THE UNIVERSITY OF BRITISH COLUMBIA

THE NEIGHBOURS' FUND

FINANCIAL STATEMENTS

March 31, 2026

Independent Auditor's Report

To the Board of Governors of The University of British Columbia the Neighbours' Fund:

Opinion

We have audited the financial statements of The University of British Columbia the Neighbours' Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, 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 Fund as at March 31, 2026, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Fund in accordance with the 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 public sector accounting standards, 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 Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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 Fund'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 Fund'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 Fund 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.

Vancouver, British Columbia

September 21, 2026

MNP LLP

Chartered Professional Accountants

THE UNIVERSITY OF BRITISH COLUMBIA
THE NEIGHBOURS' FUND
Statement of Financial Position
As at March 31

	Note		2026		2025
ASSETS					
Current assets					
Due from the University of British Columbia	3	$	10,474,501	$	9,445,929
Accounts receivable			554,428		532,736
Services levies receivable			2,928,575		2,668,187
Total assets		$	13,957,504	$	12,646,852
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities		$	57,885	$	17,035
Total Liabilities			57,886		17,035
Net assets:					
Appropriated Reserves					
Infrastructure and Capital Reserve	5		9,695,931		9,001,955
Contingency Reserve	7		1,123,786		1,116,185
Stabilization Reserve	8		676,253		543,716
Community Field Replacement Reserve	9		318,921		235,227
			11,814,891		10,897,083
Unappropriated Reserve	10		2,084,728		1,732,734
			13,899,619		12,629,817
Total liabilities and net assets		$	13,957,504	$	12,646,852

(See accompanying notes to the financial statements)

Approved:

Yale Loh
Chief Financial Officer, pro tem

Bradley Klaiber
Senior Director, Accounting and Compliance

THE UNIVERSITY OF BRITISH COLUMBIA
THE NEIGHBOURS' FUND
Statement of Operations
As at March 31

	Note		2026		2025
Revenue					
Residential services levy		$	8,304,360	$	7,710,134
General municipal services levy			2,545,624		2,219,961
Interest income	3		445,636		380,119
University's contribution (withdrawal)	11		-		(14,500)
			11,295,620		10,295,714
Expenses					
University Neighbourhoods Association	11		6,242,275		5,793,177
Non-recoverable portion of GST/HST on transfers to UNA			101,109		86,294
Fire protection costs	12		2,108,524		2,181,974
Athletics fees	11		709,015		779,778
Utilities	11		699,410		661,515
Cultural facilities fees	11		41,024		38,028
Urban forest	11		40,000		-
Administration	11		56,403		54,718
Professional fees	11		17,885		18,758
Communications	11		10,173		16,063
			10,025,818		9,630,305
Surplus of revenue over expenses		$	1,269,802	$	665,409

(See accompanying notes to the financial statements)

THE UNIVERSITY OF BRITISH COLUMBIA
THE NEIGHBOURS' FUND
Statement of Changes in Net Assets
Year ended March 31

	Note	Appropriated Reserves	Unappropriated Reserves	2026 Total	2025 Total
Net assets, beginning of year		$ 10,897,083	$ 1,732,734	$ 12,629,817	$ 11,964,408
Excess of revenue over expenses		331,159	938,643	1,269,802	665,409
Transfers	10	586,649	(586,649)	-	-
Net assets, end of year		$ 11,814,891	2,084,728	13,899,619	$ 12,629,817

(See accompanying notes to the financial statements)

THE UNIVERSITY OF BRITISH COLUMBIA
THE NEIGHBOURS' FUND
Statement of Cash Flows
Year ended March 31

	2026	2025
Cash provided from:		
Operating activities		
Excess of revenue over expenses	$ 1,269,802	$ 665,409
Change in:		
Due from the University of British Columbia	(1,028,572)	(440,704)
Accounts receivable	(21,692)	(12,439)
Services levies receivable	(260,388)	(229,300)
Accounts payable and accrued liabilities	40,850	17,034
	(1,269,802)	(665,409)
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

(See accompanying notes to the financial statements)

1. Nature of Fund

The Neighbours' Fund (the "Fund") is an unincorporated entity within the University of British Columbia ("UBC" or the "University") that collects a Services Levy from leaseholders, together with a portion of a General Municipal Services Levy for rental housing and commercial space, all located at the University within the Neighborhoods. For fiscal year 2026, the Neighborhoods include Chancellor Place, East Campus, Hampton Place, Hawthorn Place, Wesbrook Place, and the Designated Buildings on University Boulevard.

Funding for the annual operations of the University Neighbourhoods Association (the "UNA") is transferred to the UNA from the Fund and managed directly by the UNA (Notes 4 and 10).

