
UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Financial Statements

Year Ended March 31, 2021

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of University Neighbourhoods Association

Report on the Financial Statements

Opinion

We have audited the financial statements of University Neighbourhoods Association (the Association), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Johnsen Archer LLP

Surrey, B.C.
July 8, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 2,095,603	\$ 719,691
Accounts receivable	25,276	207,162
Prepaid expenses	10,873	7,565
	2,131,752	934,418
Capital assets <i>(Note 4)</i>	889,489	970,687
	\$ 3,021,241	\$ 1,905,105
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 358,382	\$ 346,799
Deferred revenue <i>(Note 6)</i>	239,522	131,451
	597,904	478,250
Deferred contributions <i>(Note 7)</i>	320,000	280,000
Deferred capital contributions <i>(Note 8)</i>	250,212	289,315
	1,168,116	1,047,565
NET ASSETS		
Invested in capital assets	618,532	660,627
Internally restricted net assets <i>(Note 9)</i>	67,471	67,471
Unrestricted net assets	1,167,122	129,442
	1,853,125	857,540
	\$ 3,021,241	\$ 1,905,105

Commitments *(Note 11)*

COVID-19 Risk *(Note 13)*

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, 2021

	2021	2020
Revenue		
Community centres	\$ 180,154	\$ 887,774
Neighbours' levy (Note 10)	3,657,288	2,983,774
Other revenue (Note 13)	995,938	505,333
	4,833,380	4,376,881
Community services		
Communication	84,025	104,017
Community access	138,379	120,935
Community centre		
Direct operating costs	441,184	506,195
Programming	224,795	510,049
Salaries and benefits	642,853	900,020
Community support	33,832	17,282
General and administrative	412,587	334,380
General meetings	31,506	35,533
Salaries and wages (Note 12)	1,008,882	939,857
Sustainability	9,818	14,356
	3,027,861	3,482,624
Municipal services		
Direct operating costs	113,104	110,345
Common area maintenance	559,633	516,716
	672,737	627,061
Excess of revenue over expenditures before other income or expenses	1,132,782	267,196
Other income or expenses		
Amortization of capital assets	176,300	161,401
Amortization of deferred capital contributions	(39,103)	(39,103)
Loss on disposal of capital assets	-	142,314
	137,197	264,612
Excess of revenue over expenditures for the year	\$ 995,585	\$ 2,584

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Invested in Capital Assets	Internally Restricted (Note 8)	Unrestricted	2021	2020
Net assets - beginning of year	\$ 660,627	\$ 67,471	\$ 129,442	\$ 857,540	\$ 854,956
Excess of revenue over expenditures	(137,197)	-	1,132,782	995,585	2,584
Internally restricted expenditures	95,102	-	(95,102)	-	-
Net assets - end of year	\$ 618,532	\$ 67,471	\$ 1,167,122	\$ 1,853,125	\$ 857,540



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

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
Operating activities		
Excess of revenue over expenditure for the year	\$ 995,585	\$ 2,584
Items not affecting cash:		
Amortization of capital assets	176,300	161,401
Amortization of deferred capital contributions	(39,103)	(39,103)
Loss on disposal of capital assets	-	142,314
	1,132,782	267,196
Changes in non-cash working capital:		
Accounts receivable	181,886	174,184
Prepaid expenses	(3,308)	7,962
Accounts payable and accrued liabilities	11,583	58,065
Deferred revenue	108,071	(91,897)
	298,232	148,314
Cash flow from operating activities	1,431,014	415,510
Investing activity		
Purchase of capital assets	(95,102)	(95,831)
Financing activity		
Deferred contributions	40,000	120,000
Increase in cash	1,375,912	439,679
Cash - beginning of year	719,691	280,012
Cash - end of year	\$ 2,095,603	\$ 719,691

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

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 ("UBC") 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 UBC.

The Association's operations, as outlined in the Agreement, are funded by levies collected by UBC.

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:

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
Website	5 years

Capital assets are amortized once put into use. No amortization is recorded in the year of disposition. 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.

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UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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.

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, accrued liabilities, 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.

