

Financial Statements of

**VANCOUVER BOTANICAL GARDENS
ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
777 Dunsmuir Street, 11th floor
Vancouver, BC V7Y 1K3
Canada
Tel 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Members of Vancouver Botanical Gardens Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vancouver Botanical Gardens Association (the "Association"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed a modified opinion on those financial statements on April 17, 2025.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting 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 that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada

April 21, 2026

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 637,921	\$ 793,987
Accounts receivable (note 13)	29,932	119,432
Prepaid expenses	46,194	37,688
	<u>714,047</u>	<u>951,107</u>
Unrestricted investments (note 5)	1,641,342	1,483,699
Restricted cash (note 3)	181,945	176,706
Restricted donation (note 4)	140,000	140,000
Restricted investments (note 5)	1,876,717	2,076,371
Tangible capital assets (note 6)	459,087	427,688
	<u>\$ 5,013,138</u>	<u>\$ 5,255,571</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (notes 7 and 13)	\$ 349,338	\$ 114,730
Deferred revenue (note 8)	322,093	425,489
	<u>671,431</u>	<u>540,219</u>
Obligation under capital lease (note 15)	4,889	6,920
Deferred contributions (note 9)	181,945	176,706
	<u>858,265</u>	<u>723,845</u>
Fund balances (note 10):		
Operating Fund	1,691,986	1,904,809
Capital Campaign Fund	10,210	10,210
Capital General Fund	233,371	225,969
Garden Collections Fund	1,368,363	1,407,831
Endowment Holding Fund	514,054	514,054
Sustainability Fund	336,889	468,853
	<u>4,154,873</u>	<u>4,531,726</u>
	<u>\$ 5,013,138</u>	<u>\$ 5,255,571</u>

See accompanying notes and schedule to financial statements.

Approved on behalf of the Board:



Director



Director

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Fund	Endowment Holding Fund	Sustainability Fund	Total 2025	Total 2024
Revenue:								
Bequests and legacies	\$ 170,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,350	\$ 789,174
Membership dues	598,246	-	-	-	-	-	598,246	536,801
Vancouver Foundation (note 11)	481,321	-	-	32,542	-	-	513,863	333,471
Donations	567,627	-	-	6,420	-	15,600	589,647	603,441
Fundraising revenue	37,177	-	-	-	-	12,146	49,323	18,599
Course fees	414,343	-	-	-	-	-	414,343	403,941
Parks Board revenue sharing (note 13)	313	-	-	-	-	-	313	52,415
Investment income (note 5)	331,338	-	-	-	-	-	331,338	466,526
Miscellaneous	60,307	-	-	-	-	-	60,307	53,208
	2,661,022	-	-	38,962	-	27,746	2,727,730	3,257,576
Expenses:								
Education and library	1,021,477	-	15,000	-	-	-	1,036,477	974,791
Marketing	200,394	-	-	-	-	-	200,394	159,169
Administration	658,866	-	-	4,213	-	21,455	684,534	610,584
Development	250,961	-	-	-	-	-	250,961	193,613
Volunteer engagement	398,917	-	-	-	-	-	398,917	289,081
Fundraising supplies	24,860	-	-	-	-	-	24,860	18,742
Gardens enhancement	-	-	5,020	114,188	-	134,284	253,492	497,218
Membership services	221,101	-	-	-	-	-	221,101	249,192
Amortization	3,220	-	22,578	4,078	-	3,971	33,847	27,372
	2,779,796	-	42,598	122,479	-	159,710	3,104,583	3,019,762
Excess (deficiency) of revenue over expenses	(118,774)	-	(42,598)	(83,517)	-	(131,964)	(376,853)	237,814
Interfund transfers:								
Operating to Capital General	(50,000)	-	50,000	-	-	-	-	-
Operating to Garden Collections	(44,049)	-	-	44,049	-	-	-	-
	(94,049)	-	50,000	44,049	-	-	-	-
Fund balances, beginning of year	1,904,809	10,210	225,969	1,407,831	514,054	468,853	4,531,726	4,293,912
Fund balances, end of year	\$ 1,691,986	\$ 10,210	\$ 233,371	\$ 1,368,363	\$ 514,054	\$ 336,889	\$ 4,154,873	\$ 4,531,726

