

Auditors' Report and Financial Statements of

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

March 31, 2003

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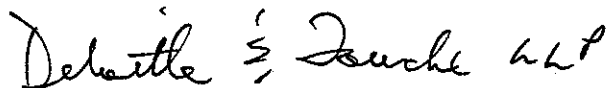
Auditors' Report

To the Board of Directors of the
University Neighbourhoods Association

We have audited the statement of financial position of the University Neighbourhoods Association as at March 31, 2003 and the statement of operations for the eleven months 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, 2003 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, British Columbia
September 10, 2003

**Deloitte
Touche
Tohmatsu**

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

(Incorporated under the Society Act of B.C.)

Statement of Financial Position

March 31, 2003

ASSETS

CURRENT

Cash	\$	59,666
GST rebate receivable		1,189

60,855

EQUIPMENT (Note 3)

27,428

\$ 88,283

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$	37,260
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NET ASSETS

Invested in capital assets		27,428
Unrestricted		23,595

51,023

\$ 88,283

APPROVED BY THE BOARD OF DIRECTORS:

Director

Director

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Operations

Eleven months ended March 31, 2003

REVENUES

Interest	\$	126
Services levy		72,407
Province of B.C.		17,500
		<hr/>
		90,033

EXPENSES

Accounting and legal		7,476
Amortization		3,788
Bank charges and interest		38
Goods and services tax expense		1,190
Office miscellaneous		3,394
Rent		5,262
Repairs and maintenance		520
Salaries and benefits		16,699
Telephone		643
		<hr/>
		39,010

EXCESS OF REVENUES OVER EXPENSES,
BEING NET ASSETS, END OF PERIOD

\$ 51,023

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Eleven months ended March 31, 2003

1. DESCRIPTION OF OPERATIONS

The University Neighbourhoods Association (the "UNA") is a not-for-profit organization incorporated under the Society Act of B.C. on May 29, 2002. The UNA represents the residents of the local areas and Hampton Place and delivers municipal like services to them. The UNA operates within the guidelines of its constitution and by-laws and Neighbours' Agreement (with the University) signed on May 27, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Furniture and fixtures	20%
Software	100%

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

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Eleven months ended March 31, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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, particularly the recoverability of accounts receivable, capital 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 the estimates.

3. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 7,692	\$ 769	\$ 6,923
Leaseholds	22,900	2,863	20,037
Software	624	156	468
	<u>\$ 31,216</u>	<u>\$ 3,788</u>	<u>\$ 27,428</u>

4. COMMITMENT

Premises rental

The Association is committed to an operating lease for office premises, which expires November 1, 2005, together with related operating expenses. The total future annual minimum lease payments are as follows:

2004	\$ 12,675
2005	12,675
2006	7,392
	<u>\$ 32,742</u>

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Eleven months ended March 31, 2003

5. FINANCIAL INSTRUMENTS

The carrying value of the Association's cash, GST rebate receivable, accounts payable and accrued liabilities reflected in the balance sheet approximate their fair values.

6. STATEMENT OF CASH FLOWS

A statement of cash flow has not been provided as management believes that it would not provide any further meaningful information.