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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2022**

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
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**Year Ended March 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, 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 intend to liquidate the Association or to cease operations, or have 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.  
June 23, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2022**

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,422,441	\$ 2,095,603
Term deposits (Note 4)	1,065,148	-
Accounts receivable	23,598	25,276
Prepaid expenses	70,760	10,873
	2,581,947	2,131,752
Capital assets (Note 5)	791,041	889,489
	\$ 3,372,988	\$ 3,021,241
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 505,628	\$ 358,382
Deferred revenue (Note 7)	395,649	239,522
	901,277	597,904
Deferred contributions (Note 8)	365,148	320,000
Deferred capital contributions (Note 9)	211,109	250,212
	1,477,534	1,168,116
<b>NET ASSETS</b>		
Invested in capital assets	559,187	618,532
Internally restricted net assets (Note 10)	-	67,471
Unrestricted net assets	1,336,267	1,167,122
	1,895,454	1,853,125
	\$ 3,372,988	\$ 3,021,241

Commitments (Note 12)

COVID-19 Risk (Note 14)



  
 \_\_\_\_\_ 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, 2022**

	2022	2021
<b>Revenue</b>		
Community centres	\$ 586,527	\$ 180,154
Neighbours' levy (Note 11)	3,633,645	3,657,288
Other revenue (Note 14)	764,237	995,938
	<b>4,984,409</b>	<b>4,833,380</b>
<b>Community services</b>		
Communication	105,677	84,025
Community access	70,100	138,379
Community centre		
Direct operating costs	565,614	441,184
Programming	507,598	224,795
Salaries and benefits	867,884	642,853
Community support	37,352	33,832
General and administrative	506,610	412,587
General meetings	36,847	31,506
Salaries and wages (Note 13)	1,137,097	1,008,882
Sustainability	15,366	9,818
	<b>3,850,145</b>	<b>3,027,861</b>
<b>Municipal services</b>		
Common area maintenance	675,159	559,633
Direct operating costs	133,016	113,104
Insurance	133,626	-
	<b>941,801</b>	<b>672,737</b>
Excess of revenue over expenditures before other income or expenses	<b>192,463</b>	<b>1,132,782</b>
<b>Other income or expenses</b>		
Amortization of capital assets	189,237	176,300
Amortization of deferred capital contributions	(39,103)	(39,103)
	<b>150,134</b>	<b>137,197</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 42,329</b>	<b>\$ 995,585</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2022**

	Invested in Capital Assets	Internally Restricted (Note 10)	Unrestricted	2022	2021
<b>Net assets - beginning of year</b>	\$ 618,532	\$ 67,471	\$ 1,167,122	\$ 1,853,125	\$ 857,540
Excess of revenue over expenditures	(150,134)	-	192,463	42,329	995,585
Internally restricted expenditures	90,789	-	(90,789)	-	-
Reallocation of funds	-	(67,471)	67,471	-	-
<b>Net assets - end of year</b>	<b>\$ 559,187</b>	<b>\$ -</b>	<b>\$ 1,336,287</b>	<b>\$ 1,895,454</b>	<b>\$ 1,853,125</b>



**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2022**

	2022	2021
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 42,329	\$ 995,585
Items not affecting cash:		
Amortization of capital assets	189,237	176,300
Amortization of deferred capital contributions	(39,103)	(39,103)
	<b>192,463</b>	<b>1,132,782</b>
Changes in non-cash working capital:		
Accounts receivable	1,678	181,886
Prepaid expenses	(59,887)	(3,308)
Accounts payable and accrued liabilities	147,246	11,583
Deferred revenue	156,127	108,071
	<b>245,164</b>	<b>298,232</b>
Cash flow from operating activities	<b>437,627</b>	<b>1,431,014</b>
<b>Investing activity</b>		
Purchase of capital assets	(90,789)	(95,102)
<b>Financing activities</b>		
Deferred contributions	45,148	40,000
Purchase of term deposits	(1,065,148)	-
Cash flow from (used by) financing activities	<b>(1,020,000)</b>	<b>40,000</b>
Increase (decrease) in cash	<b>(673,162)</b>	<b>1,375,912</b>
Cash - beginning of year	<b>2,095,603</b>	<b>719,691</b>
Cash - end of year	<b>\$ 1,422,441</b>	<b>\$ 2,095,603</b>

## UNIVERSITY NEIGHBOURHOODS ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2022

#### 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 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, community centres, and other revenue.

#### 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, 2022**

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**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 originated through arm's length transactions are initially measured at fair value. Financial instruments originated through related party transactions are initially measured at cost, except for derivative contracts and investments in equity or debt securities that are quoted in an active market. In subsequent periods financial instruments initially measured at cost continue to be measured at cost.

Subsequent measurement of financial instruments initially measured at fair value depends on their nature:

- Derivative contracts and investments in debt and equity securities that are quoted in an active market are subsequently measured at fair value;
- Financial instruments which management elects to measure at fair value are subsequently measured at fair value;
- All other financial assets and liabilities are measured at amortized cost.

Financial instruments carried at cost are tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that will subsequently be measured at fair value are expensed when incurred. Transaction costs on financial instruments that will subsequently be measured at amortized cost are deferred and amortized over the life of the related instrument.