See accompanying notes and schedule to financial statements.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (376,853)	\$ 237,814
Add (deduct) items not involving cash:		
Amortization	33,847	27,372
Unrealized loss (gain) on investments	(77,953)	(250,849)
Realized loss (gain) on disposal of life insurance policy	-	(5,278)
	(420,959)	9,059
Change in non-cash working capital		
Accounts receivable	89,500	(33,246)
Prepaid expenses	(8,506)	2,612
Accounts payable and accrued liabilities	234,608	8,884
Deferred revenue	(103,396)	(4,957)
Deferred contributions	5,239	35,866
Cash flows provided by (used in) operating activities	(203,514)	18,218
Financing activities:		
Capital lease repayments	(2,031)	(1,897)
Cash flows used in financing activities	(2,031)	(1,897)
Investing activities:		
Purchase of tangible capital assets	(65,246)	(39,331)
Net change in investments	200,216	199,559
Proceeds on disposal of life insurance policy	-	20,019
Transfer to (from) restricted cash	(80,252)	140,839
Cash flows provided by investing activities	54,718	321,086
Increase (decrease) in cash and cash equivalents and restricted cash	(150,827)	337,407
Cash and cash equivalents and restricted cash, beginning of year	970,693	633,286
Cash and cash equivalents and restricted cash, end of year	\$ 819,866	\$ 970,693
Cash and cash equivalents and restricted cash are represented by (note 3):		
Unrestricted cash and cash equivalents	\$ 637,921	\$ 793,987
Restricted cash	181,945	176,706
Cash, end of year	\$ 819,866	\$ 970,693

See accompanying notes and schedule to financial statements.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2025

1. Purpose of the organization:

Vancouver Botanical Gardens Association (the "Association") is incorporated under the *Societies Act* (British Columbia).

The objective of the Association is to enhance and preserve VanDusen Botanical Gardens (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 (the "JOA") with the City of Vancouver – Board of Parks and Recreation (the "Parks Board"), the registered owner of the Garden and the Conservatory. The current JOA was signed on May 29, 2024, and became effective on January 1, 2025, replacing the previous joint operating agreement dated June 1, 1994 and the VanDusen JOA – Bloedel Extension Agreement dated January 1, 2013.

The JOA outlines the responsibilities of the parties with respect to the Garden and Conservatory, including management of programs and facilities, and establishes the basis for sharing certain operating revenues and expenses, including Garden Membership revenues, facilities rental income, and funding of Parks Board staff positions. The JOA has a term of 10 years, with an automatic renewal term of 5 years unless either party provides notice, and its financial effects are reflected in the Association's revenues and expenses for the year ended December 31, 2025.

1. Significant accounting policies:

These financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board").

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the Statement of Operations and Changes in Fund Balances.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

(i) Operating Fund:

The Operating Fund reports the assets, liabilities, revenue and expenses of the Association's program delivery and administrative activities. This fund represents resources, the use of which is not subject to externally imposed restrictions.

(ii) Capital Campaign Fund (Restricted):

The Capital Campaign Fund reports the assets, liabilities, revenue 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 Parks Board, which owns the Garden and Conservatory. As the capital assets are controlled by the Parks Board, capital expenditures of the fund are considered to be contributions to the Parks Board and are reported as expenses in the Statement of Operations and Changes in Fund Balances.

(iii) Capital General Fund (Restricted):

The Capital General Fund reports the assets, liabilities, revenue and expenses of the funds of the Association which are designated for general capital expenditures and projects as may be approved by the Board.

(iv) Garden Collections Fund (restricted):

The Garden Collections Fund reports assets, liabilities, revenue and expenses restricted to the Association's garden collection acquisitions and activities, plant and tree acquisitions, tree maintenance, and 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, revenue and expenses related to the amount contributed to be held in perpetuity as endowments or transferred by the Board. Amounts transferred to the Endowment Holding Fund by the Board may be transferred at a later date. All income earned from the Endowment Holding Fund is recorded in the Operating Fund unless the donor specifies otherwise.

(vi) Sustainability Fund (Restricted):

The Sustainability Fund reports the assets, liabilities, revenue and expenses of the funds of the Association designated for urgent needs, unexpected expenses and/or emergency repairs to equipment. Disbursements from this fund in excess of \$10,000 will be on recommendation by the Executive Director for approval by the Board provided they are in accordance with the restrictions.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and highly liquid investments that are readily convertible to cash, and have terms to maturity of three months or less at the date of acquisition. Cash and cash equivalents are held for the purpose of meeting short-term commitments.

