

**Vancouver Botanical Gardens  
Association  
Financial Statements  
For the year ended December 31, 2016**

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Association  
Financial Statements  
For the year ended December 31, 2016

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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 |



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## Independent Auditor's Report

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### To the Directors of Vancouver Botanical Gardens Association

We have audited the accompanying financial statements of Vancouver Botanical Gardens Association, which comprise the Statement of Financial Position as at December 31, 2016 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, Vancouver Botanical Gardens Association derives revenue from donations and fundraising activities 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 years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015 and net assets as at January 1 and December 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.



### **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 Vancouver Botanical Gardens Association as at December 31, 2016 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 Societies 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.

Chartered Professional Accountants

Vancouver, British Columbia  
April 12, 2017

**Vancouver Botanical Gardens Association**  
Statement of Financial Position

| December 31  | 2016                | 2015                |
|--|---------------------|---------------------|
| <b>Assets (Note 15)</b>                            |                     |                     |
| <b>Operating Fund</b>                              |                     |                     |
| Cash (Note 2)                                      | \$ 390,995          | \$ 148,825          |
| Short-term investments (Note 3)                    | 249,951             | 248,094             |
| Accounts receivable (Note 12)                      | 26,866              | 68,417              |
| Prepaid expenses                                   | 33,115              | 28,430              |
| Restricted cash (Note 5)                           | 131,483             | 112,816             |
| Property and equipment (Note 4)                    | 7,692               | 9,615               |
|  | <u>840,102</u>      | <u>616,197</u>      |
| <b>Capital Campaign Fund</b>                       |                     |                     |
| Restricted cash (Note 5)                           | 22,863              | 183,759             |
|  | <u>22,863</u>       | <u>183,759</u>      |
| <b>Capital General Fund</b>                        |                     |                     |
| Restricted cash (Note 5)                           | 37,558              | 16,131              |
| Property and equipment (Note 4)                    | 72,632              | 105,351             |
|  | <u>110,190</u>      | <u>121,482</u>      |
| <b>Garden Collections Funds</b>                    |                     |                     |
| Restricted cash (Note 5)                           | 681,912             | 451,632             |
| Property and equipment (Note 4)                    | 362,149             | 368,417             |
|  | <u>1,044,061</u>    | <u>820,049</u>      |
| <b>Endowment Holding Fund</b>                      |                     |                     |
| Restricted cash (Note 5)                           | 44,054              | 43,854              |
| Restricted donation (Note 6)                       | 140,000             | 140,000             |
|  | <u>184,054</u>      | <u>183,854</u>      |
|  | <u>\$ 2,201,270</u> | <u>\$ 1,925,341</u> |
| <b>Liabilities</b>                                 |                     |                     |
| <b>Operating Fund</b>                              |                     |                     |
| Accounts payable and accrued liabilities (Note 12) | \$ 220,637          | \$ 81,489           |
| Obligation under capital lease (Note 16)           | 5,999               | 8,652               |
| Deferred revenue (Note 7)                          | 251,252             | 242,507             |
| Deferred contributions (Note 7)                    | 131,483             | 112,816             |
|  | <u>609,371</u>      | <u>445,464</u>      |
| <b>Net Assets (Note 9)</b>                         |                     |                     |
| Operating fund                                     | 230,731             | 170,733             |
| Capital campaign fund                              | 22,863              | 183,759             |
| Capital general fund                               | 110,190             | 121,482             |
| Garden collections funds                           | 1,044,061           | 820,049             |
| Endowment holding fund                             | 184,054             | 183,854             |
|  | <u>1,591,899</u>    | <u>1,479,877</u>    |
|  | <u>\$ 2,201,270</u> | <u>\$ 1,925,341</u> |

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Vancouver Botanical Gardens Association Statement of Operations and Changes in Net Assets

