
UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Financial Statements
Year Ended March 31, 2024

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
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Year Ended March 31, 2024

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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, 2024, 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, 2024, 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.
June 25, 2024

Johnsen Archer LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
Current assets		
Cash	\$ 2,458,132	\$ 872,952
Term deposits (Note 4)	906,245	1,606,245
Accounts receivable	211,587	56,539
Prepaid expenses	72,909	95,755
	3,648,873	2,631,491
Capital assets (Note 5)	813,571	791,811
	\$ 4,462,444	\$ 3,423,302
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 526,461	\$ 466,060
Deferred revenue (Note 7)	476,311	456,616
	1,002,772	922,676
Deferred contributions (Note 8)	435,659	406,245
Deferred capital contributions (Note 9)	166,667	188,889
	1,605,098	1,517,810
NET ASSETS		
Invested in capital assets	646,904	602,922
Internally restricted (Note 10)	1,144,214	700,000
Unrestricted fund	1,066,228	602,570
	2,857,346	1,905,492
	\$ 4,462,444	\$ 3,423,302

Commitments (Note 12)

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	2024	2023
Revenue		
Community centres	\$ 1,255,844	\$ 1,051,208
Neighbours' levy (Note 11)	5,040,600	4,110,109
Other revenue	1,368,645	541,827
	7,665,089	5,703,144
Community services		
Communication	84,357	81,029
Community access	84,100	64,600
Community centre		
Direct operating costs	616,548	647,538
Programming	810,223	765,099
Salaries and benefits	1,100,598	974,790
Community support	38,207	55,251
General and administrative	442,498	462,976
General meetings	6,816	13,195
Salaries and wages (Note 13)	1,608,620	1,288,526
Sustainability	40,493	33,391
	4,832,460	4,386,395
Municipal services		
Common area maintenance	1,356,608	826,932
Direct operating costs	120,555	108,901
Insurance	209,632	180,601
	1,686,795	1,116,434
Excess of revenue over expenditures before other income (expenses)	1,145,834	200,315
Other expenses (income)		
Amortization of capital assets	215,727	200,285
Amortization of deferred capital contributions	(22,222)	(22,220)
Loss on disposal of capital assets	475	12,212
	193,980	190,277
Excess of revenue over expenditures for the year	\$ 951,854	\$ 10,038

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Invested in Capital Assets	Internally Restricted (Note 10)	Unrestricted	2024	2023
Net assets - beginning of year	\$ 602,922	\$ 700,000	\$ 602,570	\$ 1,905,492	\$ 1,895,454
Excess (deficit) of revenue over expenditures	(193,980)	-	1,145,834	951,854	10,038
Fund transfer	248,172	-	(248,172)	-	-
Reallocation of funds	(10,210)	444,214	(434,004)	-	-
Net assets - end of year	\$ 646,904	\$ 1,144,214	\$ 1,066,228	\$ 2,857,346	\$ 1,905,492

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Operating activities		
Excess of revenue over expenditures for the year	\$ 951,854	\$ 10,038
Items not affecting cash:		
Amortization of capital assets	215,727	200,285
Amortization of deferred capital contributions	(22,222)	(22,220)
Loss on disposal of capital assets	10,683	12,212
	1,156,042	200,315
Changes in non-cash working capital:		
Accounts receivable	(155,048)	(32,941)
Prepaid expenses	22,846	(24,995)
Accounts payable and accrued liabilities	60,403	(39,568)
Deferred revenue	19,695	60,967
	(52,104)	(36,537)
Cash flow from operating activities	1,103,938	163,778
Investing activity		
Purchase of capital assets	(248,172)	(213,267)
Financing activities		
Deferred contributions	29,414	41,097
Redemption (purchase) of term deposits	700,000	(541,097)
Cash flow from (used by) financing activities	729,414	(500,000)
Increase (decrease) in cash	1,585,180	(549,489)
Cash - beginning of year	872,952	1,422,441
Cash - end of year	\$ 2,458,132	\$ 872,952

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

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") neighbourhoods 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, 2024

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 deferred and 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.

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UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

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 (2023 - \$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 \$406,245 and \$500,000, accruing interest at 4.05% and 4.45% per annum, and with maturity dates of June 24, 2024 and May 06, 2024, respectively.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware and software	\$ 164,898	\$ 126,384	\$ 38,514	\$ 59,300
Equipment and fixtures	1,372,653	961,557	411,096	369,975
Leasehold improvements	1,014,248	665,706	348,542	316,280
Website	132,500	117,081	15,419	46,256
	\$ 2,684,299	\$ 1,870,728	\$ 813,571	\$ 791,811

As at March 31, 2024, 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:

	2024	2023
Employer Health Tax payable	\$ 18,821	\$ 12,387
Goods and Services Tax payable	63,444	27,401
Workers' Compensation Board payable	-	9,665
	\$ 82,265	\$ 49,453

7. DEFERRED REVENUE

	2024	2023
Balance at beginning of year	\$ 456,616	\$ 395,649
Current year additions	476,311	456,616
Less: amounts taken into revenue during the year	(456,616)	(395,649)
	\$ 476,311	\$ 456,616

Deferred revenue represents 2024 recreational fees received during the year for programs which have yet to occur.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

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.

	2024	2023
Deferred capital contributions	\$ 586,543	\$ 586,543
Accumulated amortization	(419,876)	(397,654)
	\$ 166,667	\$ 188,889

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

10. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of deferred operating contributions internally restricted by the Association to be used for future capital projects.

	2024	2023
Capital reserve		
Opening	700,000	-
Transfer from unrestricted fund	444,214	700,000
	1,144,214	700,000

11. NEIGHBOURS' LEVY

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

	2024	2023
Neighbours' Levy	\$ 8,625,731	\$ 7,440,000
Net Reserve Transfers	(421,447)	(378,352)
Total Neighbours' Levy & Reserves	8,204,284	7,061,648
UBC Withdrawals	(3,079,712)	(2,193,647)
Amounts Held Back	-	(689,391)
Net Levy Revenue	5,124,572	4,178,610
Unrecoverable Goods and Services Tax	(83,972)	(68,501)
Amount Available to the UNA	\$ 5,040,600	\$ 4,110,109

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.

Pursuant to a letter agreement with UBC dated July 19, 2021, the Association is obligated to pay \$85,390 to UBC as a contribution towards the operating costs of UBC's recreational and cultural facilities. This debt became due on March 31, 2024. In lieu of paying the amount, the Association may authorize UBC to withdraw it from the Neighbours' Fund, in which case the amounts received by the Association from that fund for its 2024/2025 fiscal year will be correspondingly reduced.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2024

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.

	2025	\$	18,795
	2026		1,646
			20,441
		\$	20,441

13. DIRECTORS' AND EMPLOYEE'S SALARIES

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

	2024	2023
<u>Directors</u>		
Ali Mojdehi	\$ 5,213	\$ 6,492
Eagle Glassheim	6,944	6,492
Fei Liu	6,944	4,500
Maria Gallo	-	1,530
Murray McCutcheon	6,944	6,492
William Holmes	6,944	6,492
Zheng Kang	6,944	6,492
Subtotal	39,933	38,490
<u>Chair</u>		
Richard Watson	10,416	9,737
	\$ 50,349	\$ 48,227

Additionally, the Association paid \$837,615 (2023 - \$698,755) to eight (2023 - six) employees, whose total annual remuneration exceeded \$75,000.

14. COMPARATIVE FIGURES

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