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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2010**

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2010**

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**AUDITORS' REPORT**

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To the Directors of University Neighbourhoods Association:

We have audited the statement of financial position of University Neighbourhoods Association as at March 31, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Johnsen Archer LLP*

Vancouver, B.C.  
July 5, 2010

CHARTERED ACCOUNTANTS

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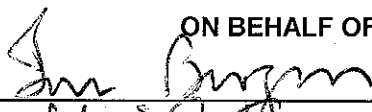
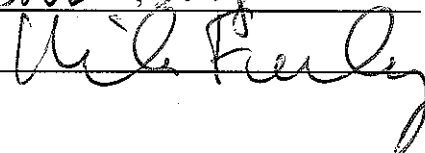
**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2010**

|   | 2010         | 2009<br><i>(note 8)</i> |
|---|--------------|-------------------------|
| <b>ASSETS</b>                                 |              |                         |
| Current assets                                |              |                         |
| Cash and term deposits                        | \$ 398,168   | \$ 376,151              |
| Accounts receivable                           | 633,872      | 603,268                 |
| Prepaid expenses                              | 53,047       | 22,271                  |
|   | 1,085,087    | 1,001,690               |
| Capital assets <i>(Note 4)</i>                | 439,655      | 467,606                 |
|   | \$ 1,524,742 | \$ 1,469,296            |
| <b>LIABILITIES</b>                            |              |                         |
| Current liabilities                           |              |                         |
| Accounts payable and accrued liabilities      | \$ 294,989   | \$ 159,470              |
| Due to U.B.C.                                 | 395,000      | 370,000                 |
| Deferred revenues                             | -            | 1,234                   |
|   | 689,989      | 530,704                 |
| Deferred capital contribution <i>(Note 5)</i> | 382,740      | 429,650                 |
|   | 1,072,729    | 960,354                 |
| <b>NET ASSETS</b>                             |              |                         |
| Internally restricted <i>(Note 6)</i>         | 250,000      | -                       |
| Invested in capital assets                    | 44,018       | 37,956                  |
| Unrestricted                                  | 157,995      | 470,986                 |
|   | 452,013      | 508,942                 |
|   | \$ 1,524,742 | \$ 1,469,296            |



See notes to financial statements

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Statement of Operations  
Year Ended March 31, 2010**

|   | 2010              | 2009<br><i>(note 8)</i> |
|---|-------------------|-------------------------|
| <b>Revenue</b>                                      |                   |                         |
| Community centre                                    | \$ 91,954         | \$ 78,092               |
| Province of B.C.                                    | 14,409            | 42,000                  |
| Service levies - U.B.C. funding                     | 2,367,591         | 2,183,133               |
| Other revenue                                       | 87,300            | 86,601                  |
|   | <b>2,561,254</b>  | <b>2,389,826</b>        |
| <b>Expenses</b>                                     |                   |                         |
| Municipal-like services                             |                   |                         |
| Communication                                       | 17,391            | 33,402                  |
| Community service cards and community access        | 446,926           | 341,404                 |
| Community support                                   | 61,105            | 45,512                  |
| General meetings and board meetings                 | 10,543            | 13,666                  |
| Landscaping   | 373,619           | 307,317                 |
| Management fees                                     | 70,000            | 60,000                  |
| Office  | 81,358            | 83,179                  |
| Parking and security                                | 84,288            | 83,284                  |
| Road, gutter and sidewalk maintenance               | 6,575             | 32,401                  |
| Salaries and benefits                               | 267,218           | 258,212                 |
| Sewer and drainage                                  | 285,764           | 164,508                 |
| Special projects                                    | 2,450             | 42,450                  |
| Street lights                                       | 57,377            | 38,646                  |
|   | <b>1,764,614</b>  | <b>1,503,981</b>        |
| <b>Community Centre</b>                             |                   |                         |
| Direct operating costs                              | 150,968           | 147,622                 |
| Programming   | 86,364            | 39,633                  |
| Salaries and benefits                               | 207,175           | 186,116                 |
|   | <b>444,507</b>    | <b>373,371</b>          |
| Amortization of capital assets                      | 52,972            | 51,964                  |
| Amortization of deferred capital contribution       | (46,910)          | (46,910)                |
|   | <b>6,062</b>      | <b>5,054</b>            |
| <b>Excess of revenue over expenses for the year</b> | <b>\$ 346,071</b> | <b>\$ 507,420</b>       |



