

**VanDusen Botanical Garden
Association
Financial Statements
For the year ended December 31, 2015**

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Financial Statements
For the year ended December 31, 2015**

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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, 2015 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 years ended December 31, 2015 and 2014 and current assets and net assets as at December 31, 2015 and 2014. 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 VanDusen Botanical Garden Association as at December 31, 2015 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

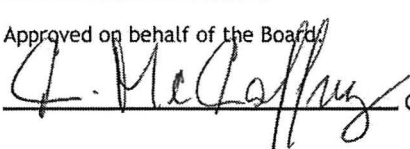
Chartered Professional Accountants

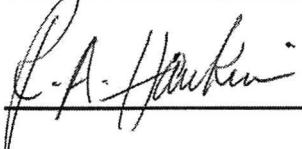
Vancouver, British Columbia
April 13, 2016

VanDusen Botanical Garden Association
Statement of Financial Position

December 31	2015	2014
Assets (Note 15)		
Operating Fund		
Cash (Note 2)	\$ 148,825	\$ 174,124
Short-term investments (Note 3)	248,094	245,958
Accounts receivable (Note 12)	68,417	42,252
Prepaid expenses	28,430	30,419
Restricted cash (Note 5)	112,816	79,442
Property and equipment (Note 4)	9,615	16,517
	<u>616,197</u>	<u>588,712</u>
Capital Campaign Fund		
Restricted cash (Note 5)	<u>183,759</u>	<u>148,238</u>
	<u>183,759</u>	<u>148,238</u>
Capital General Fund		
Restricted cash (Note 5)	16,131	53,099
Property and equipment (Note 4)	<u>105,351</u>	<u>72,653</u>
	<u>121,482</u>	<u>125,752</u>
Garden Collections Funds		
Restricted cash (Note 5)	451,632	403,728
Property and equipment (Note 4)	<u>368,417</u>	<u>360,548</u>
	<u>820,049</u>	<u>764,276</u>
Endowment Holding Fund		
Restricted cash (Note 5)	43,854	38,354
Restricted donation (Note 6)	<u>140,000</u>	<u>140,000</u>
	<u>183,854</u>	<u>178,354</u>
	<u>\$ 1,925,341</u>	<u>\$ 1,805,332</u>
Liabilities		
Operating Fund		
Accounts payable and accrued liabilities (Note 12)	\$ 81,489	\$ 112,661
Obligation under capital lease (Note 16)	8,652	11,099
Deferred revenue (Note 7)	242,507	245,785
Deferred contributions (Note 7)	<u>112,816</u>	<u>79,441</u>
	<u>445,464</u>	<u>448,986</u>
Net Assets (Note 9)		
Operating fund	170,733	139,726
Capital campaign fund	183,759	148,238
Capital general fund	121,482	125,752
Garden collections funds	820,049	764,276
Endowment holding fund	<u>183,854</u>	<u>178,354</u>
	<u>1,479,877</u>	<u>1,356,346</u>
	<u>\$ 1,925,341</u>	<u>\$ 1,805,332</u>

Approved on behalf of the Board:

 Governor

 Governor

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

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 2015	Total 2014
Receipts							
Bequests and legacies	\$ 15,000	\$ -	\$ -	\$ 90,000	\$ -	\$ 105,000	\$ 16,819
Membership dues	347,667	-	-	-	-	347,667	332,891
Vancouver Foundation (Note 10)	175,340	-	-	15,579	-	190,919	198,072
Donations (Note 7)	188,767	35,120	-	4,808	5,500	234,195	387,214
Fund-raising events, net (Note 8)	62,681	-	-	-	-	62,681	86,214
Course fees	147,902	-	-	-	-	147,902	123,975
Park Board revenue sharing	26,000	-	-	-	-	26,000	40,000
Interest	378	401	340	2,067	482	3,668	5,526
Miscellaneous	15,170	-	1,783	480	-	17,433	6,536
	978,905	35,521	2,123	112,934	5,982	1,135,465	1,197,247
Expenditures							
Education and library (Note 11)	247,783	-	-	-	-	247,783	207,171
Marketing (Note 11)	67,249	-	-	-	-	67,249	101,842
Administration (Note 11)	301,820	-	-	-	-	301,820	309,848
Fundraising (Note 11)	131,388	-	-	-	-	131,388	146,182
Volunteer services (Note 11)	69,295	-	-	-	-	69,295	68,772
Communication services (Note 11)	8,174	-	-	-	-	8,174	16,443
Garden enhancement (Note 11)	-	-	2,054	45,675	-	47,729	62,007
Membership and supplies (Note 11)	87,649	-	-	-	-	87,649	94,790
Contributions to Vancouver Park Board (Note 13)	-	-	-	-	-	-	226,969
Amortization	6,902	-	32,459	11,486	-	50,847	30,071
	920,260	-	34,513	57,161	-	1,011,934	1,264,095
Excess (deficiency) of receipts over expenditures	58,645	35,521	(32,390)	55,773	5,982	123,531	(66,848)
Interfund transfers:							
Operating to capital general	(28,120)	-	28,120	-	-	-	-
Endowment to operating	482	-	-	-	(482)	-	-
	(27,638)	-	28,120	-	(482)	-	-
Net assets, beginning of year	139,726	148,238	125,752	764,276	178,354	1,356,346	1,423,194
Net assets, end of year	\$ 170,733	\$ 183,759	\$ 121,482	\$ 820,049	\$ 183,854	\$ 1,479,877	\$ 1,356,346

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

VanDusen Botanical Garden Association
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2015</u>	<u>2014</u>
Cash flows provided by (used in)		
Operating activities		
Excess (deficiency) of receipts over expenditures	\$ 123,531	\$ (66,848)
Add: items not involving cash:		
Amortization	50,847	30,071
Unrealized gain on short-term investments	(2,136)	(3,029)
	<u>172,242</u>	<u>(39,806)</u>
Changes in non-cash working capital balance		
Prepaid expenses	1,989	(4,643)
Accounts receivable	(26,165)	(15,562)
Accounts payable and accrued liabilities	(31,172)	28,668
Capital lease obligations	(2,447)	11,099
Deferred revenue	(3,278)	23,822
Deferred contributions	33,375	36,972
	<u>(27,698)</u>	<u>80,356</u>
	144,544	40,550
Financing and investing activities		
Purchase of property and equipment	(84,512)	(52,689)
Increase (decrease) in cash and restricted cash during the year	60,032	(12,139)
Cash and restricted cash, beginning of year	<u>896,985</u>	<u>909,124</u>
Cash and restricted cash, end of year	<u>\$ 957,017</u>	<u>\$ 896,985</u>

VanDusen Botanical Garden Association

Notes to the Financial Statements

December 31, 2015

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").

(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.

VanDusen Botanical Garden Association
Notes to the Financial Statements

December 31, 2015

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 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.

VanDusen Botanical Garden Association
Notes to the Financial Statements

December 31, 2015

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, 2015

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, 2015

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, 2015

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 \$248,094 at December 31, 2015 (2014 - \$245,958).

4. Property and Equipment

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

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Library digitization	\$ 29,238	\$ 29,238	\$ -	\$ -
Office equipment under capital lease	13,354	3,739	9,615	12,019
Website	-	-	-	4,498
	\$ 42,592	\$ 32,977	\$ 9,615	\$ 16,517

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

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 13,408	\$ 3,626	\$ 9,782	\$ 6,036
Building improvements	6,042	2,562	3,480	6,604
Garden equipment	54,073	18,469	35,604	31,027
Computer equipment	37,438	25,836	11,602	9,352
Computer software	63,521	18,638	44,883	19,634
	\$ 174,482	\$ 69,131	\$ 105,351	\$ 72,653

