

Auditors' Report and Financial Statements of

**UNIVERSITY NEIGHBOURHOODS
ASSOCIATION**

March 31, 2004

DRAFT - November 29, 2005

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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, 2004 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, 2004 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
November 15, 2005

UNIVERSITY NEIGHBOURHOODS ASSOCIATION**Statement of Financial Position**

March 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash	\$ 32,732	\$ 59,666
Accounts receivable	2,005	1,189
Prepaid expenses	292	-
	<u>35,029</u>	<u>60,855</u>
EQUIPMENT (Note 3)	23,593	27,428
	<u>\$ 58,622</u>	<u>\$ 88,283</u>

LIABILITIES**CURRENT**

Accounts payable and accrued liabilities	\$ 69,225	\$ 37,260
Deferred revenues	2,250	-
	<u>71,475</u>	<u>37,260</u>

NET ASSETS

Invested in capital assets	23,593	27,428
Unrestricted	(36,446)	23,595
	<u>(12,853)</u>	<u>51,023</u>
	<u>\$ 58,622</u>	<u>\$ 88,283</u>

COMMITMENT (Note 4)

APPROVED BY THE BOARD OF DIRECTORS:

 Director

 Director

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Operations

Year ended March 31, 2004

	Year ended March 31, 2004	Eleven months ended March 31, 2003
REVENUES		
Grants	\$ 73,500	\$ 72,407
Province of B.C.	30,000	17,500
Other	5,553	126
	109,053	90,033
EXPENSES		
Accounting and legal	6,302	7,476
Advertising and promotion	2,036	-
Amortization	8,665	3,788
Bank charges and interest	135	38
Community service cards	45,500	-
Consulting	16,050	-
Goods and services tax expense	1,190	1,190
Library service	12,250	-
Meeting	3,614	-
Office miscellaneous	13,492	3,394
Rent	8,040	5,262
Repairs and maintenance	608	520
Salaries and benefits	50,526	16,699
Telephone	3,232	643
Travel	1,289	-
	172,929	39,010
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (63,876)	\$ 51,023

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31, 2004

	Invested in capital assets	Unrestricted	Year ended March 31, 2004	Eleven months ended March 31, 2003
BALANCE, beginning of period	\$ 27,428	\$ 23,595	\$ 51,023	\$ -
(Deficiency) excess of revenue over expenses	(8,665)	(55,211)	(63,876)	51,023
Investment in equipment	4,830	(4,830)	-	-
BALANCE, end of period	\$ 23,593	\$ (36,446)	\$ (12,853)	\$ 51,023

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Cash Flows
Year ended March 31, 2004

	Year ended March 31, 2004	Eleven months ended March 31, 2003
OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenses	\$ (63,876)	\$ 51,023
Item not involving cash		
Amortization of equipment	8,665	3,788
	(55,211)	54,811
Changes in non-cash operating items		
Accounts receivable	(816)	(1,189)
Prepaid expenses	(292)	-
Accounts payable and accrued liabilities and deferred revenues	34,215	37,260
	(22,104)	90,882
INVESTING ACTIVITY		
Purchase of equipment	(4,830)	(31,216)
NET CASH (OUTFLOW) INFLOW	(26,934)	59,666
CASH, BEGINNING OF PERIOD	59,666	-
CASH, END OF PERIOD	\$ 32,732	\$ 59,666

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2004

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 ability of the Association to operate and meet its obligations is dependent upon obtaining funding from the University of British Columbia pursuant to the UBC Neighbours' Agreement. During the year, the Association received \$73,500 pursuant to the Agreement.

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:

Office equipment and fixtures	20%
Software	100%

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2004

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. EQUIPMENT

	2004			2003
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and fixtures	\$ 12,522	\$ 3,240	\$ 9,282	6,923
Leaseholds	22,900	8,589	14,311	20,037
Software	624	624	-	468
	<u>\$ 36,046</u>	<u>\$ 12,453</u>	<u>\$ 23,593</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:

2005	\$ 12,675
2006	7,392
	<u>\$ 20,067</u>

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2004

5. FINANCIAL INSTRUMENTS

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