

FINANCIAL STATEMENTS OF

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

August 31, 2020

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Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
K9J 2V4

D: 705.742.3418
F: 705.742.9775
peterborough@bakertilly.ca
www.bakertilly.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
P.R. Community & Student Association (Sadleir House Facility)

We have reviewed the accompanying financial statements of P.R. Community & Student Association (Sadleir House Facility) that comprise the statement of financial position as at August 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of P.R. Community & Student Association (Sadleir House Facility) as at August 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 10, 2021

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P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF FINANCIAL POSITION
As at August 31, 2020

	2020 \$	2019 \$
ASSETS		
Current assets		
Cash	220,665	209,045
HST receivable	1,774	-
Accounts receivable	13,257	6,130
Prepaid expenses	2,084	5,375
Investment (note 3)	25,000	-
	262,780	220,550
Other assets		
Tangible capital assets (note 4)	570,337	585,225
	833,117	805,775
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	13,127	8,248
Deferred revenue (note 5)	69,705	69,521
Demand loan (note 6)	254,811	275,000
HST payable	-	1,293
	337,643	354,062
Long-term liabilities		
Deferred capital contributions (note 7)	108,469	113,269
	446,112	467,331
Net assets		
Net assets invested in capital assets	207,057	196,956
Unrestricted net assets	179,948	141,488
	387,005	338,444
	833,117	805,775

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
For the year ended August 31, 2020

	Net assets invested in capital assets \$	Unrestricted net assets \$	Total 2020 \$	Total 2019 \$
Net assets - beginning of year	196,956	141,488	338,444	275,294
Excess (deficiency) of revenues over expenses for the year	(15,252)	63,813	48,561	63,150
Interfund transfer - purchase of tangible capital assets	5,164	(5,164)	-	-
Interfund transfer - debt repayments	20,189	(20,189)	-	-
Net assets - end of year	207,057	179,948	387,005	338,444

The accompanying notes are an integral part of these financial statements

P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF OPERATIONS
For the year ended August 31, 2020

	2020	2019
	\$	\$
Revenues		
Student memberships	200,940	221,068
Rental	37,178	46,572
Grants and contributions	26,584	18,588
Journal of Undergraduate Studies at Trent program	7,000	2,325
Jazz Goes to College	5,845	8,773
Amortization of deferred contributions (note 7)	4,800	5,032
Special events - net (note 9)	1,968	7,192
Fundraising	2,000	3,764
Interest	504	661
Miscellaneous	-	283
Library and archive	-	120
	286,819	314,378
Expenses		
Wages and benefits	115,305	124,597
Repairs and maintenance	38,920	25,674
Amortization	20,052	20,262
Utilities	13,432	15,146
Jazz Goes to College	8,886	9,595
Municipal taxes	8,836	8,761
Interest on debt	7,311	11,600
Journal of Undergraduate Studies at Trent program	7,000	2,325
Insurance	6,125	7,835
Office and administration	4,957	7,383
Professional fees	3,675	9,189
Telephone	3,283	3,531
Interest and bank charges	269	1,587
Hospitality and reception	207	718
Programming	-	2,813
Library and archive	-	212
	238,258	251,228
Excess of revenues over expenses for the year	48,561	63,150

The accompanying notes are an integral part of these financial statements

P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
STATEMENT OF CASH FLOWS
For the year ended August 31, 2020

	2020 \$	2019 \$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenues over expenses for the year	48,561	63,150
Items not affecting cash		
Amortization of tangible capital assets	20,052	20,262
Amortization of deferred contributions	(4,800)	(5,032)
	63,813	78,380
Change in non-cash working capital items		
HST receivable	(1,774)	1,888
Accounts receivable	(7,126)	(2,596)
Prepaid expenses	3,291	(3,255)
Accounts payable and accrued liabilities	4,878	3,778
Deferred revenue	184	11,501
HST payable	(1,293)	1,293
	61,973	90,989
Investing activities		
Purchase of investments	(25,000)	-
Purchase of tangible capital assets	(5,164)	(5,115)
	(30,164)	(5,115)
Financing activities		
Demand loan repayments	(20,189)	(284,873)
Proceeds received for new demand loan	-	275,000
Deferred capital contributions received	-	5,000
	(20,189)	(4,873)
Increase in cash	11,620	81,001
Cash - beginning of year	209,045	128,044
Cash - end of year	220,665	209,045

