

**VanDusen Botanical Garden  
Association  
Financial Statements  
For the year ended December 31, 2014**

VanDusen Botanical Garden  
Association  
Financial Statements  
For the year ended December 31, 2014

---

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17

---

## Independent Auditor's Report

---

### To the Governors of VanDusen Botanical Garden Association

We have audited the accompanying financial statements of VanDusen Botanical Garden Association, which comprise the Statement of Financial Position as at December 31, 2014 and the Statements of Operations and 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.

### Auditor's 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 the auditor's 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, the auditor considers 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 controls. 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, VanDusen Botanical Garden Association derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were unable to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of receipts over expenditures, cash flows from operations for the year then ended December 31, 2014 and current assets and net assets as at December 31, 2014.



### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of VanDusen Botanical Garden Association as at December 31, 2014 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.

### Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Accountants

Vancouver, British Columbia  
April 8, 2015

**VanDusen Botanical Garden Association**  
**Statement of Financial Position**

December 31	2014	2013
		(Note 17)
<b>Assets (Note 15)</b>		
<b>Operating Fund</b>		
Cash (Note 2)	\$ 174,124	\$ 101,242
Short-term investments (Note 3)	245,958	242,929
Accounts receivable (Note 12)	42,252	26,690
Prepaid expenses	30,419	25,776
Restricted cash (Note 5)	79,442	82,481
Property and equipment (Note 4)	16,517	13,495
	588,712	492,613
<b>Capital Campaign Fund</b>		
Restricted cash (Note 5)	148,238	275,343
	148,238	275,343
<b>Capital General Fund</b>		
Restricted cash (Note 5)	53,099	75,946
Property and equipment (Note 4)	72,653	52,424
	125,752	128,370
<b>Garden Collections Funds</b>		
Restricted cash (Note 5)	403,728	340,450
Property and equipment (Note 4)	360,548	361,181
	764,276	701,631
<b>Endowment Holding Fund</b>		
Restricted cash (Note 5)	38,354	33,662
Restricted donation (Note 6)	140,000	140,000
	178,354	173,662
	\$ 1,805,332	\$ 1,771,619
<b>Liabilities</b>		
<b>Operating Fund</b>		
Accounts payable and accrued liabilities (Note 12)	\$ 112,661	\$ 83,993
Obligation under capital lease (Note 16)	11,099	-
Deferred revenue	245,785	221,963
Deferred contributions (Note 7)	79,441	42,469
	448,986	348,425
<b>Net Assets (Note 9)</b>		
Operating fund	139,726	144,188
Capital campaign fund	148,238	275,343
Capital general fund	125,752	128,370
Garden collections funds	764,276	701,631
Endowment holding fund	178,354	173,662
	1,356,346	1,423,194
	\$ 1,805,332	\$ 1,771,619

Approved on behalf of the Board:

