

Vancouver Botanical Gardens  
Association  
Financial Statements  
For the year ended December 31, 2019

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Financial Statements  
For the year ended December 31, 2019

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## Independent Auditor's Report

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### To the Members of Vancouver Botanical Gardens Association

#### Qualified Opinion

We have audited the accompanying financial statements of Vancouver Botanical Gardens Association ("the Association"), which comprise the statement of financial position as at December 31, 2019 and the statements of operations and changes in fund balances and cash flows for the year then ended, notes to the financial statements, and schedule of assets by fund including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible 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 the Association as at December 31, 2019 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.

#### Basis for Qualified Opinion

In common with many charitable organizations, the 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 events, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, and current assets as at December 31, 2019 and 2018 and fund balances as at January 1 and December 31 for both the 2019 and 2018 years. Our auditor's opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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, 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.

#### **Auditor's 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 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.

We 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 of 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

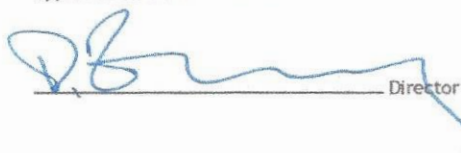
Vancouver, British Columbia  
March 31, 2020

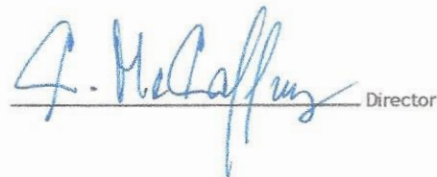
**Vancouver Botanical Gardens Association  
Statement of Financial Position**

| December 31                              | 2019                       | 2018                       |
|--|----------------------------|----------------------------|
| <b>Assets (Schedule)</b>                 |                            |                            |
| <b>Current</b>                           |                            |                            |
| Cash and cash equivalents                | \$ 346,879                 | \$ 447,270                 |
| Accounts receivable (Note 10)            | 36,822                     | 39,340                     |
| Prepaid expenses                         | 35,927                     | 34,130                     |
| Short-term investments (Note 2)          | 67,833                     | 475,648                    |
|  | <u>487,461</u>             | <u>996,388</u>             |
| <b>Non-current</b>                       |                            |                            |
| Restricted cash                          | 176,295                    | 246,307                    |
| Restricted donation (Note 5)             | 140,000                    | 140,000                    |
| Restricted investments (Note 4)          | 1,219,381                  | 1,085,398                  |
| Unrestricted investments (Note 4)        | 570,394                    | -                          |
| Tangible capital assets (Note 3)         | 442,285                    | 412,964                    |
|  | <u>\$ 2,548,355</u>        | <u>\$ 1,884,669</u>        |
| <b>Total Assets</b>                      | <u><b>3,035,816</b></u>    | <u><b>2,881,057</b></u>    |
| <b>Liabilities</b>                       |                            |                            |
| <b>Current</b>                           |                            |                            |
| Accounts payable and accrued liabilities | \$ 54,260                  | \$ 45,386                  |
| Deferred revenue (Note 6)                | 355,855                    | 324,820                    |
|  | <u>410,115</u>             | <u>370,206</u>             |
| <b>Non-current</b>                       |                            |                            |
| Obligation under capital lease           | 8,991                      | 11,325                     |
| Deferred contributions (Note 6)          | 176,295                    | 246,307                    |
|  | <u>185,286</u>             | <u>257,632</u>             |
| <b>Total Liabilities</b>                 | <u><b>595,401</b></u>      | <u><b>627,838</b></u>      |
| <b>Fund Balances (Note 7)</b>            |                            |                            |
| Operating fund                           | 657,687                    | 616,181                    |
| Capital campaign fund                    | 10,210                     | 10,210                     |
| Capital general fund                     | 149,089                    | 136,088                    |
| Garden collections funds                 | 1,157,750                  | 1,294,186                  |
| Endowment holding fund                   | 244,054                    | 194,054                    |
| Sustainability fund                      | 221,625                    | 2,500                      |
|  | <u>2,440,415</u>           | <u>2,253,219</u>           |
|  | <u><b>\$ 3,035,816</b></u> | <u><b>\$ 2,881,057</b></u> |

Subsequent events (Notes 11(a) and 15)

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

Vancouver Botanical Gardens Association  
Statement of Operations and Changes in Fund Balances

