Financial Statements of

YMCA OF SOUTHERN INTERIOR BC ASSOCIATION

Year ended December 31, 2024

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Independent auditor’s report

To the members of
YMCA of Southern Interior BC Association

Opinion

We have audited the financial statements of YMCA of Southern Interior BC Association (“the Association”), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, 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 YMCA of Southern Interior BC Association as at December 31, 2024, and its results of operations and its 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 the 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 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.

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 management 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding period.

Doane Grant Thornton LLP

Kelowna, Canada
April 29, 2025

Chartered Professional Accountants

YMCA OF SOUTHERN INTERIOR BC ASSOCIATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash & cash equivalents	$ 3,131,813	$ 4,068,036
Restricted cash & investments (note 2)	4,674,213	2,007,944
Accounts receivable	492,794	981,955
Inventories	10,723	35,959
Prepaid expenses & deposits	195,257	168,424
	8,504,800	7,262,318
Restricted cash & investments (note 2)	4,918,619	4,484,447
Tangible capital assets (note 3)	8,615,478	7,767,790
	$ 22,038,897	$ 19,514,555
Liabilities & Net Assets		
Current liabilities:		
Accounts payable & accrued liabilities	$ 1,659,193	$ 1,804,093
Deferred revenue & deposits	648,725	1,276,912
Scheduled repayments for demand loans (note 4a)	29,683	73,191
Current portion of long-term debt (note 4b)	21,250	21,250
Current portion of deferred contributions (note 5)	1,763,157	1,342,203
	4,122,008	4,517,649
Demand loans (note 4a)	348,425	1,527,216
	4,470,433	6,044,865
Deferred contributions (note 5)	6,240,381	3,979,225
Long-term debt (note 4b)	-	21,250
	10,710,814	10,045,340
Net assets:		
Unrestricted	1,507,387	1,419,233
Invested in Tangible Capital Assets (note 6)	3,936,702	2,854,998
Liquidity Reserve (note 7)	1,200,000	1,000,000
Center of Community Development Reserve (note 7)	-	1,047,091
Strategic Reserve (note 7)	3,678,433	2,397,170
Kelowna Family YMCA Reserves (note 7)	40,186	40,186
Capital Replacement Reserve (note 7)	477,066	336,469
Fund Development Reserve (note 7)	488,309	374,068
	11,328,083	9,469,215
	$ 22,038,897	$ 19,514,555

Commitments and contingencies (notes 8 & 9)

On behalf of the Board:

Bruce Lake _____________ Director

Kyla Magee _____________ Director

See accompanying notes to financial statements.

YMCA OF SOUTHERN INTERIOR BC ASSOCIATION

Statement of Operations

Year Ended December 31, 2024, with comparative figures for 2023

	2024	2023
Revenue:		
Admissions & memberships	$ 9,201,601	$ 8,310,112
Programs & rentals	2,957,226	2,196,361
Operational funding (note 10)	11,514,929	8,531,813
Fund development (note 10)	1,597,560	1,045,703
Lotteries	678,259	506,095
Other	175,663	168,494
Investment income, net of unrealized gains and losses	900,425	644,549
Financial assistance and discounts	(683,662)	(429,622)
	26,342,001	20,973,505
Amortization of deferred capital contributions (note 5)	316,319	292,735
Gain on disposal of tangible capital assets	-	2,321
	26,658,320	21,268,561
Expenses:		
Bank charges & interest	290,144	336,670
Contract services	250,205	460,822
Information technology	674,314	802,139
Insurance	182,307	140,631
Labour	16,959,246	14,434,375
Lotteries	675,412	709,496
Marketing	233,388	290,959
Occupancy	1,592,019	766,613
Other	98,046	243,765
Participant costs	416,432	455,143
Repairs & maintenance	280,799	246,836
Staff & volunteer expense	485,755	587,429
Supplies	975,846	780,972
YMCA national	321,230	268,685
	23,435,143	20,524,535
Depreciation of tangible capital assets	979,405	922,793
	24,414,548	21,447,328
Net contribution before allocation	2,243,772	(178,767)
H2O City of Kelowna allocation (note 8b)	384,904	8,072
Net contribution	$ 1,858,868	$ (186,839)

See accompanying notes to financial statements.