\_\_\_\_\_ Governor

\_\_\_\_\_ Governor

**VanDusen Botanical Garden Association**  
**Statement of Operations and Changes in Net Assets**

For the year ended December 31

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Funds	Endowment Holding Fund	Total 2014	Total 2013
							(Note 17)
<b>Receipts</b>							
Bequests and legacies	\$ 16,819	\$ -	\$ -	\$ -	\$ -	\$ 16,819	\$ 43,108
Membership dues	332,891	-	-	-	-	332,891	303,927
Vancouver Foundation (Note 10)	164,934	-	-	33,138	-	198,072	161,560
Donations (Note 7)	157,707	150,100	10,991	63,724	4,692	387,214	497,668
Fund-raising events, net (Note 8)	86,214	-	-	-	-	86,214	51,638
Course fees	123,975	-	-	-	-	123,975	132,245
Garden shop and garden facility rental	40,000	-	-	-	-	40,000	22,515
Interest	560	1,069	498	2,725	674	5,526	10,069
Miscellaneous	6,536	-	-	-	-	6,536	8,386
	<b>929,636</b>	<b>151,169</b>	<b>11,489</b>	<b>99,587</b>	<b>5,366</b>	<b>1,197,247</b>	<b>1,231,116</b>
<b>Expenditures</b>							
Education and library (Note 11)	207,171	-	-	-	-	207,171	275,979
Marketing (Note 11)	101,842	-	-	-	-	101,842	146,811
Administration (Note 11)	309,848	-	-	-	-	309,848	261,070
Fundraising (Note 11)	104,877	41,305	-	-	-	146,182	137,118
Volunteer services (Note 11)	68,772	-	-	-	-	68,772	72,187
Communication services (Note 11)	16,443	-	-	-	-	16,443	30,991
Garden enhancement (Note 11)	-	-	-	62,007	-	62,007	98,221
Membership and supplies (Note 11)	94,790	-	-	-	-	94,790	98,567
Contributions to Vancouver Park Board (Note 13)	-	226,969	-	-	-	226,969	-
Amortization	10,332	-	19,107	632	-	30,071	26,655
Contributions to Vancouver Foundation (Note 10)	-	-	-	-	-	-	233,423
	<b>914,075</b>	<b>268,274</b>	<b>19,107</b>	<b>62,639</b>	<b>-</b>	<b>1,264,095</b>	<b>1,381,022</b>
Excess (deficiency) of receipts over expenditures	15,561	(117,105)	(7,618)	36,948	5,366	(66,848)	(149,906)
<b>Interfund transfers:</b>							
Operating to capital general	(5,000)	-	5,000	-	-	-	-
Endowment to operating	674	-	-	-	(674)	-	-
Capital campaign to garden collections	-	(10,000)	-	10,000	-	-	-
Operating to garden collections	(15,697)	-	-	15,697	-	-	-
	<b>(20,023)</b>	<b>(10,000)</b>	<b>5,000</b>	<b>25,697</b>	<b>(674)</b>	<b>-</b>	<b>-</b>
Net assets, beginning of year	144,188	275,343	128,370	701,631	173,662	1,423,194	1,573,100
Net assets, end of year	\$ 139,726	\$ 148,238	\$ 125,752	\$ 764,276	\$ 178,354	\$ 1,356,346	\$ 1,423,194

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

**VanDusen Botanical Garden Association**  
Statement of Cash Flows

For the year ended December 31 2014 2013  
(Note 17)

Cash flows provided by (used in)

**Operating activities**

Deficiency of receipts over expenditures	\$ (66,848)	\$ (149,906)
Add: items not involving cash:		
Amortization	30,071	26,655
Unrealized gain on short-term investments	(3,029)	(3,008)
In-kind donation revenue	-	(155,940)
	(39,806)	(282,199)

Changes in non-cash working capital balance

Prepaid expenses	(4,643)	11,854
Accounts receivable	(15,562)	15,913
Accounts payable and accrued liabilities	28,668	37,907
Capital lease obligations	11,099	-
Deferred revenue	23,822	19,831
Deferred contributions	36,972	(697)
	80,356	84,808

**Financing and investing activities**

Purchase of property and equipment	(52,689)	(43,174)
Transfer of restricted donations	-	(140,000)
	(52,689)	(183,174)

Decrease in cash and restricted cash during the year (12,139) (380,565)

Cash and restricted cash, beginning of year 909,124 1,289,689

**Cash and restricted cash, end of year** \$ 896,985 \$ 909,124

**Supplemental Financial Information:**

Non-cash donations capitalized to property and equipment \$ - \$ 155,940

---

# VanDusen Botanical Garden Association

## Notes to the Financial Statements

December 31, 2014

---

### 1. Significant Accounting Policies

#### (a) Purpose

VanDusen Botanical Garden Association (the "Association") was incorporated under the Society Act (British Columbia).

The objective of the Association is to enhance and preserve VanDusen Botanical Garden (the "Garden") and Bloedel Conservatory (the "Conservatory"), to provide promotional and educational programs related to botanical and environmental awareness, and to raise funds and provide volunteers to assist with the development of the Garden and Conservatory and to support the Association's endeavours.

The Association is a charitable organization registered under the Income Tax Act of Canada, and as such is exempt from income taxes and is authorized to issue donation receipts for income tax purposes.

The Association operates pursuant to a joint operating agreement dated June 1, 1994 (to which was added Appendix B effective January 1, 2013 to include the Conservatory), with the City of Vancouver - Board of Parks and Recreation (the "Park Board"), the registered owner of the Garden and the Conservatory, which outlines the responsibilities of the parties with respect to the Garden and Conservatory, and the sharing of operating revenues and expenses. The agreement is in effect on a year by year basis, and is renewed automatically for an additional year unless terminated by either party, requiring notice of one year.

#### (b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### (b) Term Deposits

Short-term investments include liquid investments with terms to maturity of greater than three months when purchased. Short-term investments are carried at estimated market value at the balance sheet date.