For the year ended December 31

|  | Operating<br>Fund | Capital<br>Campaign<br>Fund | Capital<br>General<br>Fund | Garden<br>Collections<br>Funds | Endowment<br>Holding<br>Fund | Total<br>2016    | Total<br>2015    |
|--|-------------------|-----------------------------|----------------------------|--------------------------------|------------------------------|------------------|------------------|
| <b>Receipts</b>                                      |                   |                             |                            |                                |                              |                  |                  |
| Bequests and legacies                                | \$ 39,841         | \$ -                        | \$ -                       | \$ 238,151                     | \$ -                         | \$ 277,992       | \$ 105,000       |
| Membership dues                                      | 351,888           | -                           | -                          | -                              | -                            | 351,888          | 347,667          |
| Vancouver Foundation (Note 10)                       | 190,832           | -                           | -                          | 16,414                         | -                            | 207,246          | 190,919          |
| Donations (Note 7)                                   | 164,884           | 12,500                      | -                          | 11,835                         | 200                          | 189,419          | 234,195          |
| Fund-raising events, net (Note 8)                    | 53,046            | -                           | -                          | -                              | -                            | 53,046           | 62,681           |
| Course fees  | 173,866           | -                           | -                          | -                              | -                            | 173,866          | 147,902          |
| Park Board revenue sharing                           | 23,527            | -                           | 27,232                     | -                              | -                            | 50,759           | 26,000           |
| Interest   | 292               | 364                         | 240                        | 1,623                          | 364                          | 2,883            | 3,668            |
| Miscellaneous  | 18,833            | -                           | -                          | 456                            | -                            | 19,289           | 17,433           |
|  | <b>1,017,009</b>  | <b>12,864</b>               | <b>27,472</b>              | <b>268,479</b>                 | <b>564</b>                   | <b>1,326,388</b> | <b>1,135,465</b> |
| <b>Expenditures</b>                                  |                   |                             |                            |                                |                              |                  |                  |
| Education and library (Note 11)                      | 279,402           | -                           | -                          | -                              | -                            | 279,402          | 247,783          |
| Marketing (Note 11)                                  | 16,871            | -                           | -                          | -                              | -                            | 16,871           | 67,249           |
| Administration (Note 11)                             | 295,996           | -                           | -                          | -                              | -                            | 295,996          | 301,820          |
| Fundraising (Note 11)                                | 124,243           | -                           | -                          | -                              | -                            | 124,243          | 131,388          |
| Volunteer services (Note 11)                         | 130,577           | -                           | -                          | -                              | -                            | 130,577          | 69,295           |
| Communication services (Note 11)                     | 7,720             | -                           | -                          | -                              | -                            | 7,720            | 8,174            |
| Gardens enhancement (Note 11)                        | -                 | -                           | 2,721                      | 38,199                         | -                            | 40,920           | 47,729           |
| Membership and<br>supplies (Note 11)                 | 100,643           | -                           | -                          | -                              | -                            | 100,643          | 87,649           |
| Contributions to Vancouver<br>Park Board (Note 13)   | -                 | 173,760                     | -                          | -                              | -                            | 173,760          | -                |
| Amortization   | 1,923             | -                           | 36,043                     | 6,268                          | -                            | 44,234           | 50,847           |
|  | <b>957,375</b>    | <b>173,760</b>              | <b>38,764</b>              | <b>44,467</b>                  | <b>-</b>                     | <b>1,214,366</b> | <b>1,011,934</b> |
| Excess (deficiency) of receipts<br>over expenditures | 59,634            | (160,896)                   | (11,292)                   | 224,012                        | 564                          | 112,022          | 123,531          |
| Interfund transfers:<br>Endowment to operating       | 364               | -                           | -                          | -                              | (364)                        | -                | -                |
| Net assets, beginning of year                        | 170,733           | 183,759                     | 121,482                    | 820,049                        | 183,854                      | 1,479,877        | 1,356,346        |
| Net assets, end of year                              | \$ 230,731        | \$ 22,863                   | \$ 110,190                 | \$ 1,044,061                   | \$ 184,054                   | \$ 1,591,899     | \$ 1,479,877     |

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

**Vancouver Botanical Gardens Association**  
Statement of Cash Flows

| For the year ended December 31                     | 2016              | 2015              |
|--|-------------------|-------------------|
| <b>Cash flows provided by (used in)</b>            |                   |                   |
| <b>Operating activities</b>                        |                   |                   |
| Excess (deficiency) of receipts over expenditures  | \$ 112,022        | \$ 123,531        |
| Add: items not involving cash:                     |                   |                   |
| Amortization                                       | 44,234            | 50,847            |
| Unrealized gain on short-term investments          | (1,857)           | (2,136)           |
|  | 154,399           | 172,242           |
| <b>Changes in non-cash working capital balance</b> |                   |                   |
| Prepaid expenses                                   | (4,685)           | 1,989             |
| Accounts receivable                                | 41,551            | (26,165)          |
| Accounts payable and accrued liabilities           | 139,148           | (31,172)          |
| Capital lease obligations                          | (2,653)           | (2,447)           |
| Deferred revenue                                   | 8,745             | (3,278)           |
| Deferred contributions                             | 18,667            | 33,375            |
|  | 200,773           | (27,698)          |
|  | 355,172           | 144,544           |
| <b>Financing and investing activities</b>          |                   |                   |
| Purchase of property and equipment                 | (3,324)           | (84,512)          |
| Transfers from (to) restricted cash                | (109,678)         | (85,331)          |
|  | 242,170           | (25,299)          |
| <b>Increase (decrease) in cash during the year</b> | <b>242,170</b>    | <b>(25,299)</b>   |
| Cash beginning of year                             | 148,825           | 88,793            |
| <b>Cash end of year</b>                            | <b>\$ 390,995</b> | <b>\$ 148,825</b> |

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# Vancouver Botanical Gardens Association

## Notes to the Financial Statements

December 31, 2016

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### 1. Significant Accounting Policies

#### (a) Purpose

VanDusen Botanical Garden Association was incorporated under the Society Act (British Columbia) and was transitioned under the Societies Act (BC) ("New Act"), effective March 3, 2017. Effective March 23, 2016 the VanDusen Botanical Garden Association has changed its legal name to the Vancouver Botanical Gardens Association (the "Association").

