

---

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2017**

---

UNIVERSITY NEIGHBOURHOODS ASSOCIATION  
Index to Financial Statements  
Year Ended March 31, 2017

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

---

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of University Neighbourhoods Association

We have audited the accompanying financial statements of University Neighbourhoods Association, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of University Neighbourhoods Association (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of University Neighbourhoods Association as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

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

*Johnsen Archer LLP*

Surrey, B.C.  
June 19, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

---

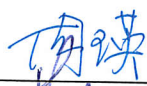

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2017**

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 266,589	\$ 202,050
Term deposits (Note 4)	1,002,474	1,003,562
Accounts receivable	30,976	118,214
Prepaid expenses	21,648	35,330
	<b>1,321,687</b>	<b>1,359,156</b>
Capital assets (Note 5)	<b>1,450,937</b>	<b>1,115,820</b>
	<b>\$ 2,772,624</b>	<b>\$ 2,474,976</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 303,237	\$ 182,894
Deferred revenue (Note 7)	328,914	263,295
	<b>632,151</b>	<b>446,189</b>
Deferred capital contributions (Note 8)	<b>406,624</b>	<b>105,366</b>
	<b>1,038,775</b>	<b>551,555</b>
<b>NET ASSETS</b>		
Invested in capital assets	<b>1,039,610</b>	<b>988,532</b>
Internally restricted net assets (Note 9)	<b>197,712</b>	<b>465,973</b>
Unrestricted net assets	<b>496,527</b>	<b>468,916</b>
	<b>1,733,849</b>	<b>1,923,421</b>
	<b>\$ 2,772,624</b>	<b>\$ 2,474,976</b>

Commitments (Note 10)



ON BEHALF OF THE BOARD

 Director  
 Director

The accompanying notes form an integral part of these financial statements.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2017**

	2017	2016
<b>Revenue</b>		
Community centres	\$ 711,404	\$ 310,977
Neighbours levies	2,664,412	2,799,832
Other revenue	366,120	218,655
	<b>3,741,936</b>	<b>3,329,464</b>
<b>Community services</b>		
Communication	105,241	101,349
Community access	137,778	138,218
Community centre		
Direct operating costs	691,164	357,759
Programming	119,453	114,700
Salaries and benefits	668,141	475,337
Community support	17,834	23,515
General and administrative	356,453	372,906
General meetings	36,513	33,054
Salaries and wages	678,145	559,195
Sustainability	19,920	36,879
	<b>2,830,642</b>	<b>2,212,912</b>
<b>Municipal services</b>		
Direct operating costs	95,669	93,483
Landscaping	636,602	657,371
Property management	80,000	80,000
Road, gutter, sidewalk maintenance	25,494	6,502
Streetlights	107,141	101,006
	<b>944,906</b>	<b>938,362</b>
Excess (deficiency) of revenue over municipal services before income taxes	<b>(33,612)</b>	<b>178,190</b>
Amortization of capital assets	188,035	131,382
Amortization of deferred capital contributions	<b>(32,075)</b>	<b>(42,824)</b>
	<b>155,960</b>	<b>88,558</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (189,572)</b>	<b>\$ 89,632</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2017**

	Invested in Capital Assets	Internally Restricted (Note 9)	Unrestricted	2017	2016
<b>Net assets - beginning of year</b>	\$ 988,532	\$ 465,973	\$ 468,916	\$ <b>1,923,421</b>	\$ 1,833,789
Excess (deficiency) of revenue over expenditures	(155,960)	-	(33,612)	<b>(189,572)</b>	89,632
Internally restricted expenditures	207,038	(268,261)	61,223	-	-
<b>Net assets - end of year</b>	\$ 1,039,610	\$ 197,712	\$ 496,527	\$ <b>1,733,849</b>	\$ 1,923,421

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditure for the year	\$ (189,572)	\$ 89,632
Items not affecting cash:		
Amortization of capital assets	188,035	131,382
Amortization of deferred capital contributions	(32,075)	(42,824)
	(33,612)	178,190
Changes in non-cash working capital:		
Accounts receivable	87,238	(56,826)
Internally restricted receivable	-	823,201
Prepaid expenses	13,682	52,649
Accounts payable and accrued liabilities	120,343	(92,794)
Deferred revenue	65,619	146,582
	286,882	872,812
Cash flow from operating activities	253,270	1,051,002
<b>Investing activities</b>		
Purchase of capital assets	(523,152)	(800,684)
Term deposits	1,088	(1,003,562)
Cash flow used by investing activities	(522,064)	(1,804,246)
<b>Financing activity</b>		
Deferred capital contributions	333,333	-
<b>Increase (decrease) in cash</b>	64,539	(753,244)
Cash - beginning of year	202,050	955,294
<b>Cash - end of year</b>	\$ 266,589	\$ 202,050



# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

### 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 University of British Columbia ("U.B.C.") designated local areas including 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 U.B.C.