*(continues)*

## UNIVERSITY NEIGHBOURHOODS ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2022

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

##### 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.

#### 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 (2021 - \$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 has two term deposits in the form of guaranteed investment certificates ("GIC") of \$700,000 and \$365,148, accruing interest at 0.42% and 0.80% respectively, per annum, and with maturity dates of April 15, 2022 and February 7, 2023, respectively. The GICs are cashable deposits and can be cashed out at anytime with full interest earned.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware and software	\$ 115,286	\$ 85,583	\$ 29,703	\$ 22,059
Equipment and fixtures	1,191,957	831,947	360,010	410,337
Leasehold improvements	900,539	576,305	324,234	365,787
Website	132,500	55,406	77,094	91,306
	<b>\$ 2,340,282</b>	<b>\$ 1,549,241</b>	<b>\$ 791,041</b>	<b>\$ 889,489</b>

As at March 31, 2022, no events or changes in circumstances had occurred which indicated that capital assets require a write-down.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	2022	2021
Employer Health Tax payable	\$ 9,071	\$ 7,485
Goods and Services Tax payable	22,255	40,614
Workers' Compensation Board payable	7,024	5,488
	<b>\$ 38,350</b>	<b>\$ 53,587</b>

**7. DEFERRED REVENUE**

	2022	2021
Balance at beginning of year	\$ 239,522	\$ 131,451
Current year additions	395,649	239,522
Less: amounts taken into revenue during the year	(239,522)	(131,451)
	<b>\$ 395,649</b>	<b>\$ 239,522</b>

Deferred revenue represents 2022 recreational fees received during the year for programs which have yet to occur.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

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**8. DEFERRED CONTRIBUTIONS**

Deferred contributions are contributions into the Vancouver School Board Field Replacement Reserve 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 UBC and The Board of Education of School District No. 39 (the "School Board").

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

**9. 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.

	2022	2021
Deferred capital contributions	\$ 586,543	\$ 586,543
Accumulated amortization	(375,434)	(336,331)
	<b>\$ 211,109</b>	<b>\$ 250,212</b>

# UNIVERSITY NEIGHBOURHOODS ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2022

### 10. 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. During the year, the Board approved a motion to remove all restrictions on internally restricted net assets.

	2022	2021
<b>Community engagement</b>		
Opening	\$ -	\$ 18,199
Funds internally restricted	-	-
Expenditures incurred	-	-
	-	18,199
<b>Capital projects</b>		
Opening	-	30,898
Funds internally restricted	-	-
Expenditures incurred	-	-
	-	30,898
<b>Training and development</b>		
Opening	-	18,374
Funds internally restricted	-	-
Expenditures incurred	-	-
	-	18,374
<b>Total</b>	<b>\$ -</b>	<b>\$ 67,471</b>



## UNIVERSITY NEIGHBOURHOODS ASSOCIATION

### Notes to Financial Statements

Year Ended March 31, 2022

#### 11. NEIGHBOURS' LEVY

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

	2022	2021
Neighbours' Levy	\$ 6,403,835	\$ 5,689,051
UBC Community Services Grant	-	500,000
Net Reserve Transfers	(354,576)	(292,500)
Total Neighbours' Levy & Reserves	6,049,259	5,896,551
Payments to UBC	(2,354,653)	(2,177,906)
Net Levy Revenue	3,694,606	3,718,645
Unrecoverable GST	(60,961)	(61,357)
Net Neighbours' Levy	\$ 3,633,645	\$ 3,657,288

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.

#### 12. 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 and photocopier services.

2023	\$ 67,956
2024	3,292
2025	3,292
2026	3,292
2027	3,292
Thereafter	1,920
	<u>\$ 83,044</u>



**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

**13. DIRECTORS' AND EMPLOYEE'S SALARIES**

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

	2022	2021
<b>Directors</b>		
Murray McCutcheon	\$ 6,315	\$ 6,195
Terry Mullen	6,315	6,195
William Holmes	6,315	4,846
Zheng Kang	6,315	6,195
<b>Subtotal</b>	<b>25,260</b>	<b>23,231</b>
<b>Chair</b>		
Richard Watson	9,472	9,388
	<b>\$ 34,732</b>	<b>\$ 32,619</b>

Additionally, the Association paid \$641,796 (2021 - \$513,177) to five (2021 - six) employees earning above \$75,000.

**14. COVID-19 RISK**

In March 2020, the outbreak of the Coronavirus ("COVID-19") disease was declared a pandemic, resulting in governments worldwide enacting emergency measures to mitigate the spread of the virus. The outbreak resulted in serious economic disruption through mandated and voluntary closures of businesses and not-for-profit organizations. The impact of the pandemic on the Association this fiscal year has been minimal. With the easing of restrictions, the Association has been able to reopen recreational facilities and offer more programs, resulting in increased operations during the year.

In response to the economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program which is intended to provide payroll expense relief during the pandemic. During the year, the Association applied for government support under this program and has been granted \$262,466 (2021 - \$670,917), which is included in other revenue.

**15. COMPARATIVE FIGURES**

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