Government assistance

Government assistance is recorded as receivable when the Association qualifies under the terms of a government program and the amount of assistance can be reasonably estimated. Government assistance for current expenses is recorded as other revenue. Government assistance for future expenses is deferred and recognized into revenue in the same period as the related expenses are incurred.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, 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 (2020 - \$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, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer hardware and software	\$ 90,968	\$ 68,909	\$ 22,059	\$ 23,714
Equipment and fixtures	1,157,623	747,286	410,337	459,793
Leasehold improvements	882,652	516,865	365,787	424,630
Website	118,250	26,944	91,306	62,550
	\$ 2,249,493	\$ 1,360,004	\$ 889,489	\$ 970,687

As at March 31, 2021, no events or changes in circumstances had occurred which indicated that capital assets require a write-down. During the year, \$nil (2020 - \$142,314) of various capital assets were written off due to the assets no longer being in use.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2021	2020
Employer Health Tax payable	\$ 7,485	\$ 7,726
Goods and Services Tax payable	40,614	29,456
	\$ 48,099	\$ 37,182

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

6. DEFERRED REVENUE

	2021	2020
Balance at beginning of year	\$ 131,451	\$ 223,348
Current year additions	239,522	131,451
Less: amounts taken into revenue during the year	(131,451)	(223,348)
	\$ 239,522	\$ 131,451

Deferred revenue represents 2021 recreational fees received during the year for programs which have yet to occur.

7. DEFERRED CONTRIBUTIONS

Deferred contributions 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.

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2021	2020
Deferred capital contributions	\$ 586,543	\$ 586,543
Accumulated amortization	(336,331)	(297,228)
	\$ 250,212	\$ 289,315

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.

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UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

9. INTERNALLY RESTRICTED NET ASSETS (continued)

	2021	2020
Community engagement		
Opening	\$ 18,199	\$ 18,199
Funds internally restricted	-	-
Expenditures incurred	-	-
	18,199	18,199
Capital projects		
Opening	30,898	30,898
Funds internally restricted	-	-
Expenditures incurred	-	-
	30,898	30,898
Training and development		
Opening	18,374	18,374
Funds internally restricted	-	-
Expenditures incurred	-	-
	18,374	18,374
Total	\$ 67,471	\$ 67,471

10. NEIGHBOURS' LEVY

Neighbours' levy funding is recorded net of reserve transfers and contributions, and payments to UBC.

	2021	2020
Neighbours' Levy	\$ 5,689,051	\$ 4,710,785
UBC Community Services Grant	500,000	500,000
Net Reserve Transfers	(292,500)	(196,694)
Total Neighbours' Levy & Reserves	5,896,551	5,014,091
Payments to U.B.C.	(2,177,906)	(1,983,614)
Net Levy Revenue	3,718,645	3,030,477
Unrecoverable GST	(61,357)	(46,703)
Net Neighbours' Levy	\$ 3,657,288	\$ 2,983,774

Payments to UBC consist of amounts withdrawn by UBC out of the Neighbours' Fund and include the Athletics Access fee and Water and Sewage charges, as well as amounts withdrawn to pay the Fire Services fee.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

11. COMMITMENTS

The Association has entered into a lease agreement for its premises and has committed to the following minimum annual lease payments along with a commitment for facility handyman services.

	2022	\$	89,768
	2023		34,168
			123,936
		\$	123,936

12. DIRECTORS' AND EMPLOYEE'S SALARIES

The Association paid the following amounts to directors and the Chair:

	2021	2020
<u>Directors</u>		
Laura Cottle	\$ -	\$ 6,079
Matthew Delumpa	-	6,079
Murray McCutcheon	6,195	-
Nataliya Jatskevich	-	4,053
Richard Alexander	-	2,026
Terry Mullen	6,195	4,306
William Holmes	4,646	-
Ying Zhou	-	1,774
Zheng Kang	6,195	-
Subtotal	23,231	24,317
<u>Chair</u>		
Richard Watson	9,388	-
Terry Mullen	-	2,687
Ying Zhou	-	6,526
	\$ 32,619	\$ 33,530

Additionally, the Association paid \$513,177 (2020 - \$459,682) to six (2020 - four) employees earning above \$75,000.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2021

13. COVID-19 RISK

The outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and not-for-profit organizations globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. The Association has closed recreational facilities, resulting in a decline in revenue, and obtained federal government subsidies to assist with employee wages.

The Association applied for government assistance under the Canada Emergency Wage Subsidy ("CEWS") related to the COVID-19 pandemic. The Association has been granted CEWS of \$670,917 for the fiscal year, which is included in other revenue.

14. COMPARATIVE FIGURES

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