
UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Financial Statements

Year Ended March 31, 2016

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
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Year Ended March 31, 2016

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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, 2016 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.

300 - 7485 130TH STREET, SURREY, BC, CANADA V3W 1H8 • TEL 604.501.2822 FAX 604.501.2832

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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, 2016 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.
July 8, 2016


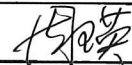
CHARTERED PROFESSIONAL ACCOUNTANTS

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Financial Position
March 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 202,050	\$ 955,294
Term deposits (Note 4)	1,003,562	-
Accounts receivable	118,214	61,388
Internally restricted receivable	-	823,201
Prepaid expenses	35,330	87,979
	1,359,156	1,927,862
Capital assets (Note 5)	1,115,820	446,518
	\$ 2,474,976	\$ 2,374,380
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 182,894	\$ 275,688
Deferred revenue (Note 7)	263,295	116,713
	446,189	392,401
Deferred capital contributions (Note 8)	105,366	148,190
	551,555	540,591
NET ASSETS		
Invested in capital assets	988,532	298,328
Internally restricted net assets (Note 9)	465,973	1,077,470
Unrestricted net assets	468,916	457,991
	1,923,421	1,833,789
	\$ 2,474,976	\$ 2,374,380

Commitments (Note 10)



ON BEHALF OF THE BOARD
 Director
 Director

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Revenues and Expenditures

Year Ended March 31, 2016

	2016	2015
Revenue		
Community centres	\$ 310,977	\$ 209,807
Neighbours levies	2,799,832	2,642,420
Other revenue	218,655	237,737
Province of B.C.	-	48,342
	3,329,464	3,138,306
Community services		
Communication	101,349	110,840
Community access	138,218	139,994
Community centre		
Direct operating costs	357,759	196,285
Programming	114,700	146,463
Salaries and benefits	475,337	377,760
Community support	23,515	103,713
General and administrative	372,906	321,849
General meetings	33,054	30,473
Salaries and wages	559,195	537,362
Sustainability	36,879	10,729
	2,212,912	1,975,468
Municipal services		
Direct operating costs	93,483	144,652
Landscaping	625,944	680,139
Other	31,427	53,333
Property management	80,000	80,000
Road, gutter, sidewalk maintenance	6,502	13,331
Streetlights	101,006	97,984
	938,362	1,069,439
Excess of revenue over expenditures before amortization	178,190	93,399
Amortization of capital assets	131,382	92,093
Amortization of deferred capital contributions (Note 8)	(42,824)	(46,910)
	88,558	45,183
Excess of revenue over expenditures for the year	\$ 89,632	\$ 48,216

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Invested in Capital Assets	Internally Restricted (Note 9)	Unrestricted	2016	2015
Net assets -					
beginning of year	\$ 298,328	\$ 1,077,470	\$ 457,991	\$ 1,833,789	\$ 1,785,573
Excess (deficiency) of revenue over expenditures	(88,558)	178,190	-	89,632	48,216
Internally restricted expenditures	778,762	(789,687)	10,925	-	-
Net assets - end of year	\$ 988,532	\$ 465,973	\$ 468,916	\$ 1,923,421	\$ 1,833,789

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
Operating activities		
Excess of revenue over expenditure for the year	\$ 89,632	\$ 48,216
Items not affecting cash:		
Amortization of capital assets	131,382	92,093
Amortization of deferred capital contributions	(42,824)	(46,910)
	178,190	93,399
Changes in non-cash working capital:		
Accounts receivable	(56,826)	(31,526)
Internally restricted receivable	823,201	-
Prepaid expenses	52,649	9,861
Accounts payable and accrued liabilities	(92,794)	87,080
Deferred revenue	146,582	91,829
	872,812	157,244
Cash flow from operating activities	1,051,002	250,643
Investing activities		
Purchase of capital assets	(800,684)	(3,890)
Term deposits	(1,003,562)	-
Cash flow used by investing activities	(1,804,246)	(3,890)
Increase (decrease) in cash	(753,244)	246,753
Cash - beginning of year	955,294	708,541
Cash - end of year	\$ 202,050	\$ 955,294

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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 levies, collected pursuant to the Agreement, which consist of service levies and the general municipal services levy 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:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and other instruments with maturities at the date of purchase of less than 90 days and are measured at cost plus accrued interest.

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 software	3 years
Equipment	10 years
Leasehold improvements	15 years

Capital assets are amortized at one-half the normal annual rate on the year of acquisition and no amortization is charged in the year of disposal. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

The carrying value of capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds its fair value.

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UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2016

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, 2016

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 (2015 - \$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 invested \$1,000,000 into guaranteed investment certificates ("GICs"). The GICs earn interest of 1% per annum, mature on November 23, 2016 and are recorded at amortized cost.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer software	\$ 70,540	\$ 53,565	\$ 16,975	\$ 15,945
Equipment	1,224,788	403,616	821,172	121,627
Leasehold improvements	523,355	245,682	277,673	308,946
	<u>\$ 1,818,683</u>	<u>\$ 702,863</u>	<u>\$ 1,115,820</u>	<u>\$ 446,518</u>

As at March 31, 2016, no event or change in circumstances had occurred which indicated that the carrying amounts of capital assets may not be recoverable.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2016	2015
Indirect taxes payable	\$ 173	\$ 13,559
Source deductions payable	23,611	-
Workers Compensation Board payable	2,352	1,014
	\$ 26,136	\$ 14,573

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.

	2016	2015
Capital Replacement Fund	\$ 120,000	\$ 80,000

8. DEFERRED CAPITAL CONTRIBUTION

Deferred capital contribution represents funding received from The Neighbours' Fund (a fund managed by U.B.C. consisting of monies raised by way of service levies collected by U.B.C.) to acquire equipment and complete leasehold improvements for the Community Centres. This deferred contribution is amortized to operations on the same basis as the related equipment and leasehold improvements.

	2016	2015
Deferred capital contribution	\$ 524,900	\$ 524,900
Accumulated amortization	(419,534)	(376,710)
	\$ 105,366	\$ 148,190

UNIVERSITY NEIGHBOURHOODS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

9. 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.

	2016	2015
Community engagement		
Opening	\$ 30,000	\$ 68,000
Funds internally restricted	40,000	-
Funds returned to U.B.C.	-	(40,000)
Funds transferred to capital projects	-	5,000
Expenditures incurred	-	(3,000)
	70,000	30,000
Capital projects		
Opening	1,005,950	1,067,987
Funds internally restricted	78,190	93,399
Funds transferred from community engagement	-	(5,000)
Expenditures incurred	(778,762)	(150,436)
	305,378	1,005,950
Consultants		
Opening	41,520	65,000
Funds internally restricted	20,000	-
Expenditures incurred	(10,925)	(23,480)
	50,595	41,520
Training and development		
Funds internally restricted	40,000	-
Grand total	\$ 465,973	\$ 1,077,470

Included in funds internally restricted is the internally restricted receivable of \$nil (2015 - \$823,201) owing from the Neighbours' Fund for the fourth quarter neighbours levy.

UNIVERSITY NEIGHBOURHOODS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2016

10. COMMITMENTS

The Association has entered into a lease agreement for its premises and has committed to the following minimum annual lease payments. The lease was renewed in June 2016 for an additional two years.

Contractual obligation repayment schedule:

2017	\$ 85,475
2018	71,475
2019	<u>11,913</u>
	<u>\$ 168,863</u>