YMCA OF SOUTHERN INTERIOR BC ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2024, with comparative figures for 2023

	Invested in Tangible Capital Assets	Liquidity Reserve	Center of Community Development Reserve	Strategic Reserve	Kelowna Family YMCA Reserves	Capital Replacement Reserve	Fund Development Reserve	Unrestricted	**2024**	**2023**
	(note 6)	(note 7a)	(note 7b)	(note 7c)	(note 7d)	(note 7e)	(note 7f)			
Net assets, beginning of year	$ 2,854,998	$ 1,000,000	$ 1,047,091	$ 2,397,170	$ 40,186	$ 336,469	$ 374,068	$ 1,419,233	$ 9,469,215	$ 9,656,055
Net contribution:										
Operations	-	-	-	-	-	-	-	1,858,868	1,858,868	(186,839)
Amortization of deferred capital contributions	316,319	-	-	-	-	-	-	(316,319)	-	-
Depreciation of tangible capital assets	(979,405)	-	-	-	-	-	-	979,405	-	-
	(663,086)	-	-	-	-	-	-	2,521,954	1,858,868	(186,839)
Reserve Transfers	-	200,000	(1,047,091)	1,281,263	-	1,885,387	114,241	(2,433,800)	-	-
Net investment in tangible capital assets	1,744,790	-	-	-	-	(1,744,790)	-	-	-	-
Net assets, end of year	$ 3,936,702	$ 1,200,000	$ -	$ 3,678,433	$ 40,186	$ 477,066	$ 488,309	$ 1,507,387	$ 11,328,083	$ 9,469,215

See accompanying notes to financial statements.

YMCA OF SOUTHERN INTERIOR BC ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2024, with comparative figures for 2023

	2024	2023
Cash flows from operating activities:		
Net contribution	$ 1,858,868	$ (186,839)
Add (deduct) items not involving cash:		
Amortization of deferred capital contributions	(316,319)	(292,735)
Depreciation of tangible capital assets	979,405	922,793
Gain on disposal of tangible capital assets	-	(2,321)
Unrealized investment gain	(511,149)	(330,422)
	151,937	297,315
Change in non-cash working capital balances:		
Accounts receivable	489,161	(288,116)
Inventories	25,236	26,159
Prepaid expenses & deposits	(26,833)	(52,319)
Accounts payable & accrued liabilities	(144,900)	97,314
Deferred revenue & deposits	(628,187)	701,338
Deferred contributions for future period expenses	420,954	(444,946)
	135,431	39,430
	2,146,236	149,906
Cash flows from investing activities:		
Change in restricted cash & investments	(2,589,292)	1,252,582
Net purchase of tangible capital assets	(1,827,093)	(697,087)
	(4,416,385)	555,495
Cash flows from financing activities:		
Receipt of deferred contributions for capital acquisition	2,577,475	867,660
Repayment of long term debt and demand loans	(1,243,549)	(99,709)
	1,333,926	767,951
Change in cash and cash equivalents	(936,223)	1,473,352
Cash and cash equivalents, beginning of year	4,068,036	2,594,686
Cash and cash equivalents, end of year	$ 3,131,813	$ 4,068,036

See accompanying notes to financial statements.

The YMCA of Southern Interior BC Association (the "Association") is a charitable organization, incorporated under the Societies Act (British Columbia), whose purpose is to support the development of strong individuals, families and communities in body, mind, and spirit, and to connect with and support the YMCA's global family. The Association is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(a) Revenue recognition

Revenue from admissions, memberships, programs, and rentals is recognized as the services are provided. Deferred revenue represents cash received related to programs, rentals, and memberships for which services will be provided in a future period.

