



**Report Date:** July 20, 2021  
**Meeting Date:** July 20, 2021  
**From:** Athena Koon, Finance Manager  
**Subject:** Audited Financial Statements and Report to Board (Revised)

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## SUMMARY

The annual audit field work was completed at the end of June, and it was confirmed that the UNA has a surplus for the 2020-21 fiscal year. The treatment of the surplus by UBC was an outstanding issue for the audit – and was delaying the finalization of the audit.

UBC confirmed via email on July 16 that the UNA can carry forward the full surplus amount for the 2020/21 fiscal year. As a result, the UNA is now able to conclude the fiscal 2020/21's audit activities, and present to the Board the attached final audited financial statements, along with the report to the Board of Directors for review and approval.

Please note the Finance and Audit Committee reviewed the draft audited financial statements at the July Finance and Audit Committee meeting, and unanimously approved the recommendation contained within this report on July 19, 2021.

Representatives from Johnsen Archer LLP will also be presenting the reports to the Board and answer any questions may have regarding the audit findings.

## DECISION REQUESTED

THAT the Board approve the UNA's financial statements for the year ended March 31, 2021 and that the Chair be authorized to sign the financial statements on behalf of the Board to confirm that approval has been given.

## Discussion

The audit for fiscal 2020/2021 started on the second week of May and finished at the end of June 2021 as planned. The UNA Finance Team was involved in assisting and providing all the samples and required documents to complete the scheduled field work. In total, we have provided over a few hundred samples, along with files for testing; and there is no proposed audit adjustment to be made from the findings.

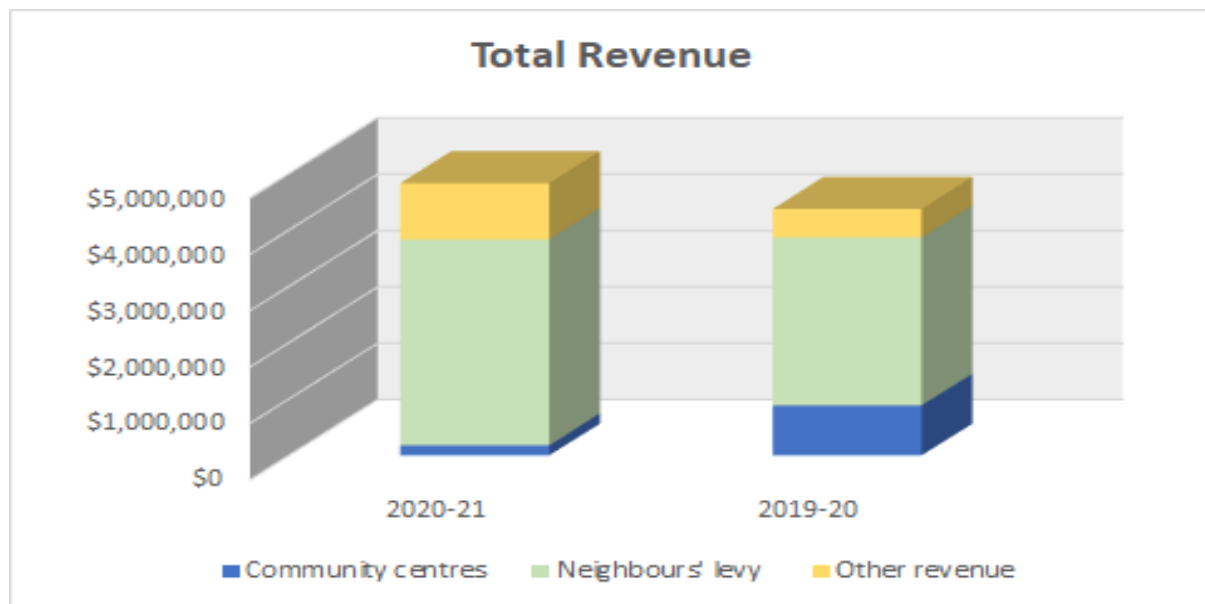
The audited financial statements concluded with the following totals:

Description	2020-21	2019-20
<b>Total Revenue</b>	<b>\$4,833,380</b>	<b>\$4,376,881</b>
<b>Total Expenditures</b>	<b>\$3,837,795</b>	<b>\$4,374,297</b>
<b>Total Surplus</b>	<b>\$ 995,585</b>	<b>\$ 2,584</b>
<b>Total Assets</b>	<b>\$3,021,241</b>	<b>\$1,905,105</b>
<b>Total Liabilities</b>	<b>\$1,168,116</b>	<b>\$1,047,565</b>
<b>Total Equity</b>	<b>\$1,853,125</b>	<b>\$ 857,540</b>

