

Financial Statements of

YMCA OF OKANAGAN ASSOCIATION

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of the YMCA of Okanagan Association

We have audited the accompanying financial statements of YMCA of Okanagan Association which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets, and cash flows for the year then ended, and notes comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of YMCA of Okanagan Association as at December 31, 2016, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the Societies Act (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.

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

Chartered Professional Accountants

Kelowna, Canada
April 25, 2017

YMCA OF OKANAGAN ASSOCIATION

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash & cash equivalents	\$ 1,260,617	\$ 1,006,647
Accounts receivable	696,143	769,703
Inventories	41,715	47,027
Prepaid expenses & deposits	101,851	111,001
	<u>2,100,326</u>	<u>1,934,378</u>
Restricted cash & investments (note 2)	6,375,410	5,472,872
Tangible capital assets (note 3)	4,847,295	4,891,880
	<u>\$ 13,323,031</u>	<u>\$ 12,299,130</u>
Liabilities & Net Assets		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 910,065	\$ 860,088
Deferred revenue & deposits	451,766	437,377
Scheduled cash repayments for demand loans (note 4a)	109,098	105,057
Current portion of long-term debt (note 4b)	21,250	21,250
	<u>1,492,179</u>	<u>1,423,772</u>
Demand loans (note 4a)	878,037	988,740
	<u>2,370,216</u>	<u>2,412,512</u>
Deferred contributions (note 5)	3,425,900	2,901,991
Long-term debt (note 4b)	170,000	191,250
	<u>5,966,116</u>	<u>5,505,753</u>
Net assets:		
Unrestricted	547,247	424,417
Invested in tangible capital assets (note 6)	1,305,666	1,065,961
Liquidity Reserve (note 7)	1,000,000	1,000,000
Center of Community Development Reserve (note 7)	3,414,523	3,261,096
Strategic Reserve (note 7)	1,050,623	1,003,414
Kelowna Family YMCA Reserves (note 7)	38,856	38,489
	<u>7,356,915</u>	<u>6,793,377</u>
Commitments and contingencies (notes 8 & 9)		
	<u>\$ 13,323,031</u>	<u>\$ 12,299,130</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

YMCA OF OKANAGAN ASSOCIATION

Statement of Operations

Year Ended December 31, 2016, with comparative figures for 2015

	2016	2015
Revenue:		
Admissions & memberships	\$ 5,956,771	\$ 5,925,465
Programs & rentals	1,600,160	1,816,579
Operational funding (note 10)	5,714,144	5,630,067
Fund development (note 10)	344,974	357,772
Fund development - gaming (note 10)	142,172	196,875
Investments	305,398	61,620
Other revenue	197,133	197,650
	14,260,752	14,186,028
Amortization of deferred capital contributions	191,661	182,002
Gain on disposal of tangible capital assets	3,360	-
	14,455,773	14,368,030
Expenses:		
Bank charges & interest	157,038	164,886
Contract services	1,109,141	1,050,999
Information technology	414,270	420,869
Insurance	57,423	72,786
Labour	8,858,891	8,564,281
Marketing	161,006	160,693
Occupancy	372,880	396,800
Other expenses	52,850	50,781
Participant costs	1,104,217	969,644
Repairs & maintenance	151,106	175,964
Staff & volunteer expense	245,590	267,133
Supplies	424,491	523,338
YMCA national	229,706	218,550
	13,338,609	13,036,724
Depreciation of tangible capital assets	509,595	513,479
	13,848,204	13,550,203
Net contribution before allocation	607,569	817,827
H2O City of Kelowna allocation (note 8)	44,031	56,879
Net contribution	\$ 563,538	\$ 760,948

See accompanying notes to financial statements.