The Association follows the deferral method of accounting for contributions. Operational funding includes contributions from the Government of Canada, the Government of British Columbia, the City of Kelowna, and the Interior Health Authority. Revenue is recognized as the costs are incurred in accordance with the terms of the applicable agreement and includes revenue from employment programs to reimburse the Association for certain expenses incurred on behalf of participants. The corresponding expense amount is reflected as participant costs.

Fund development revenue includes contributions from governments, foundations, corporations, not-for-profit organizations, and individuals. Fund development–gaming revenue includes contributions associated with the British Columbia Community Gaming Grant. Lotteries revenue consists of the Association's share of cash received from lottery operations (note 9(d)). For each of these revenue streams, revenue is recognized when the cash is received, and any external restrictions have been met.

Investment revenue includes interest, dividends, and realized gains or losses from disposal of investments. Unrealized gains or losses, arising from changes in quoted market value of investments are presented in investment income in the statement of operations.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and term deposits readily convertible into cash.

(c) Inventories

Inventories, which consist of merchandise and consumable supplies, are recorded at the lower of cost, determined on a first-in/first-out basis, and replacement cost.

1. Summary of Significant Accounting Policies (continued)

(d) Tangible capital assets

Purchased tangible capital assets are recorded at cost, less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis at the following annual rates:

	Rate
Building	5%
Leasehold improvements	3 - 20%
Office equipment	20%
Program equipment	33%
Computer hardware & software including cloud based software	33%
Vehicles	20%

The Association tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost. Impairment losses recognized are not reversed.

(e) Deferred contributions

Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized. Restricted contributions for the purchase of tangible capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. In the case of contributed tangible capital assets, the deferred contribution is equivalent to the fair value at the date of contribution. In respect of funds used for repairs or other minor improvements charged to expense, the contributions are recognized in revenue in the year the expense is incurred.

(f) Contributed services

The Association leases its Kelowna Family YMCA facility from the City of Kelowna for no consideration. The fair value of the lease has not been determined and, accordingly, no expense has been recognized in respect of this lease.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

1. Summary of Significant Accounting Policies (continued)

(g) Financial instruments

The Association considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm’s length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Financing fees and transaction costs on financial instruments subsequently measured at fair value are expensed as incurred.

The Association subsequently measures its financial assets and financial liabilities from arm’s length transactions at amortized cost less any reduction for impairment, except for investments, which are measured at fair value, net of transaction costs, on a trade date basis. Changes in the fair value of investments are recognized in net contribution. Financial instruments measured at cost or amortized cost less any reduction for impairment consist of cash & cash equivalents, restricted cash, accounts receivable, accounts payable & accrued liabilities, deposits, demand loans and long-term debt.

The Association's financial assets (or groups of similar financial assets) are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

(i) Employee future benefits

The Association’s employees are eligible to enroll in a defined contribution retirement plan offered by YMCA Canada. The expense for the year ended December 31, 2024, related to this plan totalled $275,444 (2023 - $236,239).

(j) Lotteries

In early 2024, the Association collectively with Kelowna General Hospital Foundation decided to discontinue the Joint Venture Agreement with respect to the operation of a home lottery. The 2024 lottery revenue and expenses are in relation to the 2023 lottery with the winner drawn January 2024. The arrangement is accounted for using the proportionate consolidation method.