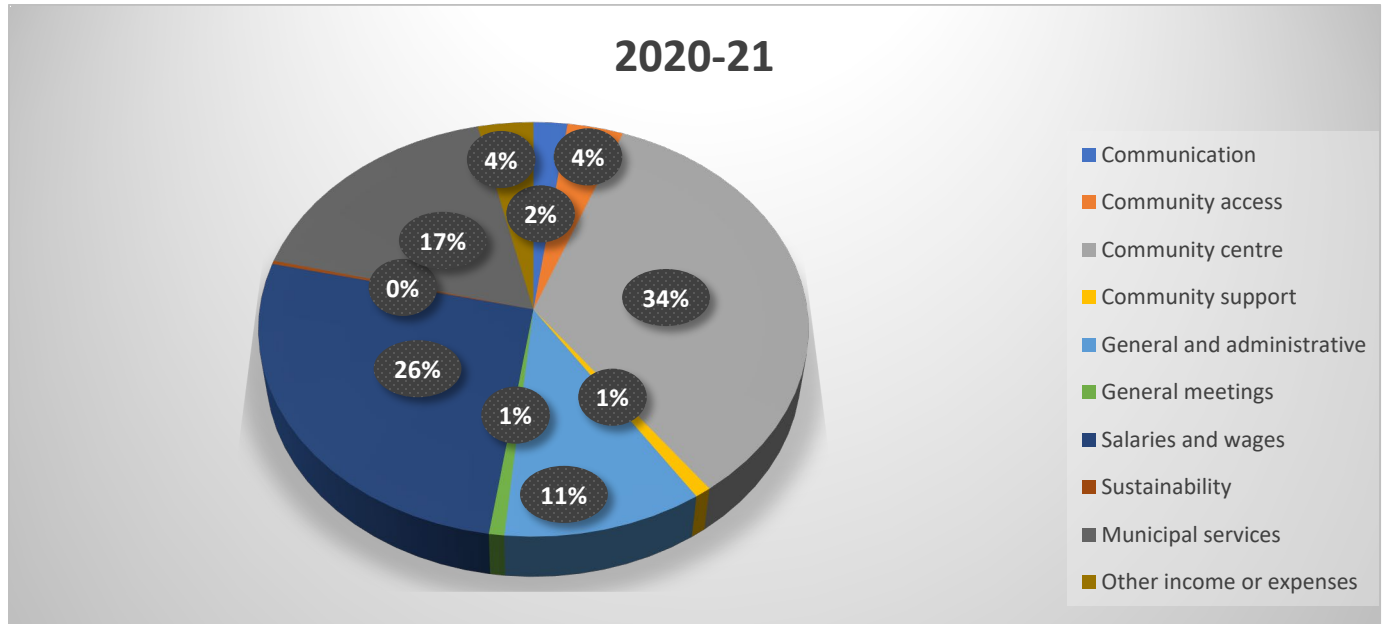
The UNA's surplus for fiscal 2020/21 is confirmed to be \$995,585. Based on our preliminary result, a financial summary and analysis was done and presented to the Committee and the Board in May, and after that, three adjustments in total of \$12.K were made before our audit. That explains why the May report shows a surplus of \$1.008M compared to the audited surplus \$0.996M. Since the amount is immaterial compared to our overall revenue and spending, the ratio and comparison percentage previously provided still stands and no further analysis was performed here.

These supplementary notes are provided to assist as background information for the fiscal year end 2020/21 audited financial statements.