VanDusen Botanical Garden Association
Notes to the Financial Statements

December 31, 2015

4. Property and Equipment - Continued

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

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>
Office equipment	\$ 6,961	\$ 696	\$ 6,265	\$ -
Building improvements	12,393	1,239	11,154	-
Computer software	10,324	9,291	1,033	1,475
Solarium	21,480	9,108	12,372	21,480
Art work	337,593	-	337,593	337,593
	<u>\$ 388,751</u>	<u>\$ 20,334</u>	<u>\$ 368,417</u>	<u>\$ 360,548</u>

5. Restricted Cash

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

	<u>2015</u>		<u>2014</u>	
Operating Fund	\$ 112,816	\$ 79,442		
Capital Campaign Fund	183,759	148,238		
Capital General Fund	16,131	53,099		
Garden Collections Funds	451,632	403,728		
Endowment Holding Fund	43,854	38,354		
	<u>\$ 808,192</u>	<u>\$ 722,861</u>		

VanDusen Botanical Garden Association

Notes to the Financial Statements

December 31, 2015

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 Contributions	Deferred Memberships	Gift Certificates & Others	Total
December 31, 2013	\$ 42,469	\$ 216,566	\$ 5,397	\$ 264,432
Funds received	68,990	351,355	15,913	436,258
Amounts recognized as revenue	(22,018)	(333,772)	(9,674)	(365,464)
Transfers	(10,000)	-	-	(10,000)
December 31, 2014	79,441	234,149	11,636	325,226
Funds received	66,170	332,572	22,358	421,100
Amounts recognized as revenue	(32,795)	(347,667)	(10,541)	(391,003)
	<u>\$ 112,816</u>	<u>\$ 219,054</u>	<u>\$ 23,453</u>	<u>\$ 355,323</u>

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.

VanDusen Botanical Garden Association
Notes to the Financial Statements

December 31, 2015

8. Fund-Raising Events

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

	2015		2014	
	Gross Revenues	Gross Expenditures	Net Revenues	Net Revenues
Plant, manure, and compost sale	\$ 154,223	\$ 101,855	\$ 52,368	\$ 53,140
Lectures	40	-	40	1,346
Bloom Gala	-	-	-	(42)
Wine in the Garden	45,399	35,126	10,273	640
Shop wood	-	-	-	7,691
Bubble Bash	-	-	-	23,439
	\$ 199,662	\$ 136,981	\$ 62,681	\$ 86,214

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, 2015 is as follows:

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Funds	Endowment Holding Fund	Total
Externally restricted	\$ 112,816	\$ 158,782	\$ 13,459	\$ 558,128	\$ 159,425	\$ 1,002,610
Internally restricted	-	24,977	108,023	261,921	24,429	419,350
Unrestricted	57,917	-	-	-	-	57,917
	\$ 170,733	\$ 183,759	\$ 121,482	\$ 820,049	\$ 183,854	\$ 1,479,877

VanDusen Botanical Garden Association

Notes to the Financial Statements

December 31, 2015

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, 2015 included in various expenditure categories on the Statement of Operations are wages and benefits totaling \$595,830 (2014 - \$545,203).

12 Amounts Due to and From the Park Board

At December 31, 2015, the Park Board owed an amount of \$68,417 (2014 - \$41,692) to the Association, which is included in accounts receivable. At December 31, 2015, the Association also owed an amount of \$51,410 (2014 - \$38,071) to the Park Board, which is included in accounts payable and accrued liabilities, related to service and maintenance fees.

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, 2015, the Association paid \$nil (2014 - \$226,969) 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, 2015, the Association has \$173,760 (2014 - \$148,238) of funds available for donation to the Park Board. In addition, the Association has outstanding pledges of \$25,000 (2014 - \$50,000) which will be donated to the Park Board upon receipt.

VanDusen Botanical Garden Association
Notes to the Financial Statements

December 31, 2015

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, 2015.

(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.

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 three years. The Association also renewed the agreement for the postage machine lease expiring December 2020 and is required to pay \$2,107 per annum for the next five years.