2. Restricted Cash & Investments

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Externally restricted:				
Cash and cash equivalents	$ 2,483,960	$ 2,483,960	$ 170,137	$ 170,137
Fixed income	1,315,678	1,224,877	1,219,293	1,127,270
	3,799,638	3,708,838	1,389,431	1,297,407
Internally restricted:				
Fixed income	1,940,022	1,806,132	2,512,039	2,322,449
Equities	2,978,177	4,077,862	2,227,076	2,872,535
	4,918,199	5,883,994	4,739,116	5,194,984
	$ 8,717,837	$ 9,592,832	$ 6,128,546	$ 6,492,391

	2024	2023
Current portion	$ 4,674,213	$ 2,007,944
Non current portion	4,918,619	4,484,447
	$ 9,592,832	$ 6,492,391

3. Tangible Capital Assets

December 31, 2024		Cost		Accumulated Amortization		Net Book Value
Building	$	6,063,725	$	1,021,641	$	5,042,084
Leasehold improvements		7,526,977		4,895,193		2,631,784
Office equipment		668,682		541,053		127,629
Program equipment		2,610,340		2,389,421		220,919
Computer hardware & software including cloud based software		1,312,523		1,187,718		124,806
Vehicles		831,395		363,138		468,257
	$	19,013,642	$	10,398,164	$	8,615,478

December 31, 2023		Cost		Accumulated Amortization		Net Book Value
Building	$	4,961,912	$	776,148	$	4,185,764
Leasehold improvements		7,266,617		4,511,118		2,755,498
Office equipment		540,966		524,505		16,461
Program equipment		2,465,645		2,252,277		213,368
Computer hardware & software including cloud based software		1,304,140		1,087,099		217,041
Vehicles		647,270		267,612		379,658
	$	17,186,549	$	9,418,759	$	7,767,790

Ownership of certain Kelowna Family YMCA tangible capital assets will revert to the City of Kelowna on the termination of the existing contract to operate the Kelowna Family YMCA facility (note 8) with specific exceptions as outlined in the contract. The net book value of tangible capital assets included above that relate to the Kelowna Family YMCA is $1,341,772 (2023 - $1,206,887).

Ownership of certain H2O Adventure & Fitness Centre tangible capital assets and furnishings purchased through H2O operations will revert to the City of Kelowna on the termination of the existing contract to operate the H2O Adventure & Fitness Centre facility (note 8) with specific exceptions as outlined in the contract. The net book value of tangible capital assets included above that relate to the H2O Adventure & Fitness Centre is $4,306 (2023 - $6,279).

Included in the cost of building is $1,136,009 (2023 - $34,196) of assets not being amortized because the Dilworth basement expansion is still under construction. Included in the cost of leasehold improvements is $102,685 (2023 - $nil) of assets not being amortizing because the Landmark Child Care Centre is still under construction.

4a. Demand Loans

	2024	2023
Interior Savings Credit Union Loans:		
Repayable in monthly installments of $3,600 including interest at the lender's prime rate less 0.5%	$ 373,640	$ 392,244
Repayable in monthly installments of $2,974 including interest at the lender's prime rate less 0.5%	4,468	38,637
Repaid during the year	-	1,169,526
	378,108	1,600,407
Scheduled principal repayments in the upcoming year	(29,683)	(73,191)
	$ 348,425	$ 1,527,216

The first two Interior Savings Credit Union demand loans are secured by a general security agreement, a fixed charge over fitness equipment, and a tripartite agreement between the Association, the City of Kelowna, and Interior Savings, with a Solicitor's Letter of Opinion whereby the City of Kelowna will assume the loan obligations in the event of default. A decision was made to repay the third demand loan in May 2024. The Association also has an operating line of credit with an available limit of $300,000 (2023 - $300,000), at the same rate of interest as the demand loans. No amount was drawn on the line of credit as at December 31, 2024 (2023 - $nil).