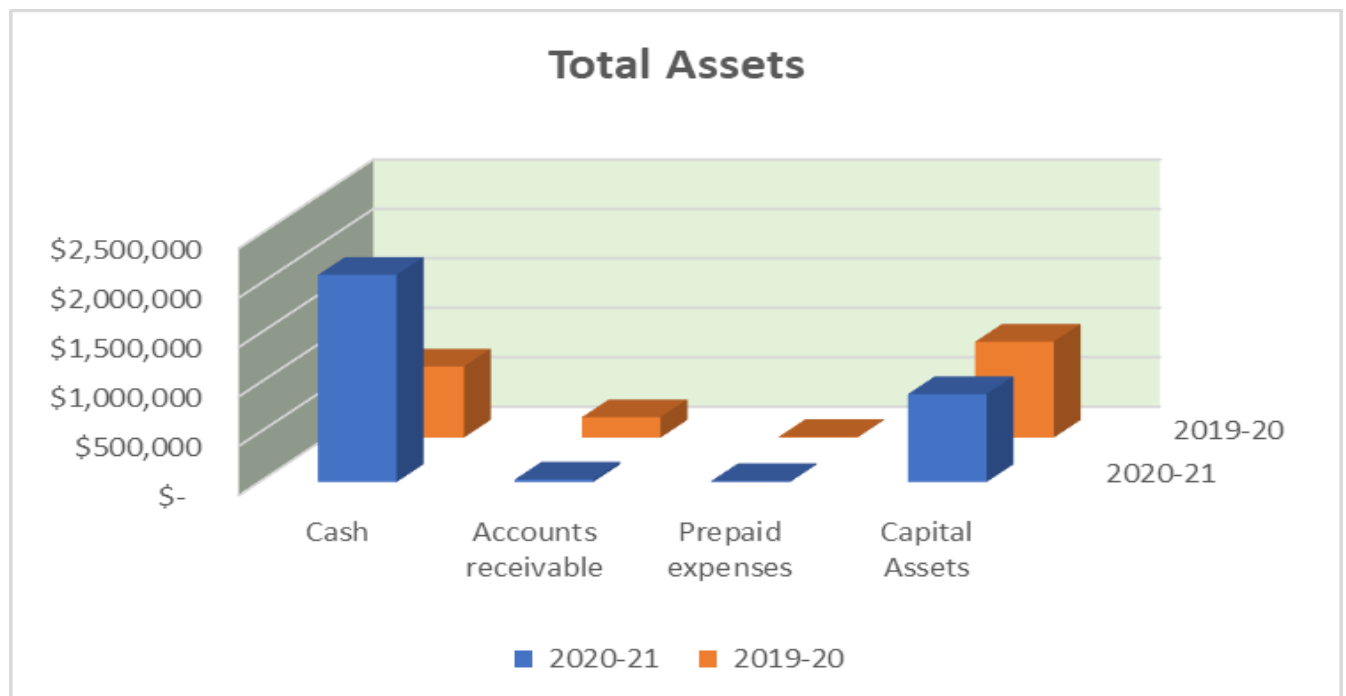
## Total Revenue



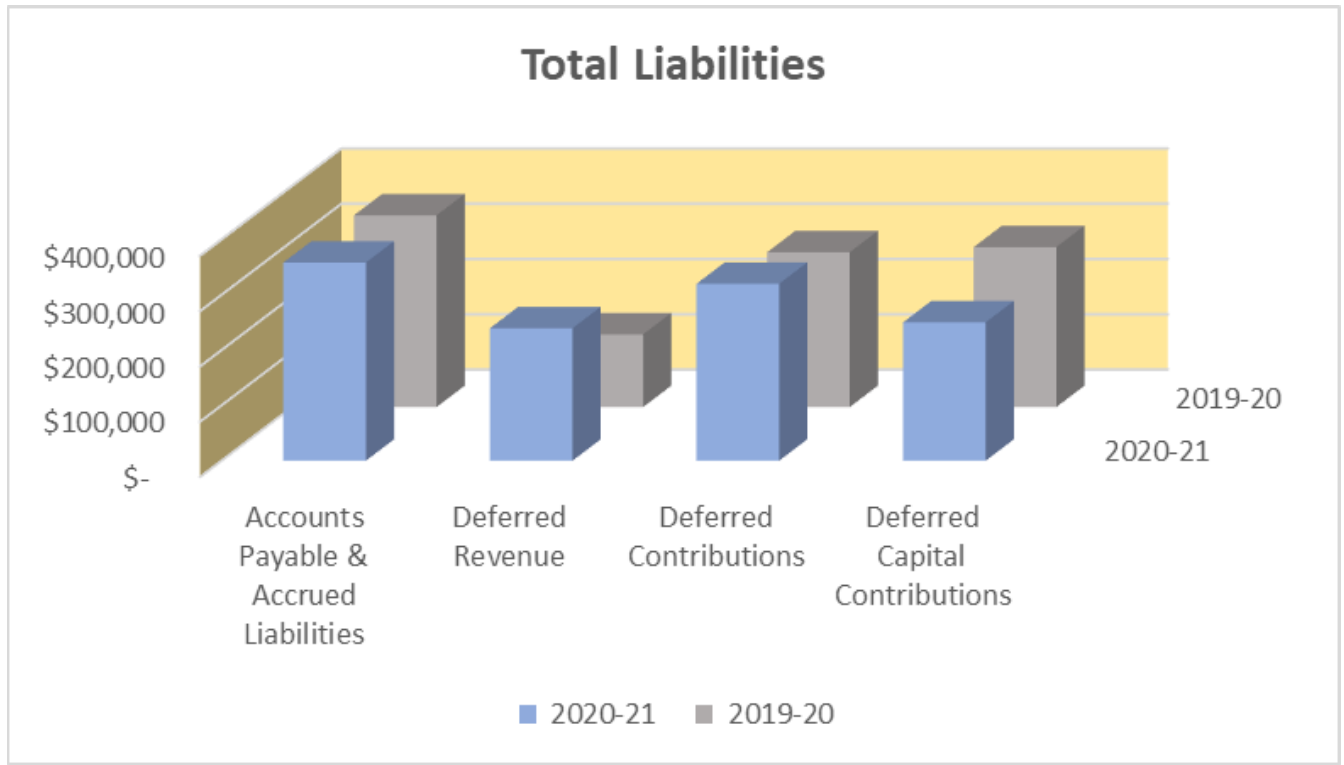
### Total Expenditures



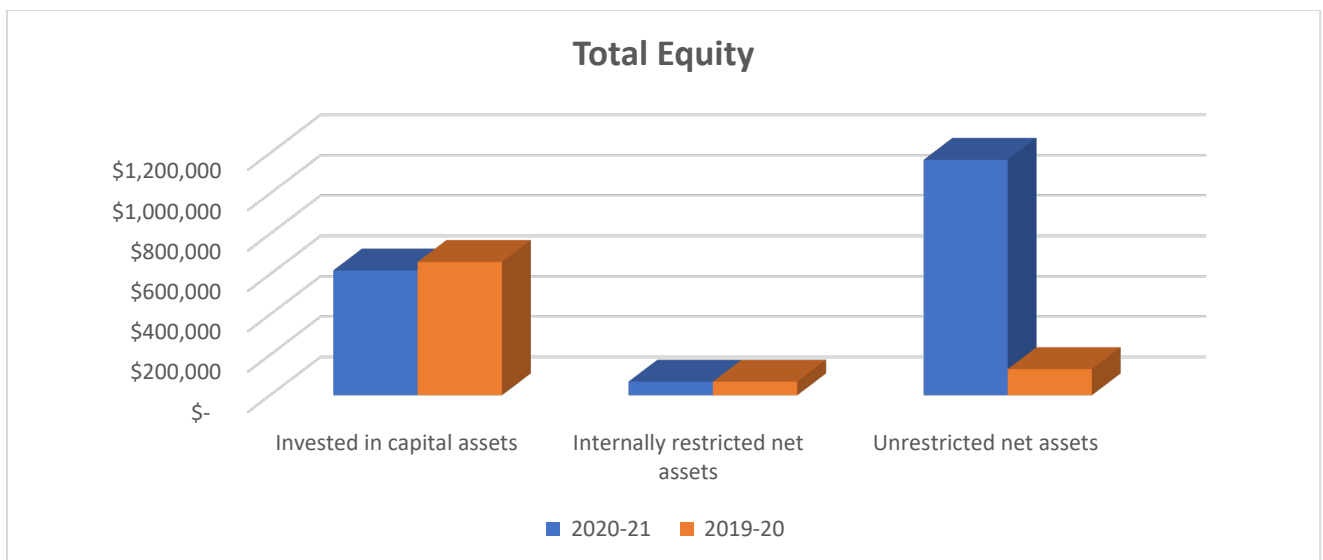
### Total Assets



## Total Liabilities



## Total Equity





In terms of next steps, if the Board ratifies the Finance and Audit Committee's recommendation, Johnsen Archer will finalize the audited statement and the designated UNA representative (historically the Chair) will sign them.

After this is completed, there will be no further actions needed, and the approved audited financial statements will be brought to the Annual General Meeting.

### **Financial Implications**

For Information

### **Operational Implications**

None

### **Strategic Objective**

None

### **Attachments**

1. Schedule A – Johnson Archer LLP – Report to Board of Director
2. Schedule B – Johnson Archer LLP – 2020/21 Audited Financial Statements (Final)

### **Concurrence**

None

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Athena Koon', is written over a horizontal line.

Athena Koon  
Finance Manager



UNIVERSITY  
NEIGHBOURHOODS  
ASSOCIATION

**UNA BOARD MEETING  
OPEN SESSION**

A handwritten signature in blue ink, appearing to read 'Sundance Topham', is written over a horizontal line.

Sundance Topham  
Chief Administrative Officer

# University Neighbourhoods Association

*Report to the Board of Directors  
Year ended March 31, 2021*



TAXATION • ACCOUNTING • ASSURANCE

30 years of original thinking

July 8, 2021

Board of Directors  
University Neighbourhoods Association  
202-5923 Berton Avenue  
Vancouver, BC V6S 0B3

Dear Members of the Board of Directors:

We have completed our audit of the financial statements of University Neighbourhoods Association for the year ended March 31, 2021 and we propose to issue an unqualified report on those financial statements.

We have issued the accompanying report to assist members of the Board in their review of the financial statements. We would like to express our thanks to the management and staff of the Association who assisted us in carrying out our work.

We are available to meet with any member of the Board to discuss the contents of this report and any other matters which you consider appropriate.

Yours very truly,

A handwritten signature in black ink, appearing to read 'RM'.

Rob Matty, CPA, CA\*  
Partner  
\*Incorporated Professional

Encl.

*The matters raised in this and other reports, which flow from the audit, are only those which have come to our attention through our audit and we believe, need to be brought to your attention. They are not a comprehensive record of all the matters arising, in particular we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.*