(c) Restricted cash and investments:

Cash and cash equivalents and investments held by the Association that are not available for general operating purposes due to restrictions imposed by external parties, or the Board are presented as restricted cash or restricted investments.

(d) 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, the asset is recorded at an amount equal to the lesser of the present value of the minimum lease payments (the initial lease liability) 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 lesser of the term of the lease or the estimated useful lives of the assets. All other leases are accounted for as operating leases.

(e) Tangible capital assets:

Tangible capital assets are recorded as assets at the acquisition cost amount. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Tangible capital assets are amortized over their estimated useful lives of the assets using the following methods and rates:

Asset	Basis	Rate
Office equipment	Declining balance	20%
Building improvements	Declining balance	20%
Solarium	Declining balance	20%
Garden equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Computer software	Declining balance	30%
Library books	Straight-line	5-years

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the Statement of Operations and Changes in Fund Balances.

Artwork is considered to have an indefinite life and is therefore not amortized.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) 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 where the value can be reasonably estimated, and the assets would otherwise be purchased.

(g) Revenue recognition:

Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collectability reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized or the restrictions have been met.

Restricted contributions are recognized as contributions to the appropriate restricted fund as described in Note 2(a).

Restricted contributions related to program delivery are initially recorded as deferred contributions and recognized as revenue when the related operating expenses are incurred.

Revenue from membership dues received in advance is initially recorded as deferred revenue and subsequently recognized as revenue over the membership period. Under the JOA (Note 17), Garden Membership revenues are shared between the Association and the Parks Board in accordance with a defined financial formula. The Association's share of Garden Membership revenues is recognized when earned based on this formula.

Income received from the Vancouver Foundation is recognized when received and allocated to the Operating Fund and Garden Collections Fund as appropriate (Note 11).

Pledges are not recorded as revenue until received as their collection is not reasonably certain.

Amounts from fundraising events are recorded as revenue on a gross 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 their collection is reasonably certain.

Unrestricted interest and investment income is initially recognized as revenue in the Operating Fund and subsequently transferred at the discretion of the Board on a pro-rata basis to the funds that hold the investment on which the investment income was earned. Investment income that is restricted by external parties is recorded in the Fund to which the restriction relates.

Income received from the Parks Board is recognized as revenue in the Operating Fund when received or receivable.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Revenue recognition (continued):

The Association is a named beneficiary under life insurance policies. Life insurance policies are recorded at their cash surrender value until realized. Any excess of the amount received over the carrying value is recorded in the year it is received or receivable and collection is reasonably assured.

(h) Allocation of expenses:

Expenses are recorded and reported by department and services. Expenses related to general management and administrative activities are expensed in the Operating Fund in the period in which they are incurred. Employees perform a combination of department and administrative functions; as a result, salaries and benefits are allocated based on time dedicated to the functional activities (Note 12). Such allocations are reviewed regularly by management.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Areas requiring the use of management estimates include the estimated useful lives of tangible capital assets for calculating amortization, valuation of accounts receivable, and expense allocation. 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.

(j) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are reported at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to measure any financial instruments at fair value other than those required to be measured at fair value under accounting standards.

Transactions are recorded on a trade date basis and transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) Financial Instruments (continued)”

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. Restricted cash:

Restricted cash consists of amounts received that are not available for general operating purposes due to external restrictions imposed by donors or other counterparties. At year-end, restricted cash is held within the Operating Fund and relates primarily to deferred donations and grants received for specific operating programs and projects that will be delivered in future periods.

Restricted cash of \$181,945 (2024 - \$176,706) included within the Association’s funds is allocated to the Operating Fund, with a corresponding balance recorded in deferred contributions (Note 9).

4. 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; and
- (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.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Investments:

Restricted investments are comprised of the following:

	2025	2024
Guaranteed investment certificates (a)	\$ 1,000,754	\$ 987,447
Investments (b)	875,963	1,088,924
	<u>\$ 1,876,717</u>	<u>\$ 2,076,371</u>

Unrestricted investments are comprised of the following:

	2025	2024
Investments (b)	\$ 1,641,342	\$ 1,483,699

(a) The guaranteed investment certificates are recorded at amortized cost, bear interest rates of 3.48% to 5.18% (2024 - 3.5% to 5.41%), and mature over various dates from April 2026 to August 2027.

(a) Investments are held at fair value and include pooled government and corporate bonds, Canadian, US, and international index-matched and dividend income exchange-traded funds, subject to medium risk, denominated in Canadian dollars and traded on the Toronto Stock Exchange.

