

PENTICTON YACHT CLUB

Financial Statements

Year Ended December 31, 2020

Draft for discussion purposes only

PENTICTON YACHT CLUB

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Year Ended December 31, 2020

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Penticton Yacht Club

We have reviewed the accompanying financial statements of Penticton Yacht Club which comprise the statement of financial position as at December 31, 2020 and the statements of operations, 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Penticton Yacht Club as at December 31, 2020, 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.

Chartered Professional Accountants

Penticton, BC
July 22, 2021

Omland Heal LLP
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Chris Newton Ltd. Kris Omland Ltd.
Andrew Nendick Inc.

PENTICTON YACHT CLUB

Statement of Financial Position

December 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 475,033	\$ 332,003
Accounts receivable	29,576	9,597
Inventory (Note 4)	11,224	11,151
Prepaid expenses	3,208	2,428
	519,041	355,179
Tangible capital assets (Note 5)	673,592	554,266
	\$ 1,192,633	\$ 909,445
Liabilities and Net assets		
Current		
Accounts payable (Note 6)	\$ 15,797	\$ 9,735
Member deposits	12,000	11,650
Deferred income (Note 7)	12,424	28,372
	40,221	49,757
Net assets		
Unrestricted	484,543	233,807
Invested in tangible capital assets	673,593	554,266
Capital improvement fund	(5,724)	71,615
	1,152,412	859,688
	\$ 1,192,633	\$ 909,445

Commitments (Note 8)

On behalf of the Board

_____ Director

_____ Director

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Operations

Year Ended December 31, 2020

	2020	2019
Revenues		
Standard moorage	\$ 449,456	\$ 435,764
Gas dock sales	208,514	156,911
Membership dues	144,968	109,475
Bar and food sales	143,878	100,788
Capital improvement fee	62,150	61,850
Storage fees	44,654	34,336
Moorage electrical	25,551	26,078
Visitor moorage	39,810	25,576
Crane services	18,167	20,275
Rental income	10,000	10,200
Parking	11,260	8,810
Other income	8,295	8,690
	1,166,703	998,753
Expenses		
Advertising and promotion	1,194	6,385
Amortization	134,901	87,866
Bad debts	3,810	-
Business taxes, licences and memberships	2,890	801
Craning and hauling	22,539	25,501
Donations	1,532	2,012
Gas dock purchases	145,340	123,224
Insurance	11,355	10,723
Interest and bank charges	26,773	14,921
Office	9,293	10,523
Professional fees	10,760	19,159
Property taxes	14,760	18,776
Rental	95,235	95,685
Repairs and maintenance	38,356	25,512
Salaries and wages	249,675	227,312
Security	5,131	12,636
Supplies	63,805	63,061
Telephone	7,182	5,350
Utilities	29,448	38,694
	873,979	788,141
Excess of revenues over expenses	\$ 292,724	\$ 210,612

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Changes in Net Assets

Year Ended December 31, 2020

	Unrestricted	Invested in tangible capital assets	Capital improvement fund	2020	2019
Net assets - beginning of year					
As previously reported	\$ 305,422	\$ 554,266	\$ -	\$ 859,688	\$ 649,076
Prior period adjustment (Note 9)	(71,615)	-	71,615	-	-
As restated	233,807	554,266	71,615	859,688	649,076
Excess of revenues over expenses	292,716	-	8	292,724	210,612
Tangible capital asset additions	(36,983)	254,228	(217,245)	-	-
Amortization of tangible capital assets	134,901	(134,901)	-	-	-
Fund transfer	(139,898)	-	139,898	-	-
Net assets - end of year	\$ 484,543	\$ 673,593	\$ (5,724)	\$ 1,152,412	\$ 859,688

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
Operating activities		
Excess of revenues over expenses	\$ 292,724	\$ 210,612
Item not affecting cash:		
Amortization of tangible capital assets	134,901	87,866
	427,625	298,478
Changes in non-cash working capital:		
Accounts receivable	(19,979)	3,557
Inventory	(73)	2,475
Accounts payable	6,063	5,742
Prepaid expenses	(780)	(48)
Deferred income	(15,948)	12,240
Member deposits	350	200
	(30,367)	24,166
Cash flow from operating activities	397,258	322,644
Investing activity		
Purchase of tangible capital assets	(254,228)	(249,043)
Increase in cash flow	143,030	73,601
Cash - beginning of year	332,003	258,402
Cash - end of year	\$ 475,033	\$ 332,003

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2020

1. Purpose of the Club

Penticton Yacht Club (the "Club") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia.

These financial statements include the operations of the Penticton Yacht Club and Penticton Marina. The Penticton Yacht Club is a local organization that manages and maintains a club that offers a variety of services to its members. The Penticton Marina offers marina services to its members and the general public, including the seasonal operation of a gas dock used to refuel boats.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Use of estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Club's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets;

Funds

The Unrestricted Fund is maintained for the general operating activities of the Club and is available for immediate purposes. The Invested in Tangible Capital Assets Fund is maintained for capital asset investment activities. During the year, transfers are made between the funds for amortization and debt repayment. The Capital Improvement Fund is maintained to set aside 80% of marina income in excess of expenses for future marina capital projects.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash on deposit with the banks.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2020

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Boats	15%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Equipment	20%	declining balance method
Leasehold improvements	72 to 84 months	straight-line method
Wharf	20%	declining balance method

The Club regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Penticton Yacht Club follows the deferral method of accounting for revenues. Revenue is recognized as it becomes receivable under the terms of applicable funding arrangements. Funding received under a funding arrangement which relates to a subsequent fiscal period is recorded as deferred revenue in the year of receipt and classified as such on the statement of financial position. Revenue recognized but not received in the current fiscal period is recorded as accounts receivable and classified as such on the statement of financial position.