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

a) Revenue Recognition

Residential service levies, general municipal service levies and funding from the University are recognized as revenue in the year received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

The Fund follows the deferral method of accounting. Amounts received in the current year that relate to future years are deferred and will be recognized in the year the services are provided.

Residential service levies and general municipal service levies are charged to tenants on a calendar year basis and reported in the financial statements on an accrual basis.

Contributions of services that are used in the operations of the Fund and would have otherwise been purchased are recognized as revenue when the fair value of the services can be reasonably estimated.

The Fund also receives investment interest income which is recorded on an accrual basis.

b) Financial Instruments

Financial instruments are classified into two categories: fair value or amortized cost.

The carrying amount of financial instruments such as accounts receivables and services levies receivables approximate fair value due to their short-term maturities.

The Fund does not have any financial instruments required or elected to be subsequently recorded at fair value, as a result the Statement of Remeasurement Gains and Losses has not been prepared.

c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to valuation of accounts receivable, services levies receivable, provisions for accrued liabilities and contingencies. Actual results could differ from those estimates, as additional information becomes available in the future.

3. Due from the University of British Columbia

The University collects and deposits service levies in the University's bank account on behalf of the Fund, and distributes annual operational funding. During the year, interest income of $445,636 (2025 - $380,119) was earned on the amounts held in the University's bank account at an average annual rate of 4.0% (2025 – 3.8%).

4. University Neighbourhoods Association (the "UNA")

The UNA was formed under the Society Act (now BC Societies Act) in May 29, 2002 to promote the development of good neighbourhoods, and to provide, operate and maintain services and facilities on behalf of such residents. The UNA is responsible for providing municipal-like services, such as landscaping and street and road maintenance to the residents. The Fund pays a portion of the services levy collected by the University to the UNA as funding for the UNA's operations. The amount recognized as expenses in the year is the net amount paid to the UNA. The amount paid to the UNA in a year is established based on the UNA budget, which represents the estimated expense for the year.

5. Infrastructure and Capital Reserve

During the prior year, the UNA and UBC finalized and signed the Neighbours' Agreement 2024. Under the Neighbours Agreement 2024, the former Infrastructure Replacement Reserve and Capital Reserve were merged into a single fund, named the Infrastructure and Capital Reserve.

3.9% (2025 – 3.8%) of the services levy is set aside to pay for the cost of repairing or replacing the municipal-like infrastructure required to service the neighbourhoods. This may include the replacement of infrastructure works, such as sidewalks, roads, water lines, storm and sanitary sewers in future years. Interest is calculated monthly using a rate determined by the University (Note 3) based on the reserve balance in the account. During the year ended March 31, 2026, the UNA Board passed a motion to withdraw $80,253 (2025 - $38,851) to fund Hampton Place East Roundabout Repaving Project.

	2026	2025
Balance, beginning of year	$ 9,001,955	$ 6,055,577
Transfer from service levy revenue through transfer from unappropriated reserves	423,149	377,344
Interest earned during the year	351,080	302,676
Withdrawals	(80,253)	(38,851)
Transfer from Capital Reserve	-	2,305,209
	693,976	2,946,378
Balance, end of year	$ 9,695,931	$ 9,001,955

6. Capital Reserve

During the prior year, the UNA and UBC finalized and signed the Neighbours' Agreement 2024. Under the Neighbours Agreement 2024, the former Infrastructure Replacement Reserve and Capital Reserve were merged into a single fund, named the Infrastructure and Capital Reserve.

Nil% (2025 - Nil%) of the services levy is set aside to pay for the cost of repairing and replacing facilities and amenities in the neighbourhoods. Interest is calculated monthly using a rate determined by the University (Note 3) based on the reserve balance in the account. During the prior year, the UNA Board passed a motion to withdraw $nil (2025 - $45,871) from the Capital Reserve to fund Hawthorn Community Centre garden plot replacement which was incorrectly withdrawn from Contingency Reserve in fiscal year 2024.

	2026	2025
Balance, beginning of year	$ -	$ 2,351,080
Transfer from service levy revenue through transfer from unappropriated reserves	-	-
Interest earned during the year	-	-
Withdrawals	-	(45,871)
Transfer to Infrastructure and Capital Reserve	-	(2,305,209)
	-	(2,351,080)
Balance, end of year	$ -	$ -

7. Contingency Reserve

1.0% (2025 - 1.0%) of the services levy is set aside to pay for unexpected or unbudgeted repairs and expenses which require immediate action. Interest is calculated monthly using a rate determined by the University (Note 3) based on the reserve balance in the account. The maximum amount of the reserve is $1 million. Once the maximum is reached, annual contributions are to cease. There were no contributions to the reserve during the years ended March 31, 2026 and March 31, 2025 as the maximum amount was reached.