Investment income earned during the year is comprised of the following:

	2025	2024
Interest and dividends	\$ 145,548	\$ 162,190
Realized net capital gain	107,837	53,487
Change in fair value	77,953	250,849
	<u>\$ 331,338</u>	<u>\$ 466,526</u>

6. Tangible capital assets:

Included in the Operating Fund are the following tangible capital assets:

	2025		2024	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 21,835	\$ (13,810)	\$ 8,025	\$ 10,222
Library digitization	29,238	(29,238)	-	-
	<u>\$ 51,073</u>	<u>\$ (43,048)</u>	<u>\$ 8,025</u>	<u>\$ 10,222</u>

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Tangible capital assets (continued):

Included in the Capital General Fund are the following tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 38,561	\$ (23,374)	\$ 15,187	\$ 6,262
Office equipment held under capital lease	10,303	(4,369)	5,934	8,926
Building improvements	24,809	(19,134)	5,675	7,094
Garden equipment	47,241	(43,621)	3,620	4,526
Computer equipment	77,698	(40,202)	37,496	30,086
Computer software	11,296	(4,436)	6,860	3,712
Library books	5,235	(5,235)	-	-
	\$ 215,143	\$ (140,371)	\$ 74,772	\$ 60,606

Included in the Garden Collections Fund are the following tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 29,426	\$ (16,291)	\$ 13,135	\$ 8,425
Computer equipment	712	(662)	50	71
Computer software	10,324	(10,324)	-	-
Solarium	-	-	-	1,661
Artwork	337,593	-	337,593	337,593
	\$ 378,055	\$ (27,277)	\$ 350,778	\$ 347,750

Included in the Sustainability Fund are the following tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Building improvements	\$ 9,023	\$ (2,526)	\$ 6,497	\$ 8,121
Office equipment	20,112	(2,011)	18,101	-
Computer software	1,425	(511)	914	989
	\$ 30,560	\$ (5,048)	\$ 25,512	\$ 9,110
Total tangible capital assets	\$ 674,831	\$ (215,744)	\$ 459,087	\$ 427,688

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable relating to sales taxes of \$2,059 (2024 – \$3,729).

8. Deferred revenue:

	2025	2024
Balance, beginning of year	\$ 425,489	\$ 430,446
Add: amounts received	979,223	995,444
Less: revenue recognized	(1,082,619)	(1,000,401)
Balance, end of year	\$ 322,093	\$ 425,489

Deferred revenue comprises of:

	2025	2024
Deferred memberships	\$ 302,652	\$ 394,048
Deferred education fees	17,669	11,945
Gift certificates	1,220	19,496
Other	552	-
	\$ 322,093	\$ 425,489

9. Deferred contributions:

	2025	2024
Balance, beginning of year	\$ 176,706	\$ 140,840
Add: amounts received	283,468	217,575
Less: revenue recognized	(278,229)	(181,709)
Balance, end of year	\$ 181,945	\$ 176,706

Deferred contributions consist of grants and other contributions received that are restricted for specific programs.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

10. Externally and internally restricted fund balances:

Externally restricted fund balances are those subject to restrictions imposed by contributors and therefore not available for use by the Association other than for specified purposes. Internally restricted fund balances may be made available for other purposes, as such internal restrictions imposed on the fund balances may be removed at the discretion of the Directors of the Association. Fund balances as at December 31, 2025 and 2024 are:

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Fund	Endowment Holding Fund	Sustainability Fund	2025 Total
Externally restricted	\$ -	\$ 210	\$ 83,489	\$ 885,530	\$ 189,625	\$ 18,100	\$ 1,176,954
Internally restricted	-	10,000	80,002	132,055	324,429	293,277	839,763
Unrestricted	1,683,961	-	-	-	-	-	1,683,961
Invested in capital	8,025	-	69,880	350,778	-	25,512	454,195
Balance, December 31, 2025	\$ 1,691,986	\$ 10,210	\$ 233,371	\$ 1,368,363	\$ 514,054	\$ 336,889	\$ 4,154,873

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Fund	Endowment Holding Fund	Sustainability Fund	2024 Total
Externally restricted	\$ -	\$ 210	\$ 127,281	\$ 971,865	\$ 189,625	\$ 18,100	\$ 1,307,081
Internally restricted	-	10,000	45,002	88,216	324,429	441,643	909,290
Unrestricted	1,904,775	-	-	-	-	-	1,904,775
Invested in capital	34	-	53,686	347,750	-	9,110	410,580
Balance, December 31, 2024	\$ 1,904,809	\$ 10,210	\$ 225,969	\$ 1,407,831	\$ 514,054	\$ 468,853	\$ 4,531,726

11. Vancouver Foundation funds:

In addition to the Fund described in Note 4, 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, to be used for enhancement of the Association and for other activities beneficial to the Association. For the year ended December 31, 2025, \$545,101 (2024 - \$359,799) was received.

