
UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Financial Statements

Year Ended March 31, 2015

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Index to Financial Statements
Year Ended March 31, 2015

	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



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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, 2015 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.

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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, 2015 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.
August 25, 2015


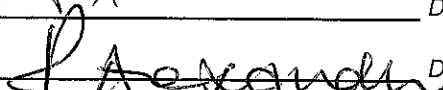
UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 955,294	\$ 708,541
Accounts receivable	61,388	29,862
Internally restricted receivable (Note 4)	823,201	823,201
Prepaid expenses	87,979	97,840
	1,927,862	1,659,444
Capital assets (Note 5)	446,518	534,721
	\$ 2,374,380	\$ 2,194,165
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 275,688	\$ 188,608
Deferred revenue (Note 7)	116,713	24,884
	392,401	213,492
Deferred capital contribution (Note 8)	148,190	195,100
	540,591	408,592
NET ASSETS		
Invested in capital assets	298,328	339,621
Internally restricted net assets (Note 4)	1,077,470	1,200,987
Unrestricted net assets	457,991	244,965
	1,833,789	1,785,573
	\$ 2,374,380	\$ 2,194,165

Commitments (Note 9)



ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended March 31, 2015

	2015	2014
Revenue		
Community centre	\$ 209,807	\$ 204,313
Neighbours levies	2,642,420	3,136,003
Other revenue	237,737	187,701
Province of B.C.	48,342	37,131
	3,138,306	3,565,148
Community services		
Communication	110,840	81,884
Community access	139,994	123,115
Community centre		
Direct operating costs	196,285	203,717
Programming	146,463	167,252
Salaries and benefits	377,760	336,172
Community support	103,713	124,560
General and administrative	321,849	323,170
General meetings	30,473	17,060
Salaries and wages	537,362	492,265
Sustainability	10,729	31,394
	1,975,468	1,900,589
Municipal services		
Direct operating costs	144,652	23,931
Landscaping	680,139	548,529
Other	53,333	25,766
Property management	80,000	80,000
Road, gutter, sidewalk maintenance	13,331	13,740
Streetlights	97,984	96,471
	1,069,439	788,437
Excess of revenue over services before amortization	93,399	876,122
Amortization of capital assets	92,093	87,301
Amortization of deferred capital contribution (Note 8)	(46,910)	(46,910)
	45,183	40,391
Excess of revenue over expenditures for the year	\$ 48,216	\$ 835,731

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2015

	Invested in Capital Assets	Internally restricted (Note 4)	Unrestricted	2015	2014
Net assets -					
beginning of year	\$ 339,621	\$ 1,200,987	\$ 244,965	\$ 1,785,573	\$ 949,842
Excess (deficiency) of revenue over expenditures	(45,183)	93,399	-	48,216	835,731
Internally restricted expenditures	3,890	(176,916)	173,026	-	-
Interfund transfers	-	(40,000)	40,000	-	-
Net assets - end of year	\$ 298,328	\$ 1,077,470	\$ 457,991	\$ 1,833,789	\$ 1,785,573

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
Operating activities		
Excess of revenue over expenditures for the year	\$ 48,216	\$ 835,731
Items not affecting cash:		
Amortization of capital assets	92,093	87,301
Amortization of deferred capital contribution	(46,910)	(46,910)
	93,399	876,122
Changes in non-cash working capital:		
Accounts receivable	(31,526)	(23,768)
Internally restricted receivable	-	(823,201)
Prepaid expenses	9,861	(4,410)
Accounts payable and accrued liabilities	87,080	(190,639)
Due to Neighbours' Fund Reserve	-	(579,276)
Deferred revenue (Note 7)	91,829	24,884
	157,244	(1,596,410)
Cash flow from (used by) operating activities	250,643	(720,288)
Investing activity		
Purchase of capital assets	(3,890)	(45,126)
Increase (decrease) in cash	246,753	(765,414)
Cash - beginning of year	708,541	1,473,955
Cash - end of year	\$ 955,294	\$ 708,541

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2015

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 Neighbours' levies which consist of Service Levies and the General Municipal Services Levy ("GMSL") 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:

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line
Equipment	10 years	straight-line
Leasehold improvements	15 years	straight-line

Capital assets are amortized at one-half the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposition.

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.

As at March 31, 2015, no capital assets had been identified which required a write-down.

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UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2015

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 capital assets and internally restricted receivable. 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, 2015

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, internally restricted 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 (2013: \$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, internally restricted receivable and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2015

4. 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.

	2015	2014
Community engagement		
Opening	\$ 68,000	\$ 200,000
Funds internally restricted	-	3,000
Funds returned to U.B.C.	(40,000)	-
Funds transferred to capital projects	5,000	(96,799)
Expenditures incurred	(3,000)	(38,201)
	30,000	68,000
Capital projects		
Opening	1,067,987	300,000
Funds internally restricted	93,399	716,001
Funds transferred from community engagement	(5,000)	96,799
Funds transferred to unrestricted net assets	-	(17,090)
Expenditures incurred	(150,436)	(27,723)
	1,005,950	1,067,987
Consultants		
Opening	65,000	-
Funds internally restricted	-	65,000
Expenditures incurred	(23,480)	-
	41,520	65,000
Grand total	\$ 1,077,470	\$ 1,200,987

Included in funds internally restricted is the internally restricted receivable of \$823,201 (\$784,001 net of GST) owing from the Neighbours' Fund for the fourth quarter neighbours levy.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2015

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer software	\$ 56,237	\$ 40,292	\$ 15,945	\$ 26,418
Equipment	441,908	320,281	121,627	164,700
Leasehold improvements	519,855	210,909	308,946	343,603
	\$ 1,018,000	\$ 571,482	\$ 446,518	\$ 534,721

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2015	2014
Indirect taxes payable	\$ 13,559	\$ 19,453
Source deductions payable	-	1,406
WCB payable	1,014	-
	\$ 14,573	\$ 20,859

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.

	2015	2014
Capital Replacement Fund	\$ 80,000	\$ -

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2015

8. DEFERRED CAPITAL CONTRIBUTION

Deferred capital contribution represents funding received from the Neighbours' Fund to acquire equipment and leasehold improvements for the Community Centre. This deferred contribution is amortized to operations on the same basis as the related equipment and leasehold improvements.

	2015	2014
Deferred capital contribution	\$ 524,900	\$ 524,900
Accumulated amortization	(376,710)	(329,800)
	\$ 148,190	\$ 195,100

9. COMMITMENTS

The Association has entered into a lease agreement for its premises and has committed to the following minimum annual lease payments. The current lease term was renewed in May 2015 for another year.

Contractual obligation repayment schedule:

2016	\$ 71,475
2017	11,913
	<u>\$ 83,388</u>