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").

#### (c) Short-term investments

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.



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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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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<br>under capital lease | 20%    | - declining balance |
| Building improvements                        | 20%    | - declining balance |
| Solarium                                     | 20%    | - declining balance |
| Garden equipment                             | 20%    | - declining balance |
| Computer equipment                           | 30%    | - declining balance |
| Computer software                            | 30%    | - declining balance |
| Library digitization                         | 3 year | - straight line     |

Art work has an 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 in the relevant fund.

(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.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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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 (Note 10).

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 in the period in which the event occurs.

Course fees are recorded as revenue when the course has been delivered and fees 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.

Income received from the Parks Board is recognized when received, and allocated to the Operating Fund and Capital General Fund as appropriate.

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.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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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 Conservatory and its infrastructure, to be undertaken in association with the Park Board, which owns the Garden and Conservatory. 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 gardens collection acquisitions and activities. During 2009, the Board of Directors 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.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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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 cost 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.

**Vancouver Botanical Gardens Association**  
Notes to the Financial Statements

December 31, 2016

**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 \$249,951 at December 31, 2016 (2015 - \$248,094).

**4. Property and Equipment**

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

|                                      |                  |                             | 2016              | 2015              |
|--------------------------------------|------------------|-----------------------------|-------------------|-------------------|
|                                      | Cost             | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Library digitization                 | \$ 29,238        | \$ 29,238                   | \$ -              | \$ -              |
| Office equipment under capital lease | 13,354           | 5,662                       | 7,692             | 9,615             |
|                                      | <b>\$ 42,592</b> | <b>\$ 34,900</b>            | <b>\$ 7,692</b>   | <b>\$ 9,615</b>   |

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

|                       |                   |                             | 2016              | 2015              |
|-----------------------|-------------------|-----------------------------|-------------------|-------------------|
|                       | Cost              | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Office equipment      | \$ 13,972         | \$ 5,638                    | \$ 8,334          | \$ 9,782          |
| Building improvements | 6,042             | 3,259                       | 2,783             | 3,480             |
| Gardens equipment     | 54,073            | 25,590                      | 28,483            | 35,604            |
| Computer equipment    | 40,198            | 29,731                      | 10,467            | 11,602            |
| Computer software     | 63,521            | 40,956                      | 22,565            | 44,883            |
|                       | <b>\$ 177,806</b> | <b>\$ 105,174</b>           | <b>\$ 72,632</b>  | <b>\$ 105,351</b> |

**Vancouver Botanical Gardens Association**  
Notes to the Financial Statements

December 31, 2016

4. Property and Equipment - Continued

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

|                       | 2016                |              | 2015              |                   |
|-----------------------|---------------------|--------------|-------------------|-------------------|
|                       | Accumulated<br>Cost | Amortization | Amortized<br>Cost | Amortized<br>Cost |
| Office equipment      | \$ 6,961            | \$ 1,949     | \$ 5,012          | \$ 6,265          |
| Building improvements | 12,393              | 3,470        | 8,923             | 11,154            |
| Computer software     | 10,324              | 9,601        | 723               | 1,033             |
| Solarium              | 21,480              | 11,582       | 9,898             | 12,372            |
| Art work              | 337,593             | -            | 337,593           | 337,593           |
|                       | \$ 388,751          | \$ 26,602    | \$ 362,149        | \$ 368,417        |

5. Restricted Cash

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

|                          | 2016       |            | 2015 |  |
|--------------------------|------------|------------|------|--|
| Operating Fund           | \$ 131,483 | \$ 112,816 |      |  |
| Capital Campaign Fund    | 22,863     | 183,759    |      |  |
| Capital General Fund     | 37,558     | 16,131     |      |  |
| Garden Collections Funds | 681,912    | 451,632    |      |  |
| Endowment Holding Fund   | 44,054     | 43,854     |      |  |
|                          | \$ 917,870 | \$ 808,192 |      |  |