Distributions that arise from endowment or similar funds held and administered by the Vancouver Foundation for the benefit of the Association are presented as Vancouver Foundation revenue in the Statement of Operations and Changes in Fund Balances. Amounts received through donor-advised grants and similar arrangements, where the underlying gifts are initiated and directed by individual donors, are presented as donations in the Statement of Operations and Changes in Fund Balances.

As the Association does not control the underlying investments held by the Vancouver Foundation, they are not recorded as assets in these financial statements.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Salaries and benefits:

For the year ended December 31, 2025, included in various expenditure categories on the Statement of Operations and Changes in Fund Balances are salaries and benefits totaling \$2,235,762 (2024 - \$1,945,772).

	2025	2024
Administration	\$ 409,233	\$ 398,399
Education and library	868,852	797,173
Development	192,200	143,899
Marketing	212,919	143,829
Membership services	178,972	208,208
Volunteer engagement	373,586	254,265
	<u>\$ 2,235,762</u>	<u>\$ 1,945,773</u>

13. Transactions with the Parks Board:

The Association and the Parks Board engage in various financial transactions arising from the JOA described in Notes 1 and 17. The related amounts are non-interest bearing, unsecured, and have no specified terms of repayment.

These transactions between the Association and the Parks Board are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) Amounts receivable from Parks Board:

At December 31, 2025, the Parks Board owed an amount of \$8,452 (2024 - \$93,559) to the Association, which is included in accounts receivable. This amount arises in the normal course of operations and relates to Garden Membership revenue sharing, facilities rental income and reimbursable expenses.

(b) Amounts payable to Parks Board:

At December 31, 2025, the Association owed an amount of \$212,297 (2024 - \$10,500) to the Parks Board, which is included in accounts payable and accrued liabilities. This balance comprises:

	2025	2024
Full-Time Equivalent ("FTE") funding (note 15)	\$ 140,000	\$ -
Garden enhancement projects	72,297	10,500
Total payable to Parks Board	<u>\$ 212,297</u>	<u>\$ 10,500</u>

The FTE staff funding amount represents the Association's obligation to fund up to \$200,000 per year for costs incurred to date related to two Parks Board full-time equivalent staff positions employed at the Garden and Conservatory, in accordance with the JOA and detailed in Notes 15 and 17.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

14. Financial risks:

The Association is exposed to various risks arising through its financial assets and liabilities. The following analysis provides a measurement of those risks at December 31, 2025.

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association is exposed to liquidity risks with respect to its accounts payable and accrued liabilities. The Association manages its liquidity risk by monitoring its operating requirements and makes adjustments based on available funding and economic conditions. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the cash and cash equivalents, accounts receivable, and investments. The Association assesses amounts receivable for impairment and makes provisions as required. Cash and cash equivalents and investments are held with major banks and other reputable financial institutions. The risk associated with investments is managed through the Association's established investment policy approved by the Board. It is management's opinion that the Association is not exposed to significant credit risk.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The risk associated with investments is managed through the Association's established Investment Policy. It is management's opinion that the Association is not exposed to significant interest rate risk.

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as market prices change. The Association has investments in equities and mutual funds (Note 5) which are subject to risks arising from changes in market conditions and general market fluctuations. The Association invests its funds according to its investment policy approved by the Board. The diversification across various asset classes is designed to decrease the volatility of portfolio returns.

The Association is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

There has been no change to the financial risk exposures from the prior year.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Commitments:

The Association has entered into the following operating leases and funding commitments.

- (a) The Association entered into a postage machine lease expiring November 2027 and a photocopier lease expiring February 2028, for which it is required to pay \$2,244 and \$2,486 per annum respectively.
- (b) As outlined in the JOA (Note 17), the Association has committed to fund up to \$200,000 per year of FTE staff positions employed by the Parks Board, subject to mutual approval of the positions and the Association's annual budget approval. For the year ended December 31, 2025, \$140,000 relating to services received during the year has been recognized as an expense, and the Association has committed to fund the remaining \$60,000 in 2026; this amount is included in the commitments table below.