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AFFILIATED WORLDWIDE WITH



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# I Overview of Our Audit

Current auditing standards in Canada require Johnsen Archer LLP to communicate with those having oversight responsibility for the financial reporting process of University Neighbourhoods Association (“the Association”) with regard to the planning of the audit.

The financial statements of the Association were the responsibility of the Association’s management. Our responsibility as auditor was to express an opinion as to whether the Association’s financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles for Not-For-Profit Organizations.

It is important to recognize that there were inherent limitations in the auditing process. For example, audits are based on the concept of selective testing of the data underlying the financial statements and are, therefore, subject to the limitation that material misstatements arising from the consequences of errors or fraud, or illegal acts, if any exist, may not be detected. Also, because of the nature of fraud (including attempts at concealment through collusion and forgery) an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a fraud even if the fraud is material in amount.

During our audit we conducted enquiries of management and others within the Association, considered results of analytical procedures and considered whether there are conditions generally present to commit fraud. We assessed risks of fraud throughout the audit and evaluated management’s programs and controls relating to fraud. As part of our audit we examined journal entries and accounting estimates, for biases, and added an element of unpredictability in audit procedures. Part of the governance role of the board is to understand the risks of the Association and management’s responses to those risks, including fraud.

Effective internal controls and procedures reduce the likelihood that errors, fraud or illegal acts will occur and remain undetected; however, it does not eliminate that possibility. Our responsibility regarding fraud was to obtain reasonable assurance that material misstatements resulting from fraud will be detected. Accordingly, while we cannot guarantee that all errors, fraud or illegal acts, if present, have been detected, our audit provides reasonable, but not absolute, assurance of detecting errors or fraud that would have had a material effect on the financial statements as well as illegal acts having a direct and material effect on the financial statements.