See notes to financial statements

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2010**

|  | Internally<br>restricted | Invested in<br>capital assets | Unrestricted      | 2010              | 2009              |
|--|--------------------------|-------------------------------|-------------------|-------------------|-------------------|
| <b>Net assets - beginning<br/>of year</b>          | \$ -                     | \$ 37,956                     | \$ 470,986        | \$ <b>508,942</b> | \$ 371,522        |
| Excess of revenues<br>over expenses                | -                        | 6,062                         | 340,009           | <b>346,071</b>    | 507,420           |
| Inter-fund transfer                                | 250,000                  | -                             | (250,000)         | -                 | -                 |
| Transfer to U.B.C.<br>Neighbours'<br>Fund (note 7) | -                        | -                             | (403,000)         | <b>(403,000)</b>  | (370,000)         |
| <b>Net assets - end of<br/>year</b>                | <b>\$ 250,000</b>        | <b>\$ 44,018</b>              | <b>\$ 157,995</b> | <b>\$ 452,013</b> | <b>\$ 508,942</b> |



See notes to financial statements

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2010**

|  | 2010              | 2009              |
|--|-------------------|-------------------|
| <b>Operating activities</b>                          |                   |                   |
| Excess of revenue over expenses                      | \$ 346,071        | \$ 507,420        |
| Items not affecting cash:                            |                   |                   |
| Amortization of capital assets                       | 52,972            | 51,964            |
| Amortization of deferred capital contribution        | (46,910)          | (46,910)          |
|  | <b>352,133</b>    | <b>512,474</b>    |
| Changes in non-cash working capital:                 |                   |                   |
| Accounts receivable                                  | (30,604)          | (139,204)         |
| Prepaid expenses                                     | (30,776)          | (651)             |
| Accounts payable and accrued liabilities             | 135,518           | (108,606)         |
| Due to U.B.C.  | 25,000            | (6,000)           |
| Deferred revenues                                    | (1,234)           | (4,058)           |
|  | <b>97,904</b>     | <b>(258,519)</b>  |
| Cash flow from operating activities                  | <b>450,037</b>    | <b>253,955</b>    |
| <b>Investing activities</b>                          |                   |                   |
| Purchase of capital assets                           | (25,020)          | (23,748)          |
| Transfer to U.B.C. Neighbours' Fund                  | (403,000)         | (370,000)         |
| Cash flow used by investing activities               | <b>(428,020)</b>  | <b>(393,748)</b>  |
| <b>Increase (decrease) in cash and term deposits</b> | <b>22,017</b>     | <b>(139,793)</b>  |
| Cash and term deposits - beginning of year           | <b>376,151</b>    | <b>515,944</b>    |
| <b>Cash and term deposits - end of year</b>          | <b>\$ 398,168</b> | <b>\$ 376,151</b> |

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2010

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### 1. NATURE OF OPERATIONS

University Neighbourhoods Association (the "Association") is a not-for-profit organization incorporated under the Society Act of British Columbia on May 29, 2002. The Association represents the residents of the designated 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 (the "Agreement") between the Association and the University of British Columbia ("U.B.C.").