YMCA OF OKANAGAN ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2016, with comparative figures for 2015

	Invested in Tangible Capital Assets	Liquidity Reserve	Center of Community Development Reserve	Strategic Reserve	Kelowna Family YMCA Reserves	Unrestricted	2016	2015
	(note 6)							
Net assets, beginning of year	\$ 1,065,961	\$ 1,000,000	\$ 3,261,096	\$ 1,003,414	\$ 38,489	\$ 424,417	\$ 6,793,377	\$ 6,032,429
Excess of revenue over expenses:								
Operations	-	-	153,427	47,209	367	362,535	563,538	760,948
Amortization of deferred capital contributions	191,661	-	-	-	-	(191,661)	-	-
Depreciation of tangible capital assets	(509,595)	-	-	-	-	509,595	-	-
Gain on disposal of tangible capital assets	3,360	-	-	-	-	(3,360)	-	-
	(314,574)	-	153,427	47,209	367	677,109	563,538	760,948
Net investment in tangible capital assets	554,279	-	-	-	-	(554,279)	-	-
Net assets, end of year	\$ 1,305,666	\$ 1,000,000	\$ 3,414,523	\$ 1,050,623	\$ 38,856	\$ 547,247	\$ 7,356,915	\$ 6,793,377

See accompanying notes to financial statements.

YMCA OF OKANAGAN ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2016, with comparative figures for 2015

	2016	2015
Cash flows from operating activities:		
Net contribution	\$ 563,538	\$ 760,948
Add (deduct) items not involving cash:		
Amortization of deferred capital contributions	(186,861)	(182,002)
Depreciation of tangible capital assets	509,595	513,479
Change in unrealized investment loss (gain)	(99,726)	36,388
	223,008	367,865
Change in non-cash working capital balances:		
Accounts receivable	73,560	(292,738)
Inventories	5,312	258
Prepaid expenses & deposits	9,150	(5,252)
Accounts payable & accrued liabilities	49,977	(227,214)
Deferred revenue & deposits	14,389	10,246
Deferred contributions for future period expenses	51,534	(265,101)
	203,922	(779,801)
Gain on disposal of tangible capital assets	(12,960)	-
	977,508	349,012
Cash flows from investing activities:		
Change in restricted cash & investments	(802,812)	(520,628)
Net purchase of tangible capital assets	(456,850)	(157,557)
	(1,259,662)	(678,185)
Cash flows from financing activities:		
Receipt of deferred contributions for capital acquisition	664,036	2,137
Repayment of debt	(127,912)	(117,562)
	536,124	(115,425)
Change in unrestricted cash and cash equivalents	253,970	(444,598)
Unrestricted cash and cash equivalents, beginning of year	1,006,647	1,451,245
Unrestricted cash and cash equivalents, end of year	\$ 1,260,617	\$ 1,006,647

See accompanying notes to financial statements.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

The YMCA of Okanagan (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 services are provided in accordance with the terms of the applicable agreement, and includes revenue from employment programs to reimburse the Association for certain expenses paid out to participants. The corresponding expense amount is reflected as participant costs.

Fund development revenue includes contributions from foundations, corporations, not-for-profit organizations, and individuals. Fund development–gaming revenue includes contributions associated with the British Columbia Community Gaming Grant. For each of these revenue streams, revenue is recognized when the cash is received and any external restrictions have been met.

Investments 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 separately in the statement of operations.

(b) Cash and cash equivalents

Cash and cash equivalents include cash, guaranteed investment certificates 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.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

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. When management determines that certain tangible capital assets no longer contribute to the Association's ability to provide services, their carrying amounts are written down to their residual value. Amortization is provided on a straight-line basis at the following annual rates:

	Rate
Leasehold improvements	3.34 - 20%
Office equipment	20%
Program equipment	33%
Computer hardware & software	33%
Vehicles	20%

(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.

(g) Financial instruments

Investments and cash equivalents are recorded at fair value, net of transaction costs, on a trade date basis. Changes in fair value, net of transaction costs, are recognized in the statement of operations in the periods in which they arise. Accounts receivable, accounts payable and accrued liabilities, demand loans and long-term debt are recorded at amortized cost, net of any provisions for impairment.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

(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, 2016, related to this plan totalled \$186,362 (2015 - \$170,158).

