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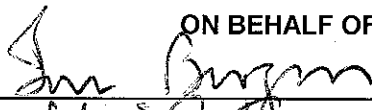
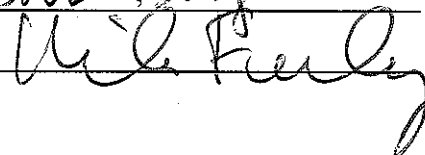
**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2010**

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

### 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 amortization	2010 Net book value	2009 Net book 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.