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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2009**

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
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**Year Ended March 31, 2009**

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CHARTERED  
ACCOUNTANTS  
**JOHNSEN  
ARCHER LLP**

*25* years of original thinking

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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, 2009 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, 2009 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 20, 2009

CHARTERED ACCOUNTANTS

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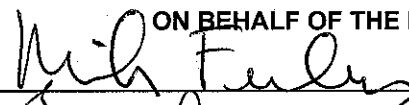
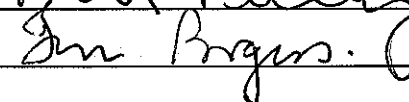


**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2009**

	2009	2008
<b>ASSETS</b>		
Current assets		
Cash and term deposits	\$ 376,151	\$ 515,944
Accounts receivable	603,268	464,064
Prepaid expenses	22,271	21,620
	<b>1,001,690</b>	<b>1,001,628</b>
Capital assets (Note 4)	467,606	495,822
	<b>\$ 1,469,296</b>	<b>\$ 1,497,450</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 159,470	\$ 268,076
Due to U.B.C.	370,000	376,000
Deferred revenues	1,234	5,292
	<b>530,704</b>	<b>649,368</b>
Deferred capital contribution (Note 5)	429,650	476,560
	<b>960,354</b>	<b>1,125,928</b>
<b>NET ASSETS</b>		
Invested in equipment	14,208	19,262
Unrestricted	494,734	352,260
	<b>508,942</b>	<b>371,522</b>
	<b>\$ 1,469,296</b>	<b>\$ 1,497,450</b>



See notes to financial statements

ON BEHALF OF THE BOARD  
 Director  
 Director

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Statement of Operations  
Year Ended March 31, 2009**

	2009	2008
<b>Revenue</b>		
Community centre	\$ 78,092	\$ 73,863
Province of B.C.	42,000	32,060
Service levies - U.B.C. funding	2,183,133	1,152,530
Other revenue	86,601	447,222
	<b>2,389,826</b>	<b>1,705,675</b>
<b>Expenses</b>		
Municipal-like services		
Communication	33,402	24,074
Community service cards and community access	341,404	107,298
Community support	30,453	32,856
General meetings and board meetings	71,175	38,918
Landscaping	307,317	273,278
Management fees	60,000	42,300
Office	83,179	67,375
Parking and security	83,284	82,897
Road, gutter and sidewalk maintenance	32,401	12,199
Salaries and benefits	258,212	258,913
Sewer and drainage	164,508	106,731
Street lights	38,646	27,498
	<b>1,503,981</b>	<b>1,074,337</b>
<b>Community Centre</b>		
Direct operating costs	147,622	73,111
Programming	39,633	13,194
Salaries and benefits	186,116	70,450
	<b>373,371</b>	<b>156,755</b>
Amortization of capital assets	51,964	53,155
Amortization of deferred capital contribution	(46,910)	(48,340)
	<b>5,054</b>	<b>4,815</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 507,420</b>	<b>\$ 469,768</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2009**

	Invested in capital assets	Unrestricted	<b>2009</b>	2008
<b>Net assets - beginning of year</b>	\$ 19,262	\$ 352,260	<b>\$ 371,522</b>	\$ 277,754
Excess (deficiency) of revenues over expenses	(5,054)	512,474	<b>507,420</b>	469,768
Transfer to U.B.C. Neighbours Fund (note 6)	-	(370,000)	<b>(370,000)</b>	(376,000)
<b>Net assets - end of year</b>	<b>\$ 14,208</b>	<b>\$ 494,734</b>	<b>\$ 508,942</b>	<b>\$ 371,522</b>



See notes to financial statements

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2009**

	2009	2008
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 507,420	\$ 469,768
Items not affecting cash:		
Amortization of capital assets	51,964	53,155
Amortization of deferred capital contribution	(46,910)	(48,340)
	<b>512,474</b>	<b>474,583</b>
Changes in non-cash working capital:		
Accounts receivable	(139,204)	(460,154)
Prepaid expenses	(651)	(8,703)
Accounts payable and accrued liabilities	(108,606)	(39,400)
Due to U.B.C.	(6,000)	376,000
Deferred revenues	(4,058)	(9,625)
	<b>(258,519)</b>	<b>(141,882)</b>
Cash flow from operating activities	<b>253,955</b>	<b>332,701</b>
<b>Investing activities</b>		
Purchase of capital assets	(23,748)	(519,656)
Transfer to U.B.C. Neighbours' Fund	(370,000)	(376,000)
Cash flow used by investing activities	<b>(393,748)</b>	<b>(895,656)</b>
<b>Financing activity</b>		
Deferred capital contribution	-	524,900
<b>Decrease in cash and term deposits</b>	<b>(139,793)</b>	<b>(38,055)</b>
Cash and term deposits - beginning of year	<b>515,944</b>	<b>553,999</b>
<b>Cash and term deposits - end of year</b>	<b>\$ 376,151</b>	<b>\$ 515,944</b>
<b>Cash and term deposits consists of:</b>		
Cash	\$ 176,151	\$ 115,944
Term deposits	200,000	400,000
	<b>\$ 376,151</b>	<b>\$ 515,944</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2009**

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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 \$2,183,133 of service levies (2008 - \$1,152,230 comprised of \$1,677,430 of service levies less capital contribution of \$524,900) 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 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.

During the year, the Association revised its estimate of the useful life of its office equipment and fixtures to 10 years and computer hardware to 3 years. Therefore, these assets are now being amortized over 10 years and 3 years respectively using the straight-line method. The effect of this change in estimate has been accounted for on a prospective basis.

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2009**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 permitting not-for-profit organizations not to apply the following Sections of the CICA Handbook: 3862 and 3863, which would otherwise have applied to the financial statements of the Association for the year ended March 31, 2009. 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.

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future changes in significant accounting policies

The following accounting standard has been issued by the Canadian Institute of Chartered Accountants ("CICA") but are not yet effective. The Association is currently evaluating the effect of adopting these standards on their financial statements.

Section 4470 - Disclosure of allocated expenses by not-for-profit organizations, which establishes standards for disclosing an entity's policies governing the allocation of common expenses to multiple functions or programs. This standard is effective for fiscal years beginning on or after January 1, 2009.

Also, in September 2008, the Accounting Standards Board amended the following CICA Handbook Sections:

1540 - Cash flow statements

4400 - Financial statement presentation by not-for-profit organizations

4430 - Capital assets held by not-for-profit organizations

4460 - Disclosure of related party transactions by not-for-profit organizations

The amendments provide additional guidance on applying the existing standards and are effective for fiscal years beginning on or after January 1, 2009.

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.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Computer hardware	\$ 14,278	\$ 11,623	\$ 2,655	\$ 6,742
Leasehold improvements	253,210	33,762	219,448	236,330
Office equipment and fixtures	321,848	76,345	245,503	252,750
	<b>\$ 589,336</b>	<b>\$ 121,730</b>	<b>\$ 467,606</b>	<b>\$ 495,822</b>



**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2009**

5. DEFERRED CAPITAL CONTRIBUTION

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

	2009	2008
Deferred capital contribution	\$ 524,900	\$ 524,900
Accumulated amortization	(95,250)	(48,340)
	<b>\$ 429,650</b>	<b>\$ 476,560</b>

6. 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.

7. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered accountants.

Some of the comparative figures have been reclassified to conform with the current year's presentation.