

PENTICTON YACHT CLUB

Financial Statements

Year Ended December 31, 2025

PENTICTON YACHT CLUB

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Year Ended December 31, 2025

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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 (the Club) that comprise the statement of financial position as at December 31, 2025, 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 (ASNPO), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

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 the financial statements do not present fairly, in all material respects, the financial position of Penticton Yacht Club as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Omland Heal LLP

Chartered Professional Accountants

Penticton, BC
April 9, 2026

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Chris Newton Ltd. Ryan Schulz Ltd.
Andrew Nendick Inc. Kris Omland Ltd.

PENTICTON YACHT CLUB

Statement of Financial Position

December 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents (Note 4)	\$ 1,058,196	\$ 770,005
Accounts receivable	20,338	30,426
Inventory (Note 5)	24,537	24,324
Prepaid expenses	16,656	16,656
	1,119,727	841,411
Tangible capital assets (Note 6)	1,098,507	1,283,432
	\$ 2,218,234	\$ 2,124,843

Liabilities and Net assets

Current		
Accounts payable and accrued liabilities (Note 7)	\$ 37,838	\$ 61,050
Member deposits	28,750	29,950
	66,588	91,000
Net assets		
Unrestricted	1,674,857	1,293,017
Invested in tangible capital assets	1,098,508	1,283,433
Capital improvement fund	(621,719)	(542,607)
	2,151,646	2,033,843
	\$ 2,218,234	\$ 2,124,843

Commitments (Note 8)

On behalf of the Board

_____ Director

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Operations

Year Ended December 31, 2025

	2025	2024
Revenue		
Standard moorage	\$ 670,195	\$ 659,877
Bar and food sales	482,628	398,870
Gas dock sales	240,085	269,430
Membership dues	179,240	182,111
Other income	138,885	37,979
Capital improvement fee	104,800	102,298
Visitor moorage	78,344	78,063
Storage fees	77,726	66,593
Rental income	53,058	47,317
Moorage electrical	32,941	37,073
Crane services	27,807	18,382
Parking	14,708	13,801
Participation fee surplus	13,000	12,870
Gain on disposal of tangible capital asset	-	450
	2,113,417	1,925,114
Expenses		
Advertising and promotion	36,110	24,976
Amortization	456,347	391,420
Bad debts	-	447
Business taxes, licences and memberships	7,135	5,755
Craning and hauling	25,926	21,033
Donations	18,682	16,521
Gas dock purchases	170,793	206,134
Insurance	48,529	54,594
Interest and bank charges	30,112	28,223
Office	20,281	26,139
Professional fees	18,684	20,682
Property taxes	12,894	560
Rental	174,346	173,241
Repairs and maintenance	81,129	78,143
Salaries and wages	488,249	442,381
Security	9,881	8,757
Sub-contracts	101,131	58,255
Supplies	243,521	187,651
Telephone	4,849	5,839
Utilities	47,015	43,030
	1,995,614	1,793,781
Excess of revenue over expenses	\$ 117,803	\$ 131,333

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Changes in Net Assets

Year Ended December 31, 2025

	Unrestricted	Invested in tangible capital assets	Capital improvement fund	2025	2024
Net assets - beginning of year	\$ 1,293,017	\$ 1,283,433	\$ (542,607)	\$ 2,033,843	\$ 1,902,510
Excess of revenue over expenses	117,785	-	18	117,803	131,333
Tangible capital asset additions	(171,708)	271,422	(99,714)	-	-
Amortization of tangible capital assets	456,347	(456,347)	-	-	-
Fund transfer	(20,584)	-	20,584	-	-
Net assets - end of year	\$ 1,674,857	\$ 1,098,508	\$ (621,719)	\$ 2,151,646	\$ 2,033,843

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Statement of Cash Flows

Year Ended December 31, 2025

	2025	2024
Operating activities		
Excess of revenue over expenses	\$ 117,803	\$ 131,333
Item not affecting cash:		
Amortization of tangible capital assets	456,347	391,420
	574,150	522,753
Changes in non-cash working capital:		
Accounts receivable	10,088	5,699
Inventory	(213)	5,127
Accounts payable and accrued liabilities	(23,212)	30,999
Prepaid expenses	-	(4,168)
Member deposits	(1,200)	200
	(14,537)	37,857
Cash flow from operating activities	559,613	560,610
Investing activity		
Purchase of tangible capital assets	(271,422)	(639,003)
Increase (decrease) in cash flow	288,191	(78,393)
Cash - beginning of year	770,005	848,398
Cash - end of year	\$ 1,058,196	\$ 770,005

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Notes to Financial Statements
Year Ended December 31, 2025

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, Penticton Marina and the Skaha 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's offer 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).