2. Restricted Cash & Investments

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Externally restricted:				
Cash & cash equivalents	\$ 871,406	\$ 871,406	\$ 169,872	\$ 169,872
Internally restricted:				
Cash & cash equivalents	1,543,503	1,543,503	3,681,368	3,681,368
Fixed income	2,113,150	2,058,001	510,771	504,752
Equities	1,784,013	1,902,500	1,147,249	1,116,880
	<u>5,440,666</u>	<u>5,504,003</u>	<u>5,339,388</u>	<u>5,303,000</u>
	\$ 6,312,072	\$ 6,375,410	\$ 5,509,260	\$ 5,472,872

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

3. Tangible Capital Assets

December 31, 2016	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 6,038,738	\$ 1,858,684	\$ 4,180,054
Office equipment	319,139	185,807	133,332
Program equipment	1,423,241	1,252,054	171,187
Computer hardware & software	794,772	478,698	316,074
Vehicles	187,067	140,419	46,648
	\$ 8,762,957	\$ 3,915,662	\$ 4,847,295

December 31, 2015	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 5,886,647	\$ 1,579,493	\$ 4,307,154
Office equipment	256,524	158,960	97,564
Program equipment	1,394,695	1,101,857	292,838
Computer hardware & software	561,173	448,045	113,128
Vehicles	216,251	135,055	81,196
	\$ 8,315,290	\$ 3,423,410	\$ 4,891,880

Ownership of the 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.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

4a. Demand Loans

	2016	2015
Interior Savings Credit Union Loans:		
Repayable in monthly installments of \$3,692 including interest at the lender's prime rate less 0.5%	\$ 567,550	\$ 598,960
Repayable in monthly installments of \$7,118 including interest at the lender's prime rate less 0.5%	419,585	494,837
	987,135	1,093,797
Scheduled principal repayments in the upcoming year	(109,098)	(105,057)
	\$ 878,037	\$ 988,740

The 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 obligation in the event of default. The Association also has an operating line of credit with an available limit of \$300,000. No amount was drawn on the line of credit as at December 31, 2016.

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

2017	\$ 109,098
2018	111,522
2019	114,001
2020	116,495
2021	119,123

4b. Long-Term Debt

	2016	2015
Bridge financing from the City of Kelowna non-interest bearing, payable in cumulative annual repayments of not less than \$21,250	191,250	212,500
	191,250	212,500
Less: Current portion	(21,250)	(21,250)
	\$ 170,000	\$ 191,250

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

5. Deferred Contributions

	2016	2015
Deferred contributions - future period expenses		
Balance, beginning of year	\$ 169,872	\$ 434,974
Contributions received	6,252,824	5,919,612
Amount recognized in revenue	(6,201,290)	(6,184,714)
Balance, end of year	\$ 221,406	\$ 169,872
Deferred contributions - capital acquisitions		
Balance, beginning of year	\$ 2,732,119	\$ 2,896,308
Contributions received	664,036	17,813
Amount recognized in revenue	(191,661)	(182,002)
Balance, end of year	\$ 3,204,494	\$ 2,732,119
	\$ 3,425,900	\$ 2,901,991

During the year ended December 31, 2016, the Association received \$650,000 of capital funding from the Province of British Columbia dedicated to expanding child care facilities in Penticton and Kelowna. The capital funding includes conditions which would require repayment of the unspent funding if not used by a specific date.

6. Net Assets Invested in Tangible Capital Assets

	2016	2015
Tangible capital assets	\$ 4,847,295	\$ 4,891,880
Less amounts financed by:		
Demand loans	(987,135)	(1,093,797)
Deferred capital contributions	(2,554,494)	(2,732,122)
	\$ 1,305,666	\$ 1,065,961

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

7. Restricted Net Assets

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 and/or buildings, including all related construction, fees, and renovation costs, for new centers of community: YMCA program sites which offer multi-aged programming in the areas of health, fitness, aquatics, child care, employment, and social services.

(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 Y 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 2016 purchase of service, the 2016 reserve balance is \$33,767.