Scheduled principal payments required in each of the next five years are approximately as follows:

2025	29,683
2026	26,551
2027	27,896
2028	29,268
2029	39,998

4b. Long-Term Debt

	2024	2023
Bridge financing from the City of Kelowna		
Non-interest bearing, payable in cumulative annual repayments of not less than $21,250	$ 21,250	$ 42,500
Less: current portion	(21,250)	(21,250)
	$ -	$ 21,250

5. Deferred Contributions

	2024	2023
Deferred contributions - future period expenses		
Balance, beginning of year	$ 1,342,203	$ 1,787,150
Contributions received	12,656,150	8,817,456
Amount recognized in revenue	(12,235,196)	(9,262,403)
Balance, end of year	$ 1,763,157	$ 1,342,203
Deferred contributions - capital acquisitions		
Balance, beginning of year	$ 3,979,225	$ 3,404,300
Contributions received	2,577,475	867,660
Amount recognized in revenue	(316,319)	(292,735)
Balance, end of year	$ 6,240,381	$ 3,979,225
	$ 8,003,538	$ 5,321,428

Deferred future period contributions as at December 31, 2024, include H2O Adventure & Fitness Centre reserve funds to fund future operations. Based on the 2024 operations surplus, the H2O asset management reserve fund balance is at $100,000 and the H2O operating reserve fund is at $284,904 (note 8).

Deferred capital contributions as at December 31, 2024, include unspent capital contributions totaling $1,939,713 (2023 - $666,840). Unspent capital contributions are included in restricted cash and investments (note 2).

6. Net Assets Invested in Tangible Capital Assets

	2024	2023
Tangible capital assets	$ 8,615,478	$ 7,767,790
Less amounts financed by:		
Demand loans	(378,108)	(1,600,407)
Deferred capital contributions	(4,300,668)	(3,312,385)
	$ 3,936,702	$ 2,854,998

7. Internally Restricted Net Assets

Internally restricted net assets represent reserves set aside by the Association's Board of Directors and consist of the following:

(a) Liquidity Reserve

Net assets restricted for the Liquidity Reserve are restricted for the purposes of ensuring that the Association maintains sufficient liquidity at all times to carry out its current operations.

(b) Center of Community Development Reserve

Net assets restricted for the Center of Community Development Reserve are restricted for the purchase of land, buildings and/or leasehold improvements, including all related construction, fees, and renovation costs, for new centers of community: YMCA program sites that offer multi-aged programming in the areas of health, fitness & aquatics, childcare, employment & social services. Given the close alignment in the purposes of the Strategic Reserve and the Center of Community Development Reserve, the Board reached a decision this year that these reserves should be consolidated. The funds in this reserve were transferred into the Strategic Reserve as the Center of Community Development Reserve will not be used going forward.

(c) Strategic Reserve

Net assets restricted for the Strategic Reserve are restricted for the purposes of funding the strategic priorities of the Association as identified by the Board of Directors.

(d) Kelowna Family YMCA Reserves

i) KFY Deficit Reserve: As required in the Association's contract with the City of Kelowna for the operation of the Kelowna Family YMCA, the Association is responsible to maintain a financial deficit reserve account to a minimum balance equal to 5% of the annual purchase of services payment by the City to be used to fund future operating deficits. Any surplus in the reserve will revert back to the City upon termination or completion of the agreement. Based on the 2024 purchase of service, the 2024 reserve balance is unchanged at $35,097.

7. Internally Restricted Net Assets (continued)

(d) Kelowna Family YMCA Reserves (continued)

ii) KFY Repairs and Maintenance Reserve: Net assets restricted for the repairs and maintenance reserve are restricted for the purposes of funding preventative and first-line repairs to the Kelowna Family YMCA facility in accordance with the Association's agreement with the City of Kelowna. Appropriations consist of the surplus of annual preventative and first-line repairs, as prescribed in the agreement, over actual preventative and first-line repairs expenditures. In 2024, these expenditures exceeded the threshold of $56,350 resulting in no appropriations and leaving the reserve unchanged at $5,089.

(e) Capital Replacement Reserve

Net assets restricted for the Capital Replacement Reserve are restricted for the purposes of replacing equipment and enhancing and repairing existing buildings and leasehold improvements.

(f) Fund Development Reserve

Net assets restricted for the Fund Development Reserve consist of unspent unrestricted donated funds restricted for the purposes of supporting community programs and other charitable operations.