**Vancouver Botanical Gardens Association**  
Notes to the Financial Statements

December 31, 2016

**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 Revenue and Deferred Contributions**

|                                  | Deferred<br>Contributions | Deferred<br>Memberships | Gift<br>Certificates<br>& Others | Total      |
|----------------------------------|---------------------------|-------------------------|----------------------------------|------------|
| December 31, 2014                | \$ 79,441                 | \$ 234,149              | \$ 11,636                        | \$ 325,226 |
| Funds received                   | 66,170                    | 332,572                 | 22,358                           | 421,100    |
| Amounts recognized<br>as revenue | (32,795)                  | (347,667)               | (10,541)                         | (391,003)  |
| December 31, 2015                | 112,816                   | 219,054                 | 23,453                           | 355,323    |
| Funds received                   | 48,186                    | 356,265                 | 68,809                           | 473,260    |
| Amounts recognized<br>as revenue | (29,519)                  | (353,022)               | (63,307)                         | (445,848)  |
| December 31, 2016                | \$ 131,483                | \$ 222,297              | \$ 28,955                        | \$ 382,735 |

Deferred revenue and deferred contributions consist of grants and other contributions received that are restricted for specific programs, memberships and other amounts which consist of gift certificates and education fees.

**Vancouver Botanical Gardens Association**  
Notes to the Financial Statements

December 31, 2016

**8. Fund-Raising Events**

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

|                                    | 2016              |                       | 2015            |                 |
|------------------------------------|-------------------|-----------------------|-----------------|-----------------|
|                                    | Gross<br>Revenues | Gross<br>Expenditures | Net<br>Revenues | Net<br>Revenues |
| Plant, manure, and<br>compost sale | \$ 149,465        | \$ 96,419             | \$ 53,046       | \$ 52,368       |
| Lectures                           | -                 | -                     | -               | 40              |
| Wine in the Gardens                | -                 | -                     | -               | 10,273          |
|                                    | \$ 149,465        | \$ 96,419             | \$ 53,046       | \$ 62,681       |

**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 Directors of the Association. An analysis at December 31, 2016 is as follows:

|                       | Operating<br>Fund | Capital<br>Campaign<br>Fund | Capital<br>General<br>Fund | Garden<br>Collections<br>Funds | Endowment<br>Holding<br>Fund | Total        |
|-----------------------|-------------------|-----------------------------|----------------------------|--------------------------------|------------------------------|--------------|
| Externally restricted | \$ 131,483        | \$ 12,500                   | \$ 10,739                  | \$ 787,471                     | \$ 159,625                   | \$ 1,101,818 |
| Internally restricted | -                 | 10,363                      | 99,451                     | 256,590                        | 24,429                       | 390,833      |
| Unrestricted          | 99,248            | -                           | -                          | -                              | -                            | 99,248       |
|                       | \$ 230,731        | \$ 22,863                   | \$ 110,190                 | \$ 1,044,061                   | \$ 184,054                   | \$ 1,591,899 |



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## Vancouver Botanical Gardens Association Notes to the Financial Statements

December 31, 2016

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### 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 Association and for other activities beneficial to the Association.

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### 11. Salaries and Wages

For the year ended December 31, 2016 included in various expenditure categories on the Statement of Operations are wages and benefits totaling \$690,946 (2015 - \$595,830).

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### 12. Amounts Due to and From the Park Board

At December 31, 2016, the Park Board owed an amount of \$26,000 (2015 - \$68,417) to the Association, which is included in accounts receivable. At December 31, 2016, the Association also owed an amount of \$127,908 (2015 - \$51,410) to the Park Board, which is included in accounts payable and accrued liabilities, service and maintenance fees, and contributions to the Park Board described in Note 13.

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### 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, 2016, the Association paid \$173,760 (2015 - \$nil) to the Park Board in relation to construction of the visitor centre. From inception, the Association has paid \$4,195,533 to the Park Board including contributions for the Bentall Garden. As at December 31, 2016, the Association has \$12,863 (2015 - \$173,760) of funds available for donation to the Park Board. In addition, the Association has outstanding pledges of \$12,500 (2015 - \$25,000) which will be donated to the Park Board upon receipt.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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**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, 2016.

(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 and Conservatory. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

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**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 Notes 2 and 3.

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**16. Commitments**

The Association has entered into an office equipment lease agreement expiring December 2018 with an effective interest rate 8.15%. As at December 31, 2016 the amount outstanding on the lease was \$5,999, with aggregate payments of \$6,522, inclusive of interest, required over the next two years to meet repayment terms.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2016

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**17. Remuneration of Directors, Employees and Contractors**

On November 28, 2016 the Society Act (BC) was repealed and replaced with the Societies Act (BC) ("New Act"). The New Act requires that the all Societies transition to the New Act before November 28, 2018. As outlined in Note 1 (a) The Association completed the transitioning process on March 3, 2017.

The New Act requires that the Association disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors. During the years ended December 31, 2016 and December 31, 2015 there was no remuneration paid to the Directors of the Association. A total of 2 (2015 - 1) employees/contractors received remuneration in excess of \$75,000 which resulted in an aggregate expenditure of \$175,242 (2015 - \$92,073).

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**18. Comparative Information**

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