We have completed our audit of the financial statements of the Association. We conducted our audit in accordance with Canadian Auditing Standards for not-for-profit organizations. In the course of our work, we did not encounter any unresolved matters material to the financial statements that, in our judgment, required adjustment or reclassification. We confirm that there are no disagreements between management and ourselves about matters that could be significant to the Association's financial statements.

We believe we have been given access to all records, documents and other information we required. Management and employees of the Association have given us their full cooperation throughout the year and kept us informed of important transactions and events.

In addition, we further understood that you required:

- Comments, if any, on internal controls and other matter we believe will be of interest to you
- Information and comments on new and proposed technical pronouncements and regulatory requirements that may affect the financial statements of the Association

In the course of our work, we identified various business matters which have been discussed further under Part III below.

## II Engagement Team

**Rob Matty, CPA, CA**  
Engagement Leader

- Has the overall authority and responsibility for the audit engagement and key conclusions reached by the engagement team on all accounting and auditing matters
- Performed quality control on all reports and other information prepared by Johnsen Archer LLP to help ensure the form, content and disclosures meet the latest firm and professional standards

**Kate Norris, CPA, CA**  
Senior Manager

- Reviewed all reports and other information which Johnsen Archer LLP opined or attested to help ensure that the form, content and disclosures met the latest firm and professional standards
- Served as the day-to-day audit liaison between the Association and Johnsen Archer LLP
- Identified, scheduled and supervised the professionals who performed the day-to-day audit work for the Association, reported directly to the partner

**Bunti Gill, CPA**  
Senior Accountant

- Completed all audit field work
- Prepared working paper file
- Examined audit evidence
- Prepared all related analysis
- Reported directly to Manager

### III Significant Audit, Accounting and Financial Reporting Matters

A key aspect of our audit approach is to focus our audit on those risks that may impact financial reporting.

Below is a summary of the risk analysis of the Association:

Risk Identified	Audit Response
<b>COVID-19 &amp; Reopening</b> We have noted that the community centers and other facilities were temporarily closed due to Covid-19. The facilities/programs have been re-opening subsequent to year-end but are not offering full programs and services. This causes a concern of the long term sustainability of the Association and its ability to continue as a going concern.	A significant portion of the Associations revenues come from the Neighbours Levy's, which is based on property and rural tax rates and are not directly affected by the community center closures. Furthermore Neighbours' Levy increased by over \$650,000 this year. The community centers are moving toward virtual and in person programs while implementing social distancing protocols. The temporary closure of facilities has also resulted in a reduction of expenses, which reduces the risk that the Association cannot continue. No amendments to the audit report have been made.
<b>Self-review Threat</b> During our audit, we may be required to propose journal entries, which raises the issue of self-review as a risk	All journal entries will be explained in detail to management and assurance sought, through discussion, to ensure they are fully understood and embraced by the client. Management reviews all proposed entries and ultimately signs off by posting them to the general ledger.
<b>Overstatement of Expenses</b> There is a presumed high risk of overstatement of expenses for non-profit organizations	Expense items recorded throughout the year will be tested and examined for existence and accuracy based on the audit approach.

### IV Internal Controls and Business Issues

We considered the Association's system of internal control in order to determine audit procedures for the purpose of expressing our opinion on the financial statements. We are not obligated to search for matters beyond those that come to our attention during the normal course of planning and performing the audit. Accordingly, an audit would not usually identify all matters of interest to management in discharging its responsibilities.

## V Other Required Communications

CPA Canada Handbook Section CAS 240, “Communications with Those Having Oversight Responsibility for the Financial Reporting Process” sets out certain specific areas for communication with the Board of directors. Those that are relevant in your circumstances are as follows:

### *Fraud, Errors and Illegal Acts*

We are required to inform the Board of Directors whether, as a result of our testing, we have become aware of any fraudulent or illegal acts. Our audit tests are not specifically designed to detect such items, although should we become suspicious or aware of any occurrences, we would report directly to you. We expect management to inform the Board of Directors and the auditor about any fraud, whether or not material that involves management or other employees who have a significant role in internal controls.

Part of your governance role is to understand the risks of the business, including fraud, and management’s response. We would like to:

- Obtain your view on fraud
- Share our view on fraud, responsibility and procedures

As part of our assessment of risk of fraud, we considered the following, as applicable:

- Key incentives and pressures to commit fraud
- Journal entries and other adjustments
- Accounting estimates
- Significant unusual transactions
- Suspense accounts

### *Audit Response*

During the course of our audit, we detected no circumstances of fraud or suspected fraud and encountered no illegal acts. No such matters have been brought to our attention by management or the Board of Directors. We remind you that this absence of evidence detected during our work does not mean that fraud has not occurred.

### ***Independence***

We are required to communicate to the Board of Directors, at least annually, all relationships between the Association and Johnsen Archer LLP that, in our professional judgment, may reasonably be thought to bear on our independence.

#### ***Audit Response***

We confirm our independence as of the date of this Audit Report.

### ***Qualitative Aspects of Accounting Principles***

The primary responsibility for establishing the Association's accounting principles rests with management. To assist the Board of Directors in its review of the financial statements, we have had an open and frank discussion with management about our professional judgments on the qualitative aspects of accounting principles used by the Association. This discussion included items that have a significant effect on the understandability, reliability and comparability of the financial statements.