Measurement uncertainty

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; and
- 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 the Penticton Marina income in excess of expenses for future Penticton Marina capital projects.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash on deposit with the banks, and cash in term deposits with maturity of less than 12 months.

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.

(continues)

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2025

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	term of the lease	straight-line method
Motor vehicles	30%	declining balance 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

The 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, 2025

2. Summary of significant accounting policies (*continued*)

Financial instruments

Initial measurement

The Club initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Club is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Club in the transaction.

Subsequent measurement

The Club subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

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

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, member deposits, and deferred income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Club determines whether there are indications of possible impairment. When there are, and the Club determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Cloud Computing

The Club uses the simplified approach for cloud computing expenses. Under this approach the Club recognizes expenditures related to elements of cloud computing arrangements as expenses.

PENTICTON YACHT CLUB

Notes to Financial Statements

Year Ended December 31, 2025

3. Initial application of a new accounting standard

On April 1, 2024, the Club adopted the new standard AcG-20, Customer's Accounting for Cloud Computing Arrangements, which provides guidance on the accounting treatment for expenses related to a customer's cloud computing arrangement. Furthermore, the Club has elected to recognize the expenses related to such arrangements that fall into the scope of AcG-20, to apply the permitted simplification measure. These expenses are treated as the supply of services and recognized as expenses when the Club receives the services in question. These expenses are included in the "Supplies and other" in the statement of operations. The Club recognizes a prepayment as an asset when payments for goods and services are made in advance. Implementation costs are expensed as incurred.

The Club has applied AcG-20 retrospectively and upon a review of the previous policies for accounting for cloud computing services noted that no retrospective adjustment was required.

4. Cash and cash equivalents

	2025	2024
Valley First Credit Union term deposits	\$ 832,000	\$ 654,663
Cash in bank	224,541	113,428
Other cash equivalents	1,655	1,914
	<u>\$ 1,058,196</u>	<u>\$ 770,005</u>

5. Inventory

	2025	2024
Gasoline	\$ 2,720	\$ 2,720
Food and beverage	17,057	15,680
Merchandise	4,760	5,924
	<u>\$ 24,537</u>	<u>\$ 24,324</u>

In 2025, \$385,247 of inventory was expensed (2024 - \$371,804).

PENTICTON YACHT CLUB

Notes to Financial Statements
Year Ended December 31, 2025

6. Tangible capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Leasehold improvements	\$ 3,780,947	\$ 2,856,678	\$ 924,269	\$ 1,129,332
Wharf	250,482	163,133	87,349	69,212
Equipment	189,494	108,426	81,068	83,004
Motor vehicles	5,627	1,407	4,220	-
Boats	15,335	13,734	1,601	1,884
Computer equipment	5,717	5,717	-	-
Computer software	4,895	4,895	-	-
	<u>\$ 4,252,497</u>	<u>\$ 3,153,990</u>	<u>\$ 1,098,507</u>	<u>\$ 1,283,432</u>

During the year ended December 31, 2025, the Club prospectively revised its estimate of the amortization period (useful life) of certain leasehold improvements to reflect updated expectations regarding the remaining lease term. The impact for the year ended December 31, 2025 is an increase in amortization expense of \$30,968.

7. Accounts payable and accrued liabilities

	2025	2024
Trade payables	\$ 33,046	\$ 58,730
GST payable	2,472	-
Payroll remittance payable	2,320	2,320
	<u>\$ 37,838</u>	<u>\$ 61,050</u>

PENTICTON YACHT CLUB

Notes to Financial Statements
Year Ended December 31, 2025

8. Commitments

PENTICTON YACHT CLUB OPERATING LEASE

The Club renewed its sub-lease with the City of Penticton on January 1, 2024 for its premises relating to the marina operations. The lease commenced on January 1, 2024 through to December 31, 2025. Per lease agreement, on the expiration, the Club will be deemed to be a sub-lease from month-to-month. 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 the Penticton 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.

SKAHA LAKE PARK MARINA OPERATING AGREEMENT

The City of Penticton and the Club entered into a management operating agreement on October 1, 2022 relating to Skaha Lake Park Marina. The term of the agreement is 25 years and the hand back date is September 30, 2047. The right to management and operate Skaha Lake Park Marina was \$51,381 in 2025 (increased annually to the CPI of the prior year) plus applicable taxes and the Provincial license fee plus applicable taxes. A total 5 year capital commitment of \$565,000 (\$0 remaining after 2025) is to be used to install a fire suppression system, main dock way, fuel dock and complete building updates.