8. City of Kelowna Contracts

(a) Kelowna Family YMCA agreement

The Association entered into an agreement with the City of Kelowna (the "City") effective March 19, 2001, for the operation of the Kelowna Family YMCA facility (the "Facility") expiring April 1, 2040. The agreement provides for an annual purchase of services by the City for the operation of the Facility.

Until January 1, 2031, 50% of the annual net financial operating surplus, as defined in the agreement with the City, must be reinvested in the Facility and facility operations, as determined by the Association, as follows:

i) Minimum of 65% shall be solely spent on the Facility and equipment improvements, development of capital reserves or reduction of debt,

ii) Up to 25% shall be reinvested into the operations, the Facility or the equipment improvements; and

iii) Up to 10% shall be used for additional funding of the KFY deficit reserve.

The remaining 50% is available for use by the Association at its sole discretion. After January 1, 2031, 50% of the surplus will be retained by the Association and the remaining 50% will be retained by the City.

The agreement can be terminated by either party without cause on or after April 1, 2025 provided 18 months' notice is given and certain other conditions are met. On termination the City and the Association are subject to certain conditions as outlined in the agreement.

8. City of Kelowna Contracts (continued)

(b) H2O Fitness and Adventure Centre agreement

The Association entered into an agreement with the City of Kelowna (the “City”) effective January 1, 2012, for the operation of the H2O Adventure & Fitness Centre (the “H2O Centre”). A new three-year agreement was signed in January 2024 that includes two one-year options to extend. The City owns the H2O Centre facility, including the capital improvements and equipment.

The Association’s statement of operations reflects the revenue and expenses from the operation of the H2O Centre. If there is an annual surplus (H2O Centre revenues exceed expenses), the agreement specifies the amount of the annual surplus that the Association is able to retain by requiring that the annual surplus be allocated as follows:

i) First, to an inflation-adjusted annual recovery of administrative expenses, which amounted to $541,000 this year (2023 - $432,027),

ii) Second, to an annual calculated amount for YMCA Canada Affiliation fees in accordance with the YMCA Canada formula, which amounted to $71,274 this year (2023 - $61,536),

iii) Third, to the H2O Centre reserves, which comprise the program asset management reserve fund and operating reserve fund. An amount up to $100,000 is allocated to the program asset management reserve fund. This fund must be used for the replacement and improvement of H2O Centre program assets. Amounts are allocated to the operating reserve fund until an amount of no less than 10% of the previous years’ annual operating expenditures is attained. The operating reserve fund must be used solely for the purposes of funding future H2O Centre annual deficits; and

iv) Fourth, to a performance fee, which is determined in accordance with the performance matrix and key performance indicators outlined in the agreement.

Any annual surplus remaining after these allocations have been accounted for must be paid to the City. The funds associated with the program asset management reserve fund and the operating reserve fund are required by the City to be held by the Association to fund future operations of the H2O Centre and would be payable to the City in the event that the agreement expired or was terminated. They are therefore recorded as a liability in the statement of financial position, which is included in deferred contributions (note 5). The liability is reduced when the reserves are utilized in accordance with the agreed purpose. The H2O Centre allocation recorded in the statement of operations reflects the annual change in the liability. Any annual deficits of the H2O Centre that are not covered by the operating reserve fund will be the responsibility of the Association.

The agreement can be terminated by either party without cause upon at least twelve (12) months’ written notice to the other party.

9. Commitments and Contingencies

(a) Commitments

The Association has operating lease contracts for various program locations, office equipment, and subscription-based contracts for use of online software and support.

Minimum payments expected in each of the next five years are approximately as follows:

2025	$ 761,468
2026	710,177
2027	409,090
2028	258,611
2029	160,978
	$ 2,300,323

(b) Litigation and claims

Management reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the Association would materially affect its financial statements. The Association is currently not aware of any claims brought against it that if not defended successfully would result in a material loss in these financial statements.