The Association's operations are funded by services levies (property taxes) collected by U.B.C. pursuant to the Agreement. During the year, the Association received \$2,367,591 of service levies (2008 - \$2,183,133) in funding pursuant to this agreement. As a not-for-profit organization, the Association is not subject to income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the year-end date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

|                               |          |                      |
|-------------------------------|----------|----------------------|
| Computer hardware             | 3 years  | straight-line method |
| Leasehold improvements        | 15 years | straight-line method |
| Office equipment and fixtures | 10 years | straight-line method |

The Association regularly reviews its capital assets to eliminate obsolete items.

#### Impairment of long-lived assets

Long-lived assets are reviewed for impairment when the occurrence of events or changes in circumstances indicate that the carrying value of assets may not be recoverable, as measured by comparison of their net book value to the estimated future cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2010**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 can be reasonably estimated and collection is reasonably assured.

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

Investment income is recognized as revenue when earned.

Donated materials and services

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

Financial Instruments

The Association has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following Sections of the CICA Handbook: 3862 and 3863. The Association applies the requirements of Section 3861 of the CICA Handbook.

The Association has classified its cash as "held-for-trading", which are measured and reported at fair value. Subsequent changes in fair value are recognized as unrealized gains or losses in the statement of operations in the period in which the change in value takes place. The Association has classified its term deposits as "available-for-sale", which are measured and reported at fair value. Subsequent changes in fair value are recognized as unrealized gains or losses in the statement of change in net assets in the period in which the change in value takes place. Accounts receivable are classified as "loans and receivables" and measured at amortized cost. Accounts payable and accrued liabilities are classified as "other liabilities" and measured at amortized cost.

Future changes in significant accounting policies

The Canadian Institute of Chartered Accountants has decided to transition GAAP for publicly accountable entities to International Financial Reporting Standards effective January 1, 2011. The Association is currently classified as a not-for-profit organization. The Accounting Standards Board and the Public Sector Accounting Board have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations.

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consists of cash and term deposits, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these instruments. The carrying value of these financial instruments approximate its fair value due to the immediate or short term maturity of these instruments.



**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2010**

**4. CAPITAL ASSETS**

|                               | Cost              | Accumulated<br>amortization | 2010<br>Net book<br>value | 2009<br>Net book<br>value |
|-------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Computer hardware             | \$ 14,278         | \$ 14,278                   | \$ -                      | \$ 2,655                  |
| Leasehold improvements        | 253,210           | 50,642                      | <b>202,568</b>            | 219,448                   |
| Office equipment and fixtures | 346,868           | 109,781                     | <b>237,087</b>            | 245,503                   |
|                               | <b>\$ 614,356</b> | <b>\$ 174,701</b>           | <b>\$ 439,655</b>         | <b>\$ 467,606</b>         |

**5. DEFERRED CAPITAL CONTRIBUTION**

Deferred capital contribution represents funding received from U.B.C. to acquire equipment and leasehold improvements for the Community Centre. This deferred contribution is amortized to operations on the same basis as the related equipment and leasehold improvements.

|                               | 2010              | 2009              |
|-------------------------------|-------------------|-------------------|
| Deferred capital contribution | \$ 524,900        | \$ 524,900        |
| Accumulated amortization      | (142,160)         | (95,250)          |
|                               | <b>\$ 382,740</b> | <b>\$ 429,650</b> |

**6. INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets represent funds that have been internally restricted by the Board of Directors of the Association. Expenditures require approval from the Board.

**7. U.B.C. NEIGHBOURS' FUND**

The Neighbours' Fund is a fund held by U.B.C. The Neighbours' Fund funds the operation of the University Neighbourhoods Association to provide for the operation, maintenance, repair and replacement of the Municipal-like Services and Facilities and Amenities provided to residents in the Designated Local Areas. U.B.C. deposits into the Neighbours' Fund the Services Levy that U.B.C. levies annually against the leasehold strata owners pursuant to their lease agreement. The Neighbours' Fund also includes Subfunds: the Access Fund, the Capital Replacement Fund, the Contingency Reserve Fund, the Infrastructure Reserve Fund and the Rate Stabilization Fund.

**8. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform with the current year's presentation.