---

VanDusen Botanical Garden Association  
Notes to the Financial Statements

December 31, 2014

---

1. Significant Accounting Policies - Continued

(d) Property and Equipment

Assets classified as property and equipment are recorded as assets at the acquisition cost amount. Amortization is recorded at the following rates:

Office equipment	20%	- declining balance
Office equipment held under capital lease	20%	- declining balance
Building improvements	20%	- declining balance
Garden equipment	20%	- declining balance
Computer equipment	30%	- declining balance
Computer software	30%	- declining balance
Library digitization	3 year	- straight line
Website	2 year	- straight line

Art work has indefinite life and is not subject to amortization. When a property and equipment asset is considered to no longer have long-term service potential to the Association, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

(e) Restricted Cash and Investments

Cash and equivalents and market investments held by the Association which are not available for general operating purposes are presented as restricted cash or restricted investments and reported at estimated fair value.

(f) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease that is the estimated useful lives of the assets. All other leases are accounted for as operating leases.

---

**VanDusen Botanical Garden Association**  
**Notes to the Financial Statements**

**December 31, 2014**

---

**1. Significant Accounting Policies - Continued**

(g) Revenue Recognition

Revenue from membership dues paid in advance is initially recorded as deferred revenue, and is recognized as revenue over the membership period, determined evenly on a month by month basis.

Income received from the Vancouver Foundation is recognized when received, and allocated to the Operating Fund and Garden Collections Fund as appropriate.

Donations, grants and bequests are recorded on a cash basis. Pledges are not recorded as revenue as they are not legally enforceable claims.

Amounts from fundraising events are recorded as revenue on a net basis in the operating fund.

Course fees are recorded as revenue when received unless restricted for specific courses in which case they are recorded as deferred revenue and recognized as revenue in the period that the related expenses are incurred.

Interest and investment income is recognized as revenue in the fund that holds the investment on which the investment income was earned.

The Association uses the restricted fund method for accounting for contributions including donations, grants and bequests, described as follows:

- i) Unrestricted contributions are recognized as revenue of the operating fund.
- ii) Restricted contributions are recognized as contributions to the appropriate restricted fund.
- iii) Restricted contributions related to program delivery are recognized as contributions to the Operating Fund. These contributions are initially recorded as deferred contributions and included as revenue in specific future periods, in cases when the related operating expenses are incurred in subsequent years.

---

**VanDusen Botanical Garden Association**  
**Notes to the Financial Statements**

**December 31, 2014**

---

**1. Significant Accounting Policies - Continued**

(h) Fund Accounting

The Association segregates its net assets into specific funds as follows:

i) Operating Fund

The operating fund reports the assets, liabilities, receipts and expenses of the Association's program delivery and administrative activities. This fund represents resources, the use of which is generally not subject to special restrictions.

ii) Capital Campaign Fund (Restricted)

The Capital Campaign Fund reports the assets, liabilities, receipts and expenses of the Association's major capital campaign project, the objective of which is restricted to enhancement and expansion of the Garden and its infrastructure, to be undertaken in association with the Park Board, which owns the Garden. Capital expenditures of the fund are considered to be contributions to the Park Board and are reported as expenditures in the Statement of Operations.

iii) Capital General Fund (Restricted)

The Capital General Fund reports the assets, liabilities, receipts and expenses of the funds of the Association which are designated for general capital expenditures and projects.

iv) Garden Collections Funds (Restricted)

The Garden Collections Funds reports assets, liabilities receipts and expenses restricted to the Association's garden collection acquisitions and activities. During 2009, the Board of Governors authorized an expansion of the scope of the fund to include plant and tree acquisitions, tree maintenance, plant documentation and such other purposes as may be approved by the Board.

v) Endowment Holding Fund (Restricted)

The Endowment Holding Fund reports assets, liabilities receipts and expenses related to the amounts contributed which are to be held as endowments. All income earned from the endowment holding fund is transferred to the operating fund unless the donor or the Association specify otherwise.

---

**VanDusen Botanical Garden Association**  
**Notes to the Financial Statements**

**December 31, 2014**

---

**1. Significant Accounting Policies - Continued**

(i) Donated Services and Assets

The Association depends upon donated services for various activities, including volunteer time. The value of donated services is not recognized in these financial statements, since accurate fair values cannot reasonably be determined.

The Association occasionally receives donated assets. Donated assets are recorded at the estimated fair market value in cases in which the value can be reasonably estimated.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Significant areas requiring the use of management estimates include the estimated useful life of capital assets, valuation of accounts receivable and accrued liabilities. Although these estimates are based on management's knowledge of current events and actions the Association may undertake in the future, actual results may differ from such estimates.