The Association's operations are primarily funded by levies, collected pursuant to the Agreement, which consist of service levies and the general municipal services levy collected by U.B.C. pursuant to the Agreement. As a not-for-profit organization, the Association is not subject to income tax pursuant to paragraph 149(1)(f) of the Income Tax Act (Canada), subject to compliance with the rules contained therein.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and incorporate the following significant accounting policies:

#### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and other instruments with maturities at the date of purchase of less than 90 days and are measured at cost plus accrued interest.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis:

Computer hardware and software	3 years
Equipment and fixtures	10 years
Leasehold improvements	15 years

Capital assets are amortized at one-half the normal annual rate on the year of acquisition and no amortization is charged in the year of disposal. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

The Association regularly reviews its capital assets to eliminate obsolete items.

Capital assets are written down when they no longer provide any long-term service potential to the Association. Any write-down is recognized as an expense to the extent an asset's carrying value exceeds its residual value.

*(continues)*

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

---

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

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 expenditures are incurred. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue at the amortization rate of the related capital assets.

Other revenue such as investment income, community centre fees, newspaper and miscellaneous are deferred and recognized as revenue when earned.

Donated materials and services

The Association does not record the value of donated materials and services as their fair value cannot be reliably measured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, derivatives and investments in equity instruments quoted in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments carried at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments carried at amortized cost are deferred and amortized over the life of the related instrument.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include valuation of accounts receivable, capital assets and deferred revenue. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. Actual results could differ from these estimates.

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

### 3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, 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 commodity risks arising from these financial instruments.

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts of \$nil (2016 - \$nil) is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

#### Fair Values

The Association's carrying values of cash, term deposits, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

### 4. TERM DEPOSITS

The Association reinvested \$1,000,000 of guaranteed investment certificates ("GICs"), which matured November 23, 2016, back into one year term GICs. The GICs earn interest of 0.7% (2016 - 1.0%) per annum, mature on November 23, 2017 and are recorded at amortized cost.

### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer hardware and software	\$ 81,379	\$ 64,724	\$ 16,655	\$ 16,975
Equipment and fixtures	1,370,583	533,384	837,199	821,172
Leasehold improvements	889,873	292,790	597,083	277,673
	<b>\$ 2,341,835</b>	<b>\$ 890,898</b>	<b>\$ 1,450,937</b>	<b>\$ 1,115,820</b>

As at March 31, 2017, no events or changes in circumstances had occurred which indicated that capital assets require a write-down.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are the following government remittances payable:

	2017	2016
Indirect taxes payable	\$ -	\$ 173
Source deductions payable	26,954	23,611
Workers Compensation Board payable	3,787	2,352
	<b>\$ 30,741</b>	<b>\$ 26,136</b>

**7. DEFERRED REVENUE**

Included in deferred revenue are contributions into the Capital Reserve Fund to replace field facilities at the end of their useful lives as set out in the University Hill Secondary School Artificial Playfield Joint Use Agreement (the "Joint Use Agreement") between U.B.C. and The Board of Education of School District No. 39 (the "School Board").

The Association was appointed by U.B.C. as manager through the Wesbrook Place Artificial Playfield License Agreement (the "License Agreement") to perform certain functions as described in the Joint Use Agreement.

	2017	2016
Capital Replacement Fund	\$ 160,000	\$ 120,000

**8. DEFERRED CAPITAL CONTRIBUTION**

Deferred capital contribution represents funding received from The Neighbours' Fund (a fund managed by U.B.C. consisting of monies raised by way of service levies collected by U.B.C.) to acquire equipment and complete leasehold improvements for the Community Centres. This deferred contribution is amortized to operations on the same basis as the related equipment and leasehold improvements.

During the year the Association received funding of \$333,333 to assist in the renovation and opening of a daycare centre.

	2017	2016
Deferred capital contribution	\$ 845,976	\$ 524,900
Accumulated amortization	(439,352)	(419,534)
	<b>\$ 406,624</b>	<b>\$ 105,366</b>

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

### 9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of deferred operating contributions internally restricted by the Association to be used for board-approved projects, as well as funds internally restricted for future capital purchases and community centre development.

	2017	2016
<b>Community engagement</b>		
Opening	\$ 70,000	\$ 30,000
Funds internally restricted	-	40,000
Expenditures incurred	(51,241)	-
	18,759	70,000
<b>Capital projects</b>		
Opening	305,378	1,005,950
Funds internally restricted	-	78,190
Expenditures incurred	(207,038)	(778,762)
	98,340	305,378
<b>Consultants</b>		
Opening	50,595	41,520
Funds internally restricted	-	20,000
Expenditures incurred	(2,225)	(10,925)
	48,370	50,595
<b>Training and development</b>		
Opening	40,000	-
Funds internally restricted	-	40,000
Expenditures incurred	(7,757)	-
	32,243	40,000
Grand total	\$ 197,712	\$ 465,973

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

---

**10. COMMITMENTS**

The Association has entered into a lease agreement for its premises and has committed to the following minimum annual lease payments.

Contractual obligation repayment schedule:

2018	\$	174,642
2019		54,607
2020		<u>36,000</u>
	\$	<u>265,249</u>

**11. DIRECTORS' SALARIES**

During the year, the Association paid salaries of \$134,381 to the Executive Director and \$96,802 to the Director of Operations and Risk Management.