Revenue from the sale of goods and services is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods and services.

Annual membership dues are recognized as revenue in the year in which the dues apply for regular members.

Moorage revenue is recognized in the year in which the moorage applies for regular members and in the year in which the services are rendered.

Impairment of Long Lived Tangible Capital Assets

The Club tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(continues)

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2020

2. Summary of significant accounting policies (continued)

Financial instruments policy

Initial and subsequent measurement

The Club initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The club subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

3. Impacts of COVID-19

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Club has determined that no adjustment is needed to reflect the impact on the March 31, 2021 financial position. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position results of the Club for future periods

4. Inventory

	2020	2019
Food and beverage	\$ 3,551	\$ 2,832
Gasoline	5,051	4,815
Merchandise	3,352	3,504
	\$ 11,954	\$ 11,151

In 2020, \$193,702 of inventory was expensed (2019 - \$173,791).

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2020

5. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Boats	\$ 15,335	\$ 11,726	\$ 3,609	\$ 4,246
Computer equipment	5,717	5,143	574	1,276
Computer software	3,993	3,993	-	-
Equipment	55,084	32,308	22,776	13,495
Leasehold improvements	2,161,354	1,565,916	595,438	472,303
Wharf	116,180	64,985	51,195	62,946
	\$ 2,357,663	\$ 1,684,071	\$ 673,592	\$ 554,266

6. Accounts payable

	2020	2019
Trade payables	\$ 15,560	\$ 9,715
PST payable	644	207
	\$ 16,204	\$ 9,922

7. Deferred Income

Deferred income is comprised of deposits received from members storage, electrical services, and merchandise accounts for the 2020 year.

8. Commitments

PENTICTON YACHT CLUB OPERATING LEASE

The Club renewed its sub-lease with the City of Penticton on March 6, 2018 for its premises relating to the marina operations. The lease commences on January 1, 2019 through to December 31, 2023 with the option to renew for a 2 year term subject to mutual agreement of the Club, City and Province. The annual lease amount payable is the greater of \$60,000 or 10% of gross moorage revenues of the marina, excluding fuel sales.

PENTICTON MARINA CAPITAL COMMITMENT

The Penticton Marina lease agreement contains certain performance criteria which include minimum levels of gross revenue, and adherence to a detailed marina expansion project. The Club will transfer 80% of the income in excess of expenses from marina operations for future capital improvements based on the year end review engagement financial statements. The Penticton Marina has completed its commitment of the marina expansion project under the terms of the lease.

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2020

9. Prior period adjustment

The prior year's closing net asset balance has been restated to reflect a correction in the capital improvement fund established through the lease agreement with the City of Penticton. As a result, unrestricted funds were decreased by \$71,615 and the capital improvement fund was increased by \$71,615 as at January 1, 2020 and the 2019 net assets were restated. There is no effect on the revenues and expenses or the overall net asset balance for the 2019 and 2020 financial statements.

10. Financial instruments

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Club is exposed to credit risk from customers. In order to reduce its credit risk, the Club 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 is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Club has a significant number of customers which minimizes concentration of credit risk.

11. Comparative figures

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

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PENTICTON YACHT CLUB

Schedule of Penticton Yacht Club Operations
Year Ended December 31, 2020

(Schedule 1)

	2020	2019
Revenue		
Bar and food sales	\$ 143,878	\$ 100,788
Initiation fees	82,500	67,500
Membership dues	62,468	41,975
Merchandise	3,812	3,378
	292,658	213,641
Expenses		
Advertising and promotion	1,075	2,400
Amortization	33,985	30,890
Donations	-	100
Licences, fees and dues	1,065	220
Office	1,330	1,399
Repairs and maintenance	6,144	6,360
Salaries and wages	69,751	66,361
Supplies	56,330	55,124
Utilities	5,127	8,174
	174,807	171,028
Excess (deficiency) of revenues over expenses	\$ 117,851	\$ 42,613

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Schedule of Penticton Marina Operations
Year Ended December 31, 2020

(Schedule 2)

	2020	2019
Revenue		
Standard moorage	\$ 449,456	\$ 435,764
Gas dock sales	208,514	156,911
Capital improvement fee	62,150	61,850
Storage fees	44,654	34,336
Visitor moorage	39,810	25,576
Moorage Electric	25,551	26,078
Crane services	18,167	20,275
Parking	11,260	8,810
Rental income	10,000	10,200
Miscellaneous	4,483	5,312
	874,045	785,112
Expenses		
Advertising and promotion	119	3,985
Amortization	100,916	56,976
Bad debt	3,810	-
Craning and hauling	22,539	25,501
Donations	1,532	1,912
Gas dock purchases	145,340	123,224
Insurance	11,355	10,723
Interest and bank charges	26,774	14,920
Licences, fees and dues	1,825	581
Office	7,963	9,126
Professional fees	10,760	19,159
Property taxes	14,760	18,776
Rental	95,235	95,685
Repairs and maintenance	32,212	19,152
Salaries and wages	179,923	160,951
Security	5,131	12,636
Supplies	7,475	7,937
Telephone	7,182	5,350
Utilities	24,321	30,519
	699,172	617,113
Excess of revenues over expenses	\$ 174,873	\$ 167,999

See accompanying notes to financial statements.