(k) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains or losses reported in operations, other than financial instruments related to endowment holding fund. In addition, all bonds and guaranteed investments certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to the Endowment Holding Fund. Changes in fair value of financial instruments related to the Endowment Holding Fund are recorded directly in net assets. All other financial instruments are reported at costs or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

**VanDusen Botanical Garden Association**  
Notes to the Financial Statements

December 31, 2014

**2. Cash**

The Association's cash is held in multiple Canadian chartered banks and earn interest at the current prevailing rates for operating and savings accounts.

**3. Short-term Investments**

The short-term investments earn fixed income and are readily convertible to cash within ninety days of deposit without penalty and have a balance of \$245,958 at December 31, 2014 (2013 - \$242,929).

**4. Property and Equipment**

Included in the Operating Fund is the following property and equipment:

			2014	2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Library digitization	\$ 29,238	\$ 29,238	\$ -	\$ -
Office equipment under capital lease	13,354	1,335	12,019	-
Website	37,776	33,278	4,498	13,495
	<b>\$ 80,368</b>	<b>\$ 63,851</b>	<b>\$ 16,517</b>	<b>\$ 13,495</b>

Included in the Capital General Fund is the following property and equipment:

			2014	2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 21,993	\$ 15,957	\$ 6,036	\$ 10,582
Building improvements	29,369	22,765	6,604	8,255
Garden equipment	57,578	26,551	31,027	22,821
Computer equipment	32,397	23,045	9,352	10,766
Computer software	23,099	3,465	19,634	-
	<b>\$ 164,436</b>	<b>\$ 91,783</b>	<b>\$ 72,653</b>	<b>\$ 52,424</b>

**VanDusen Botanical Garden Association**  
Notes to the Financial Statements

December 31, 2014

**4. Property and Equipment - Continued**

Included in the Garden Collections Funds are the following property and equipment:

	2014		2013	
	Accumulated Cost	Amortization	Amortized Cost	Amortized Cost
Computer software	\$ 10,324	\$ 8,849	\$ 1,475	\$ 2,108
Building	21,480	-	21,480	21,480
Art work	337,593	-	337,593	337,593
	\$ 369,397	\$ 8,849	\$ 360,548	\$ 361,181

During the year, the Association received art work with a fair value of \$Nil (2013 - \$155,940).

**5. Restricted Cash**

Restricted cash in the funds of the Association are allocated as follows:

	2014		2013	
Operating Fund	\$ 79,442	\$ 82,481		
Capital Campaign Fund	148,238	275,343		
Capital General Fund	53,099	75,946		
Garden Collections Funds	403,728	340,450		
Endowment Holding Fund	38,354	33,662		
	\$ 722,861	\$ 807,882		

**VanDusen Botanical Garden Association**  
Notes to the Financial Statements

December 31, 2014

**6. Restricted Donation**

In 2013, the Association established an endowment fund (the "Fund") in the amount of \$140,000 in accordance with a deed of gift agreement (the "Agreement") with the Vancouver Foundation. The Agreement allows the Association to encroach on the capital of the Fund under the following conditions:

- i) no encroachment on the capital of the Fund shall be made unless it has been requested in writing by the Association;
- ii) no encroachment on the capital of the Fund shall be made until at least 5 years after the Fund has been established;
- iii) any request from the Association for an encroachment on the capital of the Fund must be received by Vancouver Foundation at least one year prior to the encroachment;
- iv) no encroachment upon the capital of the Fund shall be made unless the Association is a qualified donee as defined in the Income Tax Act at the time of the encroachment.

**7. Deferred Contributions**

In 2007, a corporate donor agreed to donate to the Association a total of \$240,000, payable over three years for use in the Association's Capital Campaign, HSBC VanDusen Family Program and HSBC Bursaries. The Association has allocated a total of \$210,000 of the donation to the Capital Campaign. The remaining \$30,000 was recorded as deferred contributions, of which \$4,090 (2013 - \$2,447) was recognized as revenue during the 2014 year. As at December 31, 2014 the unallocated portion of the donation included in deferred contributions is \$7,479 (2013 - \$11,569).