#### ***Audit Response***

The Association's significant account policies are summarized in Note 2 to the financial statements. At this time, we are not aware of any inappropriate policies adopted by the Association, or any instances where another accounting policy might be thought to be more appropriate.

### ***Other Communications and our Response***

- We are not aware of any management consultations with other accountants relating to potential audit issues.
- We are not aware of any issues with management in connection with the recurring appointment of us as auditors.
- There were no serious difficulties encountered while performing the audit.

### ***Summary of Adjusted Differences***

As at July 8, 2021, the date of this report, we have noted no adjusted differences and we are not aware of material unadjusted differences as discussed in the client representation letter (Appendix A).

## Appendix A – Client’s Representation Letter

# **UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**#202 – 5923 Berton Avenue**

**Vancouver, BC V6S 0B3**

July 8, 2021

Johnsen Archer LLP  
300 - 7485 130th Street  
Surrey, B.C. V3W 1H8

Dear Sir / Madam:

We are providing this letter in connection with your audit of the financial statements of University Neighbourhoods Association as of March 31, 2021 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of University Neighbourhoods Association in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for non-for-profit organizations and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the non-consolidated financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the non-consolidated financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of monetary value, if it is probable that its omission from or misstatement in the non-consolidated financial statements would influence the decision of a reasonable person relying on the non-consolidated financial statements.

We confirm, to the best of our knowledge and belief, as of July 8, 2021, the following representations made to you during your audit.

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of its operations and its cash flows for the period then ended, in accordance with Canadian accounting standards for not-for-profit organizations.
2. We have made available to you all financial records and related data and all minutes of the meetings of directors and committees of directors.
3. We have responded fully to all enquiries made to us and have made available to you all accounting and financial records and related data of the Association during your audit.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the examination have been recorded.
5. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
6. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in financial statements or as the basis of recording a contingent loss.
7. We have identified to you all known related parties and related party transactions, including guarantees, non-monetary transactions and transactions for no consideration.
8. We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control, or others, where the fraud could have a nontrivial effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
10. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
12. All related party transactions have been appropriately measured and disclosed in the financial statements.
13. We have disclosed to you all material transactions undertaken during the period, including non-monetary transactions and those for no consideration.
14. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
15. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
16. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
17. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:

- (a) Appropriate provisions for idle, abandoned, destroyed or obsolete assets or where site restoration costs will be necessary; and
- (b) Impairments in the value of goodwill or intangible assets.

18. We have disclosed to you, and the Association has complied with, all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
19. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
20. We have disclosed to you all significant customers and/or suppliers of the Association who individually represent a significant volume of transactions with our Association. We are of the opinion that the volume of transactions (e.g., sales, services, purchases, borrowing and lending) done by the Association with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the Association.
21. Provision has been made for any material loss to be sustained in the fulfillment of, or from an inability to fulfill, any sales commitments.
22. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
23. There were no inventories on consignment, bill-and-hold, or other arrangements, either owned by us or by our suppliers. Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
24. There are no material unrecorded assets or contingent assets (such as claims related to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain), that have not been disclosed to you.
25. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:
  - a) The measurement methods used are permitted under Canadian generally accepted accounting principles and appropriate in the circumstances;
  - b) The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
  - c) The method of valuation has been applied consistently;
  - d) The assumptions are consistent with management's intended courses of action; and
  - e) Financial statement disclosures are in accordance with Canadian generally accepted accounting principles.
26. We have obtained all consents that are required under applicable privacy legislation for the collection, use, and disclosure to you of personal information.
27. The minute books of the Association are a complete record of all meetings and resolutions of directors throughout the period and to the present date.

28. We are aware of the environmental laws and regulations that have an impact on our Association and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.

**Other**

1. None of the members were in debt to the Association, other than in the ordinary course of business at the year-end or at any time during the year.
2. The Association did not make any related party transactions during the year that have not been disclosed to you.
3. All management fees, bonuses or other remuneration paid to or accrued on behalf of members or related parties represent the fair market value of services performed for, or goods provided to, the Association.
4. We hereby acknowledge that Johnsen Archer LLP have made us aware of your legal obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. We hereby acknowledge that we are aware of potential conflict of interest that may arise as a result of our legal obligations under this Act and authorize Johnsen Archer (LLP) to release and disclose information about University Neighbourhoods Association as required by statute.
5. We confirm that another auditor has not been appointed in respect of these financial statements.

Yours truly,

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

  
\_\_\_\_\_  
Sundance Topham

July 19, 2021  
Date signed

  
\_\_\_\_\_  
Athena Koon

July 19, 2021  
Date signed

## Appendix B – Draft Audit Report

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, 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, 2021, 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.

*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 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.

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 intends 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.

(continues)

*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.

Independent Auditor's Report to the Members of University Neighbourhoods Association *(continued)*

*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 8, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

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## Appendix C – Independence Letter

July 8, 2021

University Neighbourhoods Association  
202 - 5923 Berton Avenue  
Vancouver, BC V6S 0B3

Attention: Mr. Sundance Topham, Chief Administrative Officer

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of University Neighbourhoods Association for the year ended March 31, 2021.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Association and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider relevant rules and related interpretations prescribed by the Organization of Chartered Professional Accountants of British Columbia ("CPABC") and applicable legislation, covering such matters as:

- a) holding a financial interest, either directly or indirectly, in a client;
- b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- d) economic dependence on a client; and
- e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since September 23, 2020, the date of our last letter.