During the year ended March 31, 2026, the UNA Board passed a motion to withdraw $34,224 to fund WCC boiler replacement. During the prior year, $45,871 was reallocated from the Capital Reserve to correct an error in fiscal year 2024 as the amount was incorrectly withdrawn from the Contingency Reserve to fund the Hawthorn Community Centre garden plot replacement.

		2026		2025
Balance, beginning of year	$	1,116,185	$	1,030,061
Interest earned during the year		41,825		40,253
Contributions (Withdrawals)		(34,224)		45,871
		7,601		86,124
Balance, end of year	$	1,123,786	$	1,116,185

8. Stabilization Reserve

UBC contributes 1.0% (2025 - 1.0%) of the Neighbourhood Levy to the reserve each fiscal year, determined on an accrual basis. The maximum amount of the reserve is $2 million. Once the maximum is reached, annual contributions are to cease. The reserve is used to reimburse UBC for payments it makes to the UNA to supplement amounts payable under section 11.1 of the Neighbours Agreement, when those payments fall short due to revenue shortfalls or estimated revenue deficiencies. Related GST amounts may also be withdrawn. Interest required under section 10.9 of the Agreement is credited to the reserve in addition to annual contributions.

		2026		2025
Balance, beginning of year	$	543,716	$	430,745
Transfer from service levy revenue through transfer from unappropriated reserves		108,500		99,301
Interest earned during the year		24,037		13,670
		132,537		112,971
Balance, end of year	$	676,253	$	543,716

9. Community Field Replacement Reserve

The Community Field Replacement Reserve was established to set aside funds for the replacement of the turf field. The maximum amount of the reserve to be allocated from unappropriated reserves is $690,000. Interest is calculated monthly using a rate determined by the University (Note 3) based on the reserve balance in the account. During the year ended March 31, 2026, the UNA Board passed a motion to transfer $70,000 (2025 - $75,000, adjusted down to $60,000 and corrected in the current year) to the Community Field Replacement Reserve from the Fund's unappropriated reserves. The UNA Board also passed a motion to withdraw $nil (2025 - $524,392) to fund the field replacement.

	2026	2025
Balance, beginning of year	$ 235,227	$ 661,099
Interest earned during the year	28,694	23,520
Transfer from unappropriated reserves	70,000	75,000
Adjustment to prior year transfer	(15,000)	-
Withdrawals	-	(524,392)
	83,694	(425,872)
Balance, end of year	$ 318,921	$ 235,227

10. Unappropriated Reserves

The unappropriated reserves are the accumulated excess of revenues over expenses, if any, net of amounts transferred to the Infrastructure Replacement, Capital, Community Access, Contingency, Stabilization and Community Field Replacement Reserves.

	2026	2025
Balance, beginning of year	$ 1,732,734	$ 1,435,846
Excess of revenue over expenses	938,643	848,533
Less transfers to:		
Infrastructure and Capital Reserve	423,149	377,344
Contingency Reserve	-	-
Stabilization Reserve	108,500	99,301
Community Field Replacement Reserve	55,000	75,000
	586,649	551,645
Balance, end of year	$ 2,084,728	$ 1,732,734

11. Related Party

Related party transactions include operational funding provided to the UNA of $6,242,275 (2025 - $5,793,177).

Related party transactions also include the following withdrawals made to UBC:

		2026		2025
UBC Athletics - use of athletic facilities	$	709,015	$	779,778
UBC Building Operations - utilities		699,410		661,515
UBC Urban Forest service		40,000		-
UBC Cultural – use of cultural facilities		41,024		38,028
	$	1,489,449	$	1,479,321

The University (withdrew) $nil (2025 – ($14,500)) from the Fund.

12. Fire protection costs

Fire protection costs relate to amounts paid to the Province for annual fire protection services for the university community.

During the year, the entire cost of $2,108,524 (2025 - $2,181,974) was paid from the unappropriated reserves.

13. Financial Risks and Concentration of Credit Risk

a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Fund is exposed to credit risk with respect to accounts receivable.

The carrying value of amounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in Statement of Operations and is set up based on the Fund's historical experience regarding collections. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations.

The Fund assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Fund at March 31, 2026 is the carrying value of these accounts receivables.

As at March 31, 2026 $554,428 (2025 - $532,736) accounts receivable were past due, but not impaired.

There have been no significant changes to the credit risk exposure in 2026.

b) Liquidity risk:

Liquidity risk is the risk that the Fund will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Fund manages its liquidity risk by monitoring its operating requirements.

Accounts payable and accrued liabilities are generally due 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure in 2026.