
UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Financial Statements
Year Ended March 31, 2023

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Index to Financial Statements
Year Ended March 31, 2023

	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 - 13

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, 2023, 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, 2023, 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 ("ASNPO").

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 ASNPO, 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 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.

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.

Surrey, B.C.
July 6, 2023

Johnsen Archer LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Financial Position
March 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash	\$ 872,952	\$ 1,422,441
Term deposits (Note 4)	1,606,245	1,065,148
Accounts receivable	56,539	23,598
Prepaid expenses	95,755	70,760
	2,631,491	2,581,947
Capital assets (Note 5)	791,811	791,041
	\$ 3,423,302	\$ 3,372,988
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 466,060	\$ 505,628
Deferred revenue (Note 7)	456,616	395,649
	922,676	901,277
Deferred contributions (Note 8)	406,245	365,148
Deferred capital contributions (Note 9)	188,889	211,109
	1,517,810	1,477,534
NET ASSETS		
Invested in capital assets	602,922	559,187
Internally restricted (Note 10)	700,000	-
Unrestricted fund	602,570	1,336,267
	1,905,492	1,895,454
	\$ 3,423,302	\$ 3,372,988

Commitments (Note 12)



ON BEHALF OF THE BOARD

 Chair

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended March 31, 2023

	2023	2022
Revenue		
Community centres	\$ 1,051,208	\$ 586,527
Neighbours' levy (Note 11)	4,110,109	3,633,645
Other revenue	541,827	764,237
	5,703,144	4,984,409
Community services		
Communication	81,029	105,677
Community access	64,600	70,100
Community centre		
Direct operating costs	647,538	565,614
Programming	765,099	507,598
Salaries and benefits	974,790	867,884
Community support	55,251	37,352
General and administrative	462,976	506,610
General meetings	13,195	36,847
Salaries and wages (Note 13)	1,288,526	1,137,097
Sustainability	33,391	15,366
	4,386,395	3,850,145
Municipal services		
Common area maintenance	826,932	675,159
Direct operating costs	108,901	133,016
Insurance	180,601	133,626
	1,116,434	941,801
Excess of revenue over expenditures before other income or expenses	200,315	192,463
Other income or expenses		
Amortization of capital assets	200,285	189,237
Amortization of deferred capital contributions	(22,220)	(39,103)
Loss on disposal of capital assets	12,212	-
	190,277	150,134
Excess of revenue over expenditures for the year	\$ 10,038	\$ 42,329



TAXATION • ACCOUNTING • ASSURANCE

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

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2023

	Invested in Capital Assets	Internally Restricted (Note 10)	Unrestricted	2023	2022
Net assets - beginning of year	\$ 559,187	\$ -	\$ 1,336,267	\$ 1,895,454	\$ 1,853,125
Excess (deficit) of revenue over expenditures	(190,277)	-	200,315	10,038	42,329
Fund transfer	213,267	-	(213,267)	-	-
Reallocation of funds	20,745	700,000	(720,745)	-	-
Net assets - end of year	\$ 602,922	\$ 700,000	\$ 602,570	\$ 1,905,492	\$ 1,895,454

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Operating activities		
Excess of revenue over expenditures for the year	\$ 10,038	\$ 42,329
Items not affecting cash:		
Amortization of capital assets	200,285	189,237
Amortization of deferred capital contributions	(22,220)	(39,103)
Loss on disposal of capital assets	12,212	-
	200,315	192,463
Changes in non-cash working capital:		
Accounts receivable	(32,941)	1,678
Prepaid expenses	(24,995)	(59,887)
Accounts payable and accrued liabilities	(39,568)	147,246
Deferred revenue	60,967	156,127
	(36,537)	245,164
Cash flow from operating activities	163,778	437,627
Investing activity		
Purchase of capital assets	(213,267)	(90,789)
Financing activities		
Deferred contributions	41,097	45,148
Purchase of term deposits	(541,097)	(1,065,148)
Cash flow used by financing activities	(500,000)	(1,020,000)
Decrease in cash	(549,489)	(673,162)
Cash - beginning of year	1,422,441	2,095,603
Cash - end of year	\$ 872,952	\$ 1,422,441

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

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.

(continues)

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

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.

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, 2023

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 (2022 - \$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 three term deposits in the form of guaranteed investment certificates ("GIC") of \$406,245, \$700,000, and \$500,000, accruing interest at 4.05%, 4.75%, and 4.00% respectively, per annum, and with maturity dates of June 24, 2024, September 29, 2023, and May 04, 2023, respectively.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer hardware and software	\$ 169,704	\$ 110,404	\$ 59,300	\$ 29,703
Equipment and fixtures	1,277,175	907,200	369,975	360,010
Leasehold improvements	933,793	617,513	316,280	324,234
Website	132,500	86,244	46,256	77,094
	\$ 2,513,172	\$ 1,721,361	\$ 791,811	\$ 791,041

As at March 31, 2023, 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:

	2023	2022
Employer Health Tax payable	\$ 12,387	\$ 9,071
Goods and Services Tax payable	27,401	22,255
Workers' Compensation Board payable	9,665	7,024
	\$ 49,453	\$ 38,350

7. DEFERRED REVENUE

	2023	2022
Balance at beginning of year	\$ 395,649	\$ 239,522
Current year additions	456,616	395,649
Less: amounts taken into revenue during the year	(395,649)	(239,522)
	\$ 456,616	\$ 395,649

Deferred revenue represents 2023 recreational fees received during the year for programs which have yet to occur.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

8. DEFERRED CONTRIBUTIONS

Deferred contributions are contributions into the Community 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 represent 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.

	2023	2022
Deferred capital contributions	\$ 586,543	\$ 586,543
Accumulated amortization	(397,654)	(375,434)
	\$ 188,889	\$ 211,109

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

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.

	2023	2022
Capital reserve		
Opening	-	-
Expenditures incurred	-	-
Transfer from unrestricted fund	700,000	-
	700,000	-

11. NEIGHBOURS' LEVY

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

	2023	2022
Neighbours' Levy	\$ 7,440,000	\$ 6,403,835
Net Reserve Transfers	(378,352)	(354,576)
Total Neighbours' Levy & Reserves	7,061,648	6,049,259
UBC Withdrawals	(2,193,647)	(2,354,653)
Amounts Held Back	(689,391)	-
Net Levy Revenue	4,178,610	3,694,606
Unrecoverable Goods and Services Tax	(68,501)	(60,961)
Amount Available to the UNA	\$ 4,110,109	\$ 3,633,645

UBC withdrawals consist of amounts withdrawn by UBC out of the Neighbours' Fund and include the Stormwater 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.

2024	\$ 72,074
2025	26,219
2026	3,292
2027	3,292
2028	1,920
	\$ 106,797

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2023

13. DIRECTORS' AND EMPLOYEE'S SALARIES

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

	2023	2022
<u>Directors</u>		
Ali Mojdehi	\$ 6,492	\$ -
Eagle Glassheim	6,492	-
Fei Liu	4,500	-
Maria Gallo	1,530	-
Murray McCutcheon	6,492	6,315
Terry Mullen	-	6,315
William Holmes	6,492	6,315
Zheng Kang	6,492	6,315
Subtotal	38,490	25,260
<u>Chair</u>		
Richard Watson	9,737	9,472
	\$ 48,227	\$ 34,732

Additionally, the Association paid \$765,744 (2022 - \$641,796) to seven (2022 - seven) employees of which six (2022 - five) employees earned above \$75,000.