301
Workshop fees	128	-
Library and archive	102	2,391
	231,707	242,104
Expenses		
Wages and benefits	92,886	86,571
Repairs and maintenance	31,079	23,969
Amortization	21,090	20,245
Utilities	15,624	18,412
Long term interest	13,078	13,815
Professional fees	8,545	7,541
Insurance	8,129	7,118
Municipal taxes	7,862	8,361
Office and administration	5,951	6,804
Journal of Undergraduate Studies at Trent program	3,218	12,024
Telephone	3,136	2,666
Interest and bank charges	1,294	1,703
Programming	772	175
Hospitality and reception	173	483
Advertising and promotion	170	416
Licenses and permits	163	550
Library and archive	18	3,869
Bad debts	-	530
	213,188	215,252
Excess of revenues over expenses for the year	18,519	26,852

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, 2016**

	2016	2015
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenues over expenses for the year	18,519	26,852
Items not affecting cash		
Amortization	21,090	20,245
Amortization of deferred contributions	(5,346)	(5,392)
	34,263	41,705
Change in non-cash working capital items		
(Increase) decrease in HST receivable	(1,269)	709
Decrease in accounts receivable	783	4,227
Increase in prepaid expenses	(1,046)	(5,111)
Increase (decrease) in accounts payable and accrued liabilities	(305)	984
Increase in deferred revenue	9,991	1,501
	42,417	44,015
Investing activity		
Purchase of tangible capital assets	(24,455)	(22,345)
Financing activity		
Demand loan repayments	(19,383)	(18,646)
Increase (decrease) in cash	(1,421)	3,024
Cash - beginning of year	64,859	61,835
Cash - end of year	63,438	64,859

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, 2016**

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 grants and contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured. Rentals are recognized in the period that the rental occurs. Student memberships are recognized in the period that the membership is effective.

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) Tangible Capital Assets

Tangible 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 tangible 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, 2016**

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

Contributions towards financing the tangible capital asset 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 restricted 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, 2016**

3. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2016 Net book value \$	2015 Net book value \$
Land	150,000	-	150,000	150,000
Buildings	656,678	245,336	411,342	423,377
Furniture and fixtures	29,678	18,499	11,179	2,464
Land improvements	76,586	11,018	65,568	58,883
	912,942	274,853	638,089	634,724

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 ending May 15, 2019, amortized over 180 months. Repayment involves blended monthly payments of \$2,705. The balance outstanding at year end is \$325,971 (2015 - \$345,354).

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, 2016, 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. During the year, \$13,209 was received (2015 - \$13,525) and \$3,218 was recognized (2015 - \$12,024).

6. DEFERRED CAPITAL CONTRIBUTIONS

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

	2016 \$	2015 \$
Deferred capital contributions related to tangible capital assets, beginning of year	128,286	133,678
Recorded as revenue during the year	(5,346)	(5,392)
Deferred capital contributions related to tangible capital assets, end of year	122,940	128,286

**P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)
For the year ended August 31, 2016**

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks. 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 credit, currency, interest rate or concentration risk.

Liquidity risk

The Association does have liquidity risk if the demand loan were called before the maturity date.

8. SPECIAL EVENTS

Special events is comprised of:

	2016	2015
	\$	\$
Bar and concession revenue	5,121	6,685
Bar and concession expense	(3,636)	(4,777)
Net special events revenue	1,485	1,908