(c) Letter of credit

The Association has an outstanding letter of credit for $27,216 (2023 - $27,216), which represents a performance bond in favor of The City of Kelowna.

(d) Lotteries agreements

The Association entered into a Joint Venture Agreement, and a Bare Trust and Agency Agreement with the Kelowna General Hospital Foundation, with respect to the operation of lotteries. Pursuant to the agreements, the Association received 50% of the related ticket revenue and incurred 50% of the related expenses such as marketing, lottery operations and cost of prizes. Externally restricted cash includes $nil lottery funds (2023 - $393,952). In early 2024, the Association collectively with Kelowna General Hospital Foundation decided to discontinue the Joint Venture Agreement with respect to the operation of a home lottery. The 2024 lottery revenue and expenses are in relation to the 2023 lottery with the winner drawn January 2024.

(e) Agreements for construction

The Association decided to complete the Dilworth Child Care Centre basement. To complete this expansion, the Association entered a contract on August 16, 2024 totalling $1,430,100, of which $470,544 remains to be completed at year-end. The construction work commenced September 6, 2024 and should be completed by May 2025. The Association obtained funding with the Province through the Childcare BC New Spaces Funding Program to a maximum of $1,967,043.

10. Contributions Revenue

	2024	2023
Operational funding		
Government of Canada	$ 762,300	$ 1,214,700
Government of British Columbia	8,322,978	5,665,319
City of Kelowna	1,620,094	816,916
Interior Health Authority	36,112	36,069
Contributions from foundations, corporations, not-for-profit organizations, and individuals	773,445	798,809
	11,514,929	8,531,813
Fund development		
British Columbia Community Gaming Grant	240,000	225,000
Government of Canada	25,702	29,365
Contributions from foundations, corporations, not-for-profit organizations, and individuals	1,331,858	791,338
	1,597,560	1,045,703
	$ 13,112,489	$ 9,577,516

11. Financial Risk and Concentrations of Risk

The Association has exposure to various financial risks and concentrations of risk as a result of its use of financial instruments, as disclosed below. Unless otherwise noted, there were no significant changes to the risk exposure compared with the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Unless otherwise disclosed, the Association is not exposed to material credit risk.

11. Financial Risk and Concentrations of Risk (continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association is exposed to this risk on its investments in U.S. and international equities quoted in an active market.
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk with respect to investments in fixed income instruments. Interest rate risk was impacted in the 2024 fiscal year by fluctuations in market prices for fixed income investments and by decreases in Canadian interest rates, including prime lending rates for financial institutions.
- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk on its investments in equities quoted in an active market.

(c) Liquidity risk

Liquidity risk is the risk that the Association will be unable to meet its financial obligations. The Association maintains sufficient working capital to meet its day-to-day obligations and holds an additional $1,000,000 in a Liquidity Reserve. Liquidity risk was impacted for the 2024 fiscal year through the Association’s net surplus for the year and changes in market risks described above.

12. Related Party Payments

From time to time the Association carries out business transactions with suppliers of goods and professional services whose owners, partners, officers, or senior managers are also directors of the Association. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which, in management’s opinion, is comparable to amounts that would have been paid to non-related parties. There are none of these transactions to report in the current year (2023 - $nil).

13. Remuneration paid to Directors, Employees and Contractors

In accordance with the disclosure requirements of the Societies Act (BC) Section 36.1 and Societies Regulation 9.2(b), these financial statements disclose that:

- The Directors of the Association receive no remuneration for the performance of their responsibilities as Directors.
- For the fiscal year ending 2024, the Association paid total remuneration of $3,609,963 (2023 - $2,790,902) to thirty-seven (2023 - twenty-eight) employees for services, each of whom received total annual remuneration of $75,000 or greater. Remuneration includes all wages, bonuses, and taxable benefits.