9. Remuneration paid to directors, employees and contractors

In accordance with the Societies Act (British Columbia) Section 36.1 and Societies Regulation 9.2(b) it must be disclosed if any director's, employee's or contractor's remuneration exceeds \$75,000 in the fiscal year ending December 31, 2025.

The Directors of the Club receive no remuneration for the performance of their responsibilities as Directors. One employee exceeded \$75,000 of annual remuneration and was paid a total of \$90,000.

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. Economic dependence

The Club conducts its operations on land and in facilities leased from the City of Penticton in two separate agreements. As a result, the Club is economically dependent on the continued availability of these premises to carry out its activities.

PENTICTON YACHT CLUB

Schedule of Okanagan Yacht Club Operations
Year Ended December 31, 2025

(Schedule 1)

	2025	2024
Revenue		
Bar and food sales	\$ 482,628	\$ 398,870
Membership dues	72,375	70,503
Initiation fees	67,500	84,500
Interest income	28,897	23,384
Participation fee surplus	13,000	12,870
Merchandise	4,325	4,291
Miscellaneous	931	949
	669,656	595,367
Expenses		
Advertising and promotion	35,185	8,927
Amortization	52,124	49,470
Consulting fees	75,700	56,635
Office	5,175	4,014
Repairs and maintenance	15,655	2,028
Salaries and wages	233,018	215,650
Supplies	233,287	179,626
Utilities	5,894	5,586
	656,038	521,936
Excess of revenues over expenses	\$ 13,618	\$ 73,431

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Schedule of Okanagan Marina Operations
Year Ended December 31, 2025

(Schedule 2)

	2025	2024
Revenue		
Standard moorage	\$ 523,550	\$ 521,018
Gas dock sales	227,456	255,882
Miscellaneous	103,616	7,539
Capital improvement fee	86,700	85,350
Storage fees	77,726	66,593
Visitor moorage	60,594	58,132
Moorage electric	32,941	37,073
Crane services	27,807	18,382
Parking	14,110	13,481
Rental income	13,530	13,530
Member discounts	(7,560)	(8,667)
	1,160,470	1,068,313
Expenses		
Advertising and promotion	525	15,975
Amortization	377,689	324,582
Bad debt	-	427
Consulting fees	20,345	1,165
Craning and hauling	25,926	21,033
Donations	5,242	5,233
Equipment rental	3,895	2,510
Gas dock purchases	170,793	206,134
Insurance	39,212	41,088
Interest and bank charges	24,238	22,723
Lease	104,964	107,471
Licences, fees and dues	6,768	4,695
Office	11,966	14,484
Professional fees	14,947	16,548
Property taxes	1,962	1,649
Repairs and maintenance	58,185	64,969
Salaries and wages	209,816	188,811
Security	6,828	6,344
Supplies	10,106	7,308
Telephone	4,356	5,839
Utilities	36,977	35,112
	1,134,740	1,094,100
Excess of revenues over expenses (deficiency)	\$ 25,730	\$ (25,787)

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Schedule of Skaha Yacht Club Operations
Year Ended December 31, 2025

(Schedule 3)

	2025	2024
Revenue		
Initiation fees	\$ 35,000	\$ 24,000
Membership dues	11,925	11,775
Gain on sale of tangible capital asset	-	450
	<u>46,925</u>	<u>36,225</u>
Expenses		
Amortization	3,061	3,388
Consulting fees	-	164
Supplies	-	654
	<u>3,061</u>	<u>4,206</u>
Excess of revenues over expenses	\$ 43,864	\$ 32,019

See accompanying notes to financial statements.

PENTICTON YACHT CLUB

Schedule of Skaha Marina Operations

(Schedule 4)

Year Ended December 31, 2025

	2025	2024
Revenue		
Standard moorage	\$ 146,645	\$ 138,859
Rental income	39,528	33,787
Capital improvement fee	18,100	16,948
Visitor moorage	17,750	19,931
Gas dock sales	12,628	13,548
Miscellaneous	1,115	1,816
Parking	597	320
	236,363	225,209
Expenses		
Advertising and promotion	400	74
Amortization	23,473	13,980
Bad debt	-	20
Consulting fees	5,086	291
Donations	13,440	11,288
Insurance	9,317	13,506
Interest and bank charges	5,874	5,499
Lease	65,486	63,261
Licences, fees and dues	367	1,060
Office	3,140	7,641
Professional fees	3,737	4,134
Property taxes (recovery)	10,932	(1,089)
Repairs and maintenance	7,290	11,146
Salaries and wages	45,415	37,920
Security	3,053	2,414
Telephone	493	-
Supplies	128	63
Utilities	4,143	2,331
	201,774	173,539
Excess of revenues over expenses	\$ 34,589	\$ 51,670

See accompanying notes to financial statements.