

Auditors' Report and Financial Statements of

**UNIVERSITY NEIGHBOURHOODS
ASSOCIATION**

March 31, 2005

DRAFT - November 15, 2005

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: (604) 669-4466
Fax: (604) 685-0395
www.deloitte.ca

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, 2005 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, 2005 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
•, 2005

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

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

Statement of Financial Position

March 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 298,353	\$ 32,732
Accounts receivable	4,500	2,005
Prepaid expenses	29,560	292
	<u>332,413</u>	<u>35,029</u>
EQUIPMENT (Note 3)	19,095	23,593
	<u>\$ 351,508</u>	<u>\$ 58,622</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 221,960	\$ 69,225
Deferred revenues	28,417	2,250
	<u>250,377</u>	<u>71,475</u>
NET ASSETS		
Invested in capital assets	19,095	23,593
Unrestricted	82,036	(36,446)
	<u>101,131</u>	<u>(12,853)</u>
	<u>\$ 351,508</u>	<u>\$ 58,622</u>

APPROVED BY THE BOARD OF DIRECTORS:

 Director

 Director

UNIVERSITY NEIGHBOURHOODS ASSOCIATION**Statement of Operations**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUES		
Services levy	\$ 585,000	\$ 73,500
Province of B.C.	30,000	30,000
Other	18,041	5,553
Campus Community Planning	18,000	-
	<u>651,041</u>	<u>109,053</u>
EXPENSES		
Accounting and legal	11,923	6,302
Advertising and promotion	12,374	2,036
Amortization	8,601	8,665
Bank charges and interest	211	135
Communication	8,072	-
Community service cards	87,368	45,500
Consulting	38,520	16,050
Goods and services tax expense	-	1,190
Insurance	3,157	-
Landscaping	80,195	-
Library services	8,750	12,250
Management fees	21,400	-
Meeting	8,905	3,614
Office	18,129	13,492
Parking and security	80,375	-
Rent	12,624	8,040
Repairs and maintenance	1,003	608
Road, gutter and sidewalk maintenance	14,567	-
Salaries and benefits	97,957	50,526
Sewer and drainage	6,414	-
Street lights	7,058	-
Telephone	6,821	3,232
Travel	1,482	1,289
Victim services program	1,151	-
	<u>537,057</u>	<u>172,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 113,984	\$ (63,876)

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31, 2005

	Invested in capital assets	Unrestricted	2005	2004
BALANCE, beginning of year	\$ 23,593	\$ (36,446)	\$ (12,853)	\$ 51,023
(Deficiency) excess of revenue over expenses	(8,601)	122,585	113,984	(63,876)
Investment in equipment	4,103	(4,103)	-	-
BALANCE, end of year	\$ 19,095	\$ 82,036	\$ 101,131	\$ (12,853)

UNIVERSITY NEIGHBOURHOODS ASSOCIATION**Statement of Cash Flows**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 113,984	\$ (63,876)
Item not involving cash		
Amortization of equipment	8,601	8,665
	<u>122,585</u>	<u>(55,211)</u>
Changes in non-cash operating items		
Accounts receivable	(2,495)	(816)
Prepaid expenses	(29,268)	(292)
Accounts payable and accrued liabilities	178,902	34,215
	<u>269,724</u>	<u>(22,104)</u>
INVESTING ACTIVITY		
Purchase of equipment	(4,103)	(4,830)
NET CASH INFLOW (OUTFLOW)	<u>265,621</u>	<u>(26,934)</u>
CASH, BEGINNING OF YEAR	<u>32,732</u>	<u>59,666</u>
CASH, END OF YEAR	<u>\$ 298,353</u>	<u>\$ 32,732</u>

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2005

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:

Office equipment 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

Year ended March 31, 2005

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

	2005			2004
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and fixtures	\$ 15,105	\$ 5,355	\$ 9,750	9,282
Leaseholds	22,900	14,315	8,585	14,311
Software	1,521	760	761	-
	<u>\$ 39,526</u>	<u>\$ 20,430</u>	<u>\$ 19,096</u>	<u>\$ 23,593</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:

2006	\$ 7,392
------	----------

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.