The unused portion of the annual \$200,000 funding cap in any year does not meet the recognition criteria for an expense or liability at year end, as no services have been received and no unconditional present obligation exists; however, such unused amounts remain available for potential use in a subsequent year in accordance with the Joint Operating Agreement. Accordingly, only the committed \$60,000 related to the 2025 funding cap has been included in the minimum payments disclosed below, and no additional amounts in respect of the up to \$200,000 annual funding cap have been recognized as liabilities.

The above lease agreements and committed funding related to the 2025 cap result in minimum annual payments as follows:

2026	\$	64,731
2027		4,357
2028		414
2029		-
2030		-

16. Remuneration of directors, employees and contractors:

The *Societies Act* of British Columbia requires disclosure of remuneration paid to all Board of directors and to employees and contractors who are paid at least \$75,000 annually.

For the fiscal year ended December 31, 2025, the Association paid \$835,497 (2024 - \$605,950) to 7 employees and contractors (2024 – 5) whose remuneration was greater than \$75,000.

No amounts were paid to any members of the Board of Directors during fiscal 2025 and 2024.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

17. Joint operating agreement:

The Association and the Parks Board are parties to a joint operating agreement governing the operation of Garden and the Conservatory, as described in Note 1. The current JOA was signed on May 29, 2024 and became effective on January 1, 2025.

Under the JOA, Garden Membership revenues are shared between the Association and the Parks Board in accordance with a defined formula. The Association no longer receives a share of retail revenues but continues to receive facilities rental income. The JOA also requires the Association to fund up to \$200,000 annually for Parks Board FTE staff positions; amounts recognized and committed are disclosed in Note 15.

Revenues and expenses arising from the JOA are reflected in Membership revenues, Parks Board revenue sharing, and related expense categories in the Statement of Operations and Changes in Fund Balances for the year ended December 31, 2025.

In addition, the JOA required both parties to contribute 5% of their respective Garden Membership revenues annually to a Dedicated Fund established to finance jointly agreed-upon projects aimed at enhancing the visitor experience at the Garden and Conservatory. The Association records its contributions in the Dedicated Fund as internally restricted amounts within the Garden Collections Fund. At December 31, 2025, the Association's Dedicated Fund balance was \$24,049 (2024 - nil).

Impact on financial statements

The JOA has the following significant impacts on the Association's financial statements:

- Membership dues revenue reflects the Association's share of Garden Membership revenues under the revenue sharing formula.
- Garden enhancement expenses include FTE staff funding and related to Dedicated Fund projects.
- Accounts receivable and accounts payable include amounts arising from revenue sharing and funding arrangements (Note 13).
- Internally restricted net assets include Dedicated Fund balances held for approved enhancement projects (Note 10).

The Association's financial position and ongoing operations are dependent on the continuation of the JOA with the Parks Board.

18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

VANCOUVER BOTANICAL GARDENS ASSOCIATION

Schedule of Assets by Fund

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Operating Fund:		
Cash and cash equivalents	\$ 637,921	\$ 793,987
Unrestricted investments	1,641,342	1,483,699
Accounts receivable	29,932	119,432
Prepaid expenses	46,194	37,688
Restricted cash (note 3)	181,945	176,706
Tangible capital assets	8,025	10,222
	<u>2,545,359</u>	<u>2,621,734</u>
Capital Campaign Fund:		
Restricted investment	10,210	10,210
Capital General Fund:		
Restricted investments	163,491	172,283
Tangible capital assets	74,772	60,606
	<u>238,263</u>	<u>232,889</u>
Garden Collections Fund:		
Restricted investments	1,017,585	1,060,081
Tangible capital assets	350,778	347,750
	<u>1,368,363</u>	<u>1,407,831</u>
Endowment Holding Fund:		
Restricted investments	374,054	374,054
Restricted donation	140,000	140,000
	<u>514,054</u>	<u>514,054</u>
Sustainability Fund:		
Restricted investments	311,377	459,743
Tangible capital assets	25,512	9,110
	<u>336,889</u>	<u>468,853</u>
	<u>\$ 5,013,138</u>	<u>\$ 5,255,571</u>

See accompanying notes to financial statements.