The accompanying notes are an integral part of these financial statements

**P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)**
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

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. 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%

(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
For the year ended August 31, 2020**

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 related assets' 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, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and demand loan.

Financial assets are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(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
For the year ended August 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Measurement Uncertainty

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Association's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Association's operations.

Restrictions on social events has caused a significant decline in revenue from events in the 2020 fiscal year. Staff are working remotely where possible in order to reduce the risk of transmission. Given the nature of rental operations, increased expenditures are being incurred in order to enhance cleaning and sanitization protocols. In the 2021 fiscal year, management expects the Association will have adequate cash flow to fund its operations following the crisis through consistency in student membership and rental revenues, both of which are expected to have limited risk of decline resulting from the pandemic.

The Association can not estimate the length and gravity of the COVID-19 outbreak. If the pandemic continues, it may have a material adverse effect on the Association's results in the 2021 fiscal year. The Association is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

3. INVESTMENT

The investment consists of a redeemable GIC of \$25,000 (2019 - \$Nil) bearing interest at 0.2% per annum, maturing July 16, 2021.

4. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Land	150,000	-	150,000	150,000
Buildings	656,678	307,306	349,372	363,929
Furniture and fixtures	44,439	29,163	15,276	13,286
Land improvements	76,586	20,897	55,689	58,010
	927,703	357,366	570,337	585,225

P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

5. DEFERRED REVENUE

Deferred revenue relates to unspent funds in the Journal of Undergraduate Studies at Trent program of \$69,705 (2019 - \$69,521).

	2020	2019
	\$	\$
Amounts received during the year		
Journal of Undergraduate Studies at Trent	7,184	18,227
Jazz Goes To College events	5,845	4,372
	13,029	22,599
Transferred to revenue during the year		
Journal of Undergraduate Studies at Trent	7,000	2,325
Jazz Goes To College events	5,845	8,773
	12,845	11,098
Increase during the year	184	11,501
Deferred revenue, beginning of year	69,521	58,020
Deferred revenue, end of year	69,705	69,521

6. DEMAND LOAN

The Association has a demand instalment loan with a fixed interest rate of 3.00% per year for a 60 month term ending August 1, 2024, with blended monthly payments of \$2,500. The balance outstanding at August 31, 2020 was \$254,811 (2019 - \$275,000).

The demand instalment loan has a security agreement granting first security in all present and after acquired personal property and a collateral mortgage for \$275,000, giving the lender a first charge over Commercial Property 751 George Street North, Peterborough, Ontario.

Estimated principal repayments are as follows:

	\$
2021	22,666
2022	23,355
2023	24,065
2024	184,725
	254,811

P.R. COMMUNITY & STUDENT ASSOCIATION
(SADLEIR HOUSE FACILITY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

7. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
	\$	\$
Balance, beginning of year	113,269	113,301
Current year contributions received	-	5,000
Recorded as revenue during the year	(4,800)	(5,032)
Balance, end of year	108,469	113,269

8. 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 or concentration risk.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed rate investments and fixed rate debt will generally rise if interest rates fall and conversely fall when rates rise.

(b) Liquidity risk

The Association would have liquidity risk if the demand loan was called before the maturity date.

9. SPECIAL EVENTS - NET

Special events is comprised of:

	2020	2019
	\$	\$
Special events revenue	-	3,005
Bar and concession revenue	4,901	13,090
Bar and concession expense	(2,933)	(8,903)
	1,968	7,192

10. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.