

Financial statements of

**University Neighbourhoods
Association**

March 31, 2008

University Neighbourhoods Association

March 31, 2008

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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, 2008 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, 2008 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. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants
June 19, 2008

University Neighbourhoods Association

Statement of operations

year ended March 31, 2008

	2008	2007
	\$	\$
Revenues		
UBC funding	1,197,530	1,151,230
Province of B.C.	32,060	-
Community Centre		
Rental income	45,916	-
Miscellaneous revenue	27,947	-
Other revenue	26,222	23,046
	1,329,675	1,174,276
Expenses		
Municipal-like services		
Landscaping	273,278	270,100
Salaries and benefits	258,913	189,411
Community service cards and community support	107,298	90,329
Sewer and drainage	106,731	109,605
Parking and security	82,897	19,485
Office	67,181	73,698
Management fees	42,300	42,500
General meetings and board meetings	38,918	14,367
Community support	32,770	32,294
Street lights	27,498	25,423
Communication	24,074	5,016
Road, gutter and sidewalk maintenance	12,199	22,124
Miscellaneous	194	1,118
Sustainability Committee	86	34,926
	1,074,337	930,396
Community Centre		
Direct operating costs	73,111	-
Salaries and benefits	70,450	-
Programming	13,194	-
	156,755	-
Amortization of equipment and leasehold improvements	53,155	9,633
Amortization of deferred capital contributions (Note 5)	(48,340)	-
	1,235,907	940,029
Excess of revenues over expenses	93,768	234,247

University Neighbourhoods Association

Statement of changes in net assets
year ended March 31, 2008

	2008			2007
	Invested in equipment	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	24,077	253,677	277,754	43,507
Excess (deficiency) of revenues over expenses	(4,815)	98,583	93,768	234,247
Balance, end of year	19,262	352,260	371,522	277,754

University Neighbourhoods Association

Statement of financial position

as at March 31, 2008

	2008	2007
	\$	\$
Assets		
Current assets		
Cash and term deposit	515,944	553,999
Accounts receivable	464,064	3,910
Prepaid expenses	21,620	12,917
	1,001,628	570,826
<hr/>		
Equipment and leasehold improvements (Note 4)	495,822	24,077
	1,497,450	594,903
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	268,076	302,232
Due to U.B.C.	376,000	-
Deferred revenues	5,292	14,917
	649,368	317,149
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Deferred capital contribution (Note 5)	476,560	-
	1,125,928	317,149
<hr/>		
Net assets		
Invested in equipment	19,262	24,077
Unrestricted	352,260	253,677
	371,522	277,754
	1,497,450	594,903

Approved by the Board of Directors



Director



Director

University Neighbourhoods Association

Statement of cash flows year ended March 31, 2008

	2008	2007
	\$	\$
Operating activities		
Excess of revenues over expenses	93,768	234,247
Item not involving cash		
Amortization of equipment and leasehold improvements	53,155	9,633
Amortization of deferred capital contribution	(48,340)	-
	98,583	243,880
Changes in non-cash operating items		
Accounts receivable	(460,154)	130
Prepaid expenses	(8,703)	9,250
Accounts payable and accrued liabilities	(39,400)	93,491
Due to U.B.C.	376,000	-
Deferred revenue	(9,625)	(5,750)
	(43,299)	341,001
Investing activity		
Purchase of equipment	(519,656)	(10,900)
Financing activity		
Deferred capital contribution	524,900	-
Net cash (outflow) inflow	(38,055)	330,101
Cash and term deposit, beginning of year	553,999	223,898
Cash and term deposit, end of year	515,944	553,999
Cash and term deposit is comprised of		
Cash	115,944	501,222
Term deposit	400,000	52,777
	515,944	553,999
Supplementary disclosure of non-cash investment activities		
Purchase of equipment included in accounts payable	5,244	-

University Neighbourhoods Association

Notes to the financial statements

March 31, 2008

1. Description 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."). During 2008, the Association has been granted a specific license by U.B.C. to operate and maintain a newly established community center in the designated area (the "Community Centre").

The Association's operations are funded by service levies (property taxes) collected by U.B.C. pursuant to the Agreement. During the year, the Association received \$1,677,430 (2007 - \$1,134,980) in funding pursuant to this Agreement. As a not-for-profit organization, the Association is not subject to income taxes.

2. Significant accounting policies

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

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions including service 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 expenditures are made. 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 incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Equipment and leasehold improvements

Equipment is stated at cost. Amortization is recorded on a declining balance basis as follows:

Office equipment and fixtures	20%
Computer software	100%

Leasehold improvements are amortized over 15 years.

University Neighbourhoods Association

Notes to the financial statements

March 31, 2008

2. Significant accounting policies (continued)

(b) *Equipment (continued)*

Equipment is tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. No impairment loss was recognized for the current year.

(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. Significant areas requiring the use of management estimates relate to the determination of the useful life of equipment and leasehold improvements and the determination of the amortization periods of the deferred capital contribution. Actual results could differ from those estimates.

3. Change in accounting policy

On April 1, 2007, the Association adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*.

Financial assets subject to the new standards are classified as held-for-trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities subject to the new standard are classified as held-for-trading or other liabilities.

Financial assets and liabilities classified as held-for-trading are carried at fair value, with unrealized gains and losses recognized in net income. Financial assets classified as available-for-sale are also carried at fair value, with unrealized gains and losses being recognized in the statement of changes in net assets. Financial assets classified as held-to-maturity, or as loans and receivables, and financial liabilities classified as other are carried at amortized cost, with gains and losses recognized in net income in the period the asset/liability is derecognized.

The Association classified its cash and term deposit as available-for-sale. The Association's other financial instruments subject to the new standards consist of accounts receivable, accounts payable and accrued liabilities and due to U.B.C. They are classified as loans and receivables, and other liabilities respectively.

These recommendations have been applied retrospectively, without restatement.

University Neighbourhoods Association

Notes to the financial statements

March 31, 2008

3. Change in accounting policy (continued)

Future accounting changes

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3862, *Financial Instruments - Disclosures*; Section 3863, *Financial Instruments - Presentation*; and Section 1535, *Capital Disclosures*. All three sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Association will adopt the new standards for its fiscal year beginning April 1, 2008. Section 3862 on financial instruments disclosures requires the disclosure of information about: (a) the significance of financial instruments for the entity's financial position and performance and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Association is currently evaluating the impact of the adoption of these new sections on its financial statements.

4. Equipment and leasehold improvements

	2008		2007
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office equipment and fixtures	298,100	45,350	252,750
Leasehold improvements	253,210	16,880	236,330
Computer software	14,278	7,536	6,742
	565,588	69,766	495,822

5. Deferred capital contributions

Deferred capital contributions represent funding received from U.B.C. to acquire equipment and leasehold improvements for the Community Centre. These deferred contributions are amortized to operations on the same basis as the related equipment and leasehold improvements are amortized.

	2008	2007
	\$	\$
Balance, beginning of year	524,900	-
Amortization	48,340	-
Balance, end of year	476,560	-

6. Financial instruments

The carrying value of the Association's cash and term deposit, accounts receivable, due to U.B.C. and accounts payable and accrued liabilities approximate their fair values.