We are aware of the following relationships between the Association and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from April 1, 2020 to July 8, 2021.

We may provide assistance in the preparation of the financial statements, including adjusting journal entries.

These services may create a self-review threat to our independence. We, therefore, will ensure that the following safeguards are put in place:

- a) management creates the source data for all the accounting entries;
- b) management develops any underlying assumptions required with respect to the accounting treatment and measurement of the entries;
- c) management reviews and approves all journal entries proposed by us, as well as the financial statements; and
- d) someone other than the preparer reviews the proposed journal entries and financial statements.

Canadian generally accepted standards for audit engagements require that we confirm our independence to the proprietor in the context of the CPABC Code of Professional Conduct. Accordingly, we hereby confirm that we are independent with respect to the Association within the meaning of the CPABC Code of Professional Conduct as of July 8, 2021.

This report is intended solely for the use of the board of directors and should not be used for any other purpose.

Should you wish to discuss this matter with us further, please contact us at your earliest convenience. Thank you again for the opportunity of providing our services to your Association.

Yours truly,

JOHNSEN ARCHER LLP

Per:



Rob Matty, CPA, CA\*  
Partner  
\*Incorporated Professional

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2021**

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended March 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, 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, 2021, 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.

*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 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.

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 intends 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.

*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.

Independent Auditor's Report to the Members of University Neighbourhoods Association (*continued*)

*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.

*Johnsen Archer LLP*

Surrey, B.C.  
July 8, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

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**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2021**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 2,095,603	\$ 719,691
Accounts receivable	25,276	207,162
Prepaid expenses	10,873	7,565
	<b>2,131,752</b>	934,418
Capital assets (Note 4)	889,489	970,687
	<b>\$ 3,021,241</b>	\$ 1,905,105
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 358,382	\$ 346,799
Deferred revenue (Note 6)	239,522	131,451
	<b>597,904</b>	478,250
Deferred contributions (Note 7)	320,000	280,000
Deferred capital contributions (Note 8)	250,212	289,315
	<b>1,168,116</b>	1,047,565
<b>NET ASSETS</b>		
Invested in capital assets	618,532	660,627
Internally restricted net assets (Note 9)	67,471	67,471
Unrestricted net assets	1,167,122	129,442
	<b>1,853,125</b>	857,540
	<b>\$ 3,021,241</b>	\$ 1,905,105

Commitments (Note 11)

COVID-19 Risk (Note 13)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



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

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2021**

	2021	2020
<b>Revenue</b>		
Community centres	\$ 180,154	\$ 887,774
Neighbours' levy (Note 10)	3,657,288	2,983,774
Other revenue (Note 13)	995,938	505,333
	<b>4,833,380</b>	<b>4,376,881</b>
<b>Community services</b>		
Communication	84,025	104,017
Community access	138,379	120,935
Community centre		
Direct operating costs	441,184	506,195
Programming	224,795	510,049
Salaries and benefits	642,853	900,020
Community support	33,832	17,282
General and administrative	412,587	334,380
General meetings	31,506	35,533
Salaries and wages (Note 12)	1,008,882	939,857
Sustainability	9,818	14,356
	<b>3,027,861</b>	<b>3,482,624</b>
<b>Municipal services</b>		
Direct operating costs	113,104	110,345
Common area maintenance	559,633	516,716
	<b>672,737</b>	<b>627,061</b>
Excess of revenue over expenditures before other income or expenses	<b>1,132,782</b>	<b>267,196</b>
<b>Other income or expenses</b>		
Amortization of capital assets	176,300	161,401
Amortization of deferred capital contributions	(39,103)	(39,103)
Loss on disposal of capital assets	-	142,314
	<b>137,197</b>	<b>264,612</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 995,585</b>	<b>\$ 2,584</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2021**

	Invested in Capital Assets	Internally Restricted (Note 8)	Unrestricted	2021	2020
<b>Net assets - beginning of year</b>	\$ 660,627	\$ 67,471	\$ 129,442	<b>\$ 857,540</b>	\$ 854,956
Excess of revenue over expenditures	(137,197)	-	1,132,782	<b>995,585</b>	2,584
Internally restricted expenditures	95,102	-	(95,102)	-	-
<b>Net assets - end of year</b>	<b>\$ 618,532</b>	<b>\$ 67,471</b>	<b>\$ 1,167,122</b>	<b>\$ 1,853,125</b>	<b>\$ 857,540</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2021**

	2021	2020
<b>Operating activities</b>		
Excess of revenue over expenditure for the year	\$ 995,585	\$ 2,584
Items not affecting cash:		
Amortization of capital assets	176,300	161,401
Amortization of deferred capital contributions	(39,103)	(39,103)
Loss on disposal of capital assets	-	142,314
	<b>1,132,782</b>	<b>267,196</b>
Changes in non-cash working capital:		
Accounts receivable	181,886	174,184
Prepaid expenses	(3,308)	7,962
Accounts payable and accrued liabilities	11,583	58,065
Deferred revenue	108,071	(91,897)
	<b>298,232</b>	<b>148,314</b>
Cash flow from operating activities	<b>1,431,014</b>	<b>415,510</b>
<b>Investing activity</b>		
Purchase of capital assets	(95,102)	(95,831)
<b>Financing activity</b>		
Deferred contributions	40,000	120,000
<b>Increase in cash</b>	<b>1,375,912</b>	<b>439,679</b>
Cash - beginning of year	<b>719,691</b>	<b>280,012</b>
<b>Cash - end of year</b>	<b>\$ 2,095,603</b>	<b>\$ 719,691</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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**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 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 UBC.