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 2016 actual expenditures exceeded the threshold of \$44,836, resulting in no appropriations and leaving the reserve unchanged at \$5,089.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

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.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

8. City of Kelowna Contracts (continued)

(b) H2O Fitness and Adventure Centre

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") for a term of 60 months expiring December 31, 2016. The agreement was renewed in December, 2016 for an additional term of 60 months expiring December 31, 2021 with no further options to renew. The City owns the facility, improvements to the H2O Centre, and equipment within the H2O Centre.

In consideration of the performance by the Association of its obligations under the contract, the Association is entitled to an inflation-adjusted recovery of administration expenses (2016 - \$357,154) plus an annual calculated amount for YMCA Canada Affiliation fees in accordance with the YMCA Canada formula (2016 - \$57,053).

Annual financial operating surplus or deficit is defined as year-end operating revenue less operating expenses (as specified in the agreement) less Association entitlement (as previously defined). Any annual surplus for the operations of the H2O Centre will be shared as follows:

- i) Net surplus funds less than \$100,000:
 - 33% shall be retained by the City and used as determined by the City.
 - 33% shall be retained by the Association to fund its programs and charitable activities within Kelowna.
 - 34% shall be retained by the City and placed in an Equipment Replacement and Improvement Fund.
- ii) Net surplus funds greater than \$100,000 – the first \$100,000 will be shared as outlined above and the additional surplus over \$100,000 will be shared as follows:
 - 25% shall be retained by the City and used as determined by the City.
 - 50% shall be retained by the Association to fund its programs and charitable activities within Kelowna.
 - 25% shall be retained by the City and placed in the Equipment Replacement and Improvement Fund.

For any annual deficit for the operations of the H2O Centre, the Association is responsible to fund the first \$20,000 from its own resources that are separate and distinct from any funds associated with the H2O operating budget shortfall. The City will be responsible to provide a grant for any deficit in excess of \$20,000 in an operating year.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

9. Commitments and Contingencies

(a) Operating lease commitments

The Association has other commitments consisting of operating lease contracts for various program locations and office equipment, with expiry dates between 2017 and 2027.

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

2017	\$	374,969
2018		362,121
2019		238,059
2020		183,483
2021		186,133
Thereafter until end of 2027		1,008,651
	\$	2,353,416

(b) Litigation and claims

Management reviews its exposure to any potential litigation for which it would not be covered by insurance and 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.

10. Contributions Revenue

	2016	2015
Operational funding		
Government of Canada	\$ 715,124	\$ 298,622
Government of British Columbia	4,252,121	4,595,167
City of Kelowna	675,347	667,999
Interior Health Authority	71,552	68,279
	5,714,144	5,630,067
Fund development		
British Columbia Community Gaming Grant	142,172	196,875
Contributions from foundations, corporations, not-for-profit organizations, and individuals	344,974	357,772
	487,146	554,647
	\$ 6,201,290	\$ 6,184,714

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

11. Financial Risk and Concentrations of Risk

(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.

(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 foreign exchange rates, market interest rates, or market prices (other than those arising from interest rate risk and currency risk). The Association is exposed to market risk with respect to its restricted cash and cash equivalents and investments (note 2). In keeping with the Association Investment Policy, investments have been made in such a manner as to achieve an optimal rate of return within well-defined risk tolerances. The Association is exposed to interest rate and cash flow risk in relation to its demand loans and long-term debt as disclosed in notes 4a and 4b, respectively.

(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.

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. During the year, these transactions are as follows:

Legal Services	\$3,195 (2015 - \$3,374)
Interest & Bank Charges	\$23,725 (2015 - \$17,491)

13. Remuneration paid to directors, employees and contractors

In accordance with the *Societies Act (B.C.)* Section 36.1 and *Societies Regulation 9.2(b)*:

The Directors of the Association receive no remuneration for the performance of their responsibilities as Directors. As referenced in note 12, transactions with a supplier of legal services, one of whose partners was a Director of the Association, amounted to \$3,195.

For the fiscal year ending 2016, the Association paid total remuneration of \$729,310 to seven employees for services, each of whom received total annual remuneration of \$75,000 or greater. Remuneration includes all wages, bonuses, and taxable benefits.

YMCA OF OKANAGAN ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

14. Comparative Information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.