**8. Fund-Raising Events**

An analysis of gross operating receipts and expenditures for fund-raising events of the Association is as follows:

	2014		2013	
	Gross Revenues	Gross Expenditures	Net Revenues	Net Revenues
Plant, manure, and compost sale	\$ 148,157	\$ 95,017	\$ 53,140	\$ 53,093
Cedar lecture series	2,030	684	1,346	3,478
Bloom Gala	-	42	(42)	(4,932)
Wine in the Garden	3,595	2,955	640	-
Shop wood	11,769	4,078	7,691	-
Bubble Bash	38,039	14,600	23,439	-
	<u>\$ 203,590</u>	<u>\$ 117,376</u>	<u>\$ 86,214</u>	<u>\$ 51,639</u>

---

**VanDusen Botanical Garden Association**  
Notes to the Financial Statements

December 31, 2014

---

**9. Externally and Internally Restricted Net Assets**

Externally restricted net assets are those subject to restrictions imposed by contributors and therefore not available for use by the Association other than for specified purposes. Internally restricted net assets may be made available for other purposes, as the internal restrictions imposed on the net assets may be removed at the discretion of the governors of the Association. An analysis at December 31, 2014 is as follows:

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Funds	Endowment Holding Fund	Total
Externally restricted	\$ 44,097	\$ 123,662	\$ 20,220	\$ 489,354	\$ 153,925	\$ 831,258
Internally restricted	-	24,576	105,532	274,922	24,429	429,459
Unrestricted	95,629	-	-	-	-	95,629
	<u>\$ 139,726</u>	<u>\$ 148,238</u>	<u>\$ 125,752</u>	<u>\$ 764,276</u>	<u>\$ 178,354</u>	<u>\$ 1,356,346</u>

---

**10. Vancouver Foundation Funds**

The Vancouver Foundation holds certain funds wholly or partially for the benefit of the Association. The Vancouver Foundation periodically disburses funds at its discretion to the Association, typically from income and on a quarterly basis, which are used for enhancement of the Garden and for other activities beneficial to the Garden.

---

**11 Salaries and Wages**

For the year ended December 31, 2014 included in various expenditure categories on the Statement of Operations are wages and benefits totaling \$545,203 (2013 - \$582,932).

---

**12 Amounts Due to and From the Park Board**

At December 31, 2014, the Park Board owed an amount of \$41,692 (2013 - \$26,645) to the Association, which is included in accounts receivable. At December 31, 2014, the Association also owed an amount of \$38,071 (2013 - \$37,556) to the Park Board, which is included in accounts payable and accrued liabilities, related to service and maintenance fees.



---

## VanDusen Botanical Garden Association

### Notes to the Financial Statements

December 31, 2014

---

#### 13. Contributions to the Park Board

The Association completed a Memorandum of Agreement ("MOA") dated May 6, 2010 with the Park Board related to the construction of a new visitor centre at the Garden.

Pursuant to the agreement, the Association is obliged to pay the Park Board funds in its Capital Campaign Fund on a schedule generally outlined as follows:

- (a) \$300,000 when the construction of the visitor centre has commenced;
- (b) 45% of the Capital Campaign Fund when the visitor centre is 50% complete; and
- (c) the balance of the Capital Campaign Fund 30 days after the completion of the visitors centre.

During the year ended December 31, 2014, the Association paid \$226,969 (2013 - \$Nil) to the Park Board in relation to construction of the visitor centre. From inception, the Association has paid \$4,021,773 to the Park Board including contributions for the Bentall Garden. As at December 31, 2014, the Association has \$148,238 (2013 - \$236,363) of funds available for donation to the Park Board. In addition, the Association has outstanding pledges of \$50,000 (2013 - \$190,000) which will be donated to the Park Board upon receipt.

---

#### 14. Financial Instruments and Risk Management

The Association through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at December 31, 2014.

(a) Credit and Market Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of cash, short-term investments, and receivables.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Association limits its exposure to credit risk by placing its cash and short-term investments with high credit quality financial institutions and corporations in accordance with investment policies adopted by the Board.

(b) Capital Risk

The Association considers its capital to be its net assets. The Association's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to enhance and preserve the Garden. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

---

**VanDusen Botanical Garden Association**  
**Notes to the Financial Statements**

**December 31, 2014**

---

**15. Capital Disclosures**

The Association maintains net assets held in restricted funds which are subject to external restrictions. These funds are generally invested in cash or fixed income financial instruments, as described in Note 14.

---

**16. Commitments**

The Association has entered into an office equipment lease agreement expiring January 2018 and is required to pay \$3,335 per annum for the next four years.

---

**17. Comparative Information**

Certain comparative figures have been reclassified to conform with the current year's financial statements.