The Association's operations, as outlined in the Agreement, are funded by levies collected by UBC.

**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, 2021**

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**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 and community centre development.

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 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.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

**3. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, 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 (2020 - \$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, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments.

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer hardware and software	\$ 90,968	\$ 68,909	\$ 22,059	\$ 23,714
Equipment and fixtures	1,157,623	747,286	410,337	459,793
Leasehold improvements	882,652	516,865	365,787	424,630
Website	118,250	26,944	91,306	62,550
	<b>\$ 2,249,493</b>	<b>\$ 1,360,004</b>	<b>\$ 889,489</b>	<b>\$ 970,687</b>

As at March 31, 2021, no events or changes in circumstances had occurred which indicated that capital assets require a write-down. During the year, \$nil (2020 - \$142,314) of various capital assets were written off due to the assets no longer being in use.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	2021	2020
Employer Health Tax payable	\$ 7,485	\$ 7,726
Goods and Services Tax payable	40,614	29,456
	<b>\$ 48,099</b>	<b>\$ 37,182</b>

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

**6. DEFERRED REVENUE**

	2021	2020
Balance at beginning of year	\$ 131,451	\$ 223,348
Current year additions	239,522	131,451
Less: amounts taken into revenue during the year	(131,451)	(223,348)
	<b>\$ 239,522</b>	<b>\$ 131,451</b>

Deferred revenue represents 2021 recreational fees received during the year for programs which have yet to occur.

**7. DEFERRED CONTRIBUTIONS**

Deferred contributions 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.

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represents 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.

	2021	2020
Deferred capital contributions	\$ 586,543	\$ 586,543
Accumulated amortization	(336,331)	(297,228)
	<b>\$ 250,212</b>	<b>\$ 289,315</b>

**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.

*(continues)*

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

**9. INTERNALLY RESTRICTED NET ASSETS (continued)**

	2021	2020
<b>Community engagement</b>		
Opening	\$ 18,199	\$ 18,199
Funds internally restricted	-	-
Expenditures incurred	-	-
	<b>18,199</b>	<b>18,199</b>
<b>Capital projects</b>		
Opening	30,898	30,898
Funds internally restricted	-	-
Expenditures incurred	-	-
	<b>30,898</b>	<b>30,898</b>
<b>Training and development</b>		
Opening	18,374	18,374
Funds internally restricted	-	-
Expenditures incurred	-	-
	<b>18,374</b>	<b>18,374</b>
<b>Total</b>	<b>\$ 67,471</b>	<b>\$ 67,471</b>

**10. NEIGHBOURS' LEVY**

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

	2021	2020
Neighbours' Levy	\$ 5,689,051	\$ 4,710,785
UBC Community Services Grant	500,000	500,000
Net Reserve Transfers	(292,500)	(196,694)
Total Neighbours' Levy & Reserves	5,896,551	5,014,091
Payments to U.B.C.	(2,177,906)	(1,983,614)
Net Levy Revenue	3,718,645	3,030,477
Unrecoverable GST	(61,357)	(46,703)
<b>Net Neighbours' Levy</b>	<b>\$ 3,657,288</b>	<b>\$ 2,983,774</b>

Payments to UBC consist of amounts withdrawn by UBC out of the Neighbours' Fund and include the Athletics Access fee and Water and Sewage charges, as well as amounts withdrawn to pay the Fire Services fee.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

**11. 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.

2022	\$	89,768
2023		34,168
		<u>123,936</u>

**12. DIRECTORS' AND EMPLOYEE'S SALARIES**

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

	2021	2020
<u>Directors</u>		
Laura Cottle	\$ -	\$ 6,079
Matthew Delumpa	-	6,079
Murray McCutcheon	6,195	-
Nataliya Jatskevich	-	4,053
Richard Alexander	-	2,026
Terry Mullen	6,195	4,306
William Holmes	4,646	-
Ying Zhou	-	1,774
Zheng Kang	6,195	-
Subtotal	23,231	24,317
<u>Chair</u>		
Richard Watson	9,388	-
Terry Mullen	-	2,687
Ying Zhou	-	6,526
	\$ 32,619	\$ 33,530

Additionally, the Association paid \$513,177 (2020 - \$459,682) to six (2020 - four) employees earning above \$75,000.

**UNIVERSITY NEIGHBOURHOODS ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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**13. COVID-19 RISK**

The outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and not-for-profit organizations globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. The Association has closed recreational facilities, resulting in a decline in revenue, and obtained federal government subsidies to assist with employee wages.

The Association applied for government assistance under the Canada Emergency Wage Subsidy ("CEWS") related to the COVID-19 pandemic. The Association has been granted CEWS of \$670,917 for the fiscal year, which is included in other revenue.

**14. COMPARATIVE FIGURES**

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