

*Auditors' Report and Financial Statements of*

**UNIVERSITY NEIGHBOURHOODS  
ASSOCIATION**

*March 31, 2006*

## Auditors' Report

To the Board of Directors of  
University Neighbourhoods Association

We have audited the statement of financial position of University Neighbourhoods Association as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2006 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Vancouver, British Columbia  
July 19, 2006

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Statement of Financial Position

March 31, 2006

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		(Restated - Note 3)
<b>CURRENT</b>		
Cash and term deposit	\$ 223,898	\$ 298,353
Accounts receivable	4,040	4,500
Prepaid expenses	22,167	29,560
	<u>250,105</u>	332,413
<b>EQUIPMENT (Note 4)</b>	<u>22,810</u>	19,095
	<u>\$ 272,915</u>	<u>\$ 351,508</u>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 208,741	\$ 267,738
Deferred revenues	20,667	28,417
	<u>229,408</u>	296,155
 <b>NET ASSETS</b>		
Invested in equipment	22,810	19,095
Unrestricted	20,697	36,258
	<u>43,507</u>	55,353
	<u>\$ 272,915</u>	<u>\$ 351,508</u>

APPROVED BY THE BOARD OF DIRECTORS:

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Director

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Director

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Statement of Operations

Year ended March 31, 2006

	<u>2006</u>	<u>2005</u>
		(Restated - Note 3)
<b>REVENUES</b>		
Grants (Note 1)	\$ 630,161	\$ 585,000
Province of B.C.	20,000	30,000
Other	36,220	18,041
Campus Community Planning	13,500	18,000
Municipal consulting support	66,667	-
	<u>766,548</u>	<u>651,041</u>
<b>EXPENSES</b>		
Accounting and legal	18,111	11,923
Advertising and promotion	8,889	12,374
Amortization	9,447	8,601
Bank charges and interest	847	211
Communication	16,860	8,072
Community service cards and community support	114,714	87,368
Consulting	107,314	38,520
Insurance	3,000	3,157
Landscaping	148,988	80,195
Library services	37,147	8,750
Management fees	21,400	21,400
Meeting	9,531	8,905
Office	21,615	18,129
Parking and security	50,503	80,375
Rent	12,624	12,624
Repairs and maintenance	3,789	1,003
Road, gutter and sidewalk maintenance	13,139	14,567
Salaries and benefits	100,383	97,957
Sewer and drainage	56,092	52,192
Street lights	18,385	7,058
Telephone	5,591	6,821
Victim services program	25	2,633
	<u>778,394</u>	<u>582,835</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (11,846)</b>	<b>\$ 68,206</b>

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Statement of Changes in Net Assets

Year ended March 31, 2006

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	<u>Invested in equipment</u>	<u>Unrestricted</u>	<u>2006</u>	<u>2005</u>
BALANCE, beginning of year				
As previously reported	\$ 19,095	\$ 82,036	\$ <b>101,131</b>	\$ (12,853)
Adjustment (Note 3)	-	(45,778)	<b>(45,778)</b>	-
As restated	19,095	36,258	<b>55,353</b>	(12,853)
(Deficiency) excess of revenues over expenses	(9,447)	(2,399)	<b>(11,846)</b>	68,206
Investment in equipment	13,162	(13,162)	-	-
BALANCE, end of year	\$ 22,810	\$ 20,697	\$ <b>43,507</b>	\$ 55,353

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# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2006

	<u>2006</u>	<u>2005</u> (Restated - Note 3)
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenses	\$ (11,846)	\$ 68,206
Item not involving cash		
Amortization of equipment	9,447	8,601
	<u>(2,399)</u>	76,807
Changes in non-cash operating items		
Accounts receivable	460	(2,495)
Prepaid expenses	7,393	(29,268)
Accounts payable and accrued liabilities and deferred revenues	(66,747)	224,680
	<u>(61,293)</u>	269,724
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	(13,162)	(4,103)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>(74,455)</b>	265,621
<b>CASH AND TERM DEPOSIT, BEGINNING OF YEAR</b>	<b>298,353</b>	32,732
<b>CASH AND TERM DEPOSIT, END OF YEAR</b>	<b>\$ 223,898</b>	\$ 298,353

### CASH AND TERM DEPOSIT IS COMPRISED OF:

Cash	\$ 171,937	\$ 198,353
Term deposit	51,961	100,000
	<u>\$ 223,898</u>	<u>\$ 298,353</u>

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to the Financial Statements

Year ended March 31, 2006

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### 1. DESCRIPTION OF OPERATIONS

University Neighbourhoods Association (the "Association") is a not-for-profit organization incorporated under the Society Act of B.C. on May 29, 2002. The Association represents the residents of the local areas and Hampton Place and delivers municipal like services to them. The Association operates within the guidelines of its constitution and by-laws and the Neighbours' Agreement with the University of British Columbia.

As a not-for-profit, the Association is not subject to income taxes.

The Association's operations are funded by service levies (property taxes) pursuant to the UBC Neighbours' Agreement, an agreement between the Association and the University of British Columbia. During the year, the Association received \$630,161 (2005 - \$585,000) in funding pursuant to this Agreement.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) *Revenue recognition*

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions including services levies are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the amortization rate of the related capital assets.

Endowment contributions are recognized as direct increases in net assets when received.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) *Equipment*

Purchased equipment is stated at cost. Amortization is recorded on a declining balance basis as follows:

Office equipment and fixtures	20%
Software	100%

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# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to the Financial Statements

Year ended March 31, 2006

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Equipment (continued)*

Leasehold improvements are amortized over the life of the lease (three years) and one renewal period (one year) using the straight-line method.

(c) *Donated materials and services*

The Association does not record the value of donated materials and services.

(d) *Use of estimates*

The preparation of 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 those estimates.

### 3. RESTATEMENT

The comparative figures for the year ended March 31, 2005 have been restated to reflect sewer and drainage expenses that were paid in the current year but not initially recorded as a liability in the prior year. The effect of this restatement is to increase accounts payable and accrued liabilities and sewer and drainage expenses by \$45,778 and decrease excess of revenue and expenses and unrestricted net assets by the same amount.

### 4. EQUIPMENT

	2006			2005
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and fixtures	\$ 27,767	\$ 8,571	\$ 19,196	9,750
Leaseholds	22,900	20,041	2,859	8,585
Software	2,021	1,266	755	760
	<b>\$ 52,688</b>	<b>\$ 29,878</b>	<b>\$ 22,810</b>	\$ 19,095

### 5. FINANCIAL INSTRUMENTS

The carrying value of the Association's cash and term deposit, accounts receivable and accounts payable approximate their fair values.

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