For the year ended December 31

|   | Operating Fund   | Capital Campaign Fund | Capital General Fund | Garden Collections Fund | Endowment Holding Fund | Sustainability Fund | Total 2019       | Total 2018       |
|---|------------------|-----------------------|----------------------|-------------------------|------------------------|---------------------|------------------|------------------|
| <b>Revenue</b>                                  |                  |                       |                      |                         |                        |                     |                  |                  |
| Bequests and legacies                           | \$ 343,447       | \$ -                  | \$ -                 | \$ 16,000               | \$ -                   | \$ -                | \$ 359,447       | \$ 647,471       |
| Membership dues                                 | 407,810          | -                     | -                    | -                       | -                      | -                   | 407,810          | 371,814          |
| Vancouver Foundation (Note 8)                   | 210,239          | -                     | -                    | 18,753                  | -                      | -                   | 228,992          | 224,881          |
| Donations                                       | 361,979          | -                     | -                    | 1,850                   | -                      | 15,000              | 378,829          | 249,461          |
| Fundraising revenue                             | 160,844          | -                     | -                    | -                       | -                      | -                   | 160,844          | 151,976          |
| Course fees                                     | 275,465          | -                     | -                    | -                       | -                      | -                   | 275,465          | 235,248          |
| Parks Board revenue sharing (Note 10)           | 40,815           | -                     | -                    | -                       | -                      | -                   | 40,815           | 34,680           |
| Investment income                               | 62,906           | -                     | -                    | -                       | -                      | -                   | 62,906           | 16,509           |
| Miscellaneous                                   | 31,517           | -                     | -                    | -                       | -                      | -                   | 31,517           | 9,924            |
|   | <b>1,895,022</b> | <b>-</b>              | <b>-</b>             | <b>36,603</b>           | <b>-</b>               | <b>15,000</b>       | <b>1,946,625</b> | <b>1,941,964</b> |
| <b>Expenses</b>                                 |                  |                       |                      |                         |                        |                     |                  |                  |
| Education and library (Note 9)                  | 570,189          | -                     | -                    | -                       | -                      | -                   | 570,189          | 435,238          |
| Marketing (Note 9)                              | 63,664           | -                     | -                    | 20,955                  | -                      | 35,875              | 120,494          | 39,096           |
| Administration (Note 9)                         | 406,710          | -                     | 824                  | -                       | -                      | -                   | 407,534          | 348,196          |
| Development (Note 9)                            | 208,098          | -                     | -                    | -                       | -                      | -                   | 208,098          | 159,642          |
| Volunteer engagement (Note 9)                   | 122,024          | -                     | -                    | -                       | -                      | -                   | 122,024          | 106,988          |
| Fundraising supplies                            | 99,112           | -                     | -                    | -                       | -                      | -                   | 99,112           | 94,247           |
| Gardens enhancement                             | -                | -                     | -                    | 18,178                  | -                      | -                   | 18,178           | 105,724          |
| Membership services (Note 9)                    | 182,912          | -                     | -                    | -                       | -                      | -                   | 182,912          | 128,034          |
| Contributions to<br>Parks Board (Note 10)       | -                | -                     | -                    | -                       | -                      | -                   | -                | 12,574           |
| Amortization                                    | 807              | -                     | 19,232               | 4,337                   | -                      | -                   | 24,376           | 19,109           |
| Loss on disposal of<br>tangible capital assets  | -                | -                     | 1,943                | 4,569                   | -                      | -                   | 6,512            | 3,945            |
|   | <b>1,653,516</b> | <b>-</b>              | <b>21,999</b>        | <b>48,039</b>           | <b>-</b>               | <b>35,875</b>       | <b>1,759,429</b> | <b>1,452,793</b> |
| Excess (deficiency) of revenue<br>over expenses | 241,506          | -                     | (21,999)             | (11,436)                | -                      | (20,875)            | 187,196          | 489,171          |
| <b>Interfund transfers:</b>                     |                  |                       |                      |                         |                        |                     |                  |                  |
| Garden collections to sustainability            | -                | -                     | -                    | (125,000)               | -                      | 125,000             | -                | -                |
| Operating to capital general                    | (35,000)         | -                     | 35,000               | -                       | -                      | -                   | -                | -                |
| Operating to sustainability                     | (115,000)        | -                     | -                    | -                       | -                      | 115,000             | -                | -                |
| Operating to endowment holding                  | (50,000)         | -                     | -                    | -                       | 50,000                 | -                   | -                | -                |
| Fund Balances, beginning of year                | 616,181          | 10,210                | 136,088              | 1,294,186               | 194,054                | 2,500               | 2,253,219        | 1,764,048        |
| Fund Balances, end of year (Note 7)             | \$ 657,687       | \$ 10,210             | \$ 149,089           | \$ 1,157,750            | \$ 244,054             | \$ 221,625          | \$ 2,440,415     | \$ 2,253,219     |

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                             | 2019       | 2018        |
|--|------------|-------------|
| Cash flows provided by (used in)                           |            |             |
| Operating activities                                       |            |             |
| Excess of revenue over expenses                            | \$ 187,196 | \$ 489,171  |
| Add items not involving cash:                              |            |             |
| Amortization   | 24,376     | 19,109      |
| Unrealized gain on investments                             | (16,286)   | (13,630)    |
| Loss on disposal of tangible capital assets                | 6,512      | 3,945       |
|  | 201,798    | 498,595     |
| Changes in non-cash working capital balance                |            |             |
| Accounts receivable  | 2,518      | (8,795)     |
| Prepaid expenses   | (1,797)    | 2,971       |
| Accounts payable and accrued liabilities                   | 8,874      | 5,026       |
| Deferred revenue   | 31,035     | 46,537      |
| Deferred contributions                                     | (70,012)   | 42,841      |
|  | (29,382)   | 88,580      |
|  | 172,416    | 587,175     |
| Investing activities                                       |            |             |
| Purchase of tangible capital assets                        | (60,209)   | (4,257)     |
| Purchase of investments                                    | (280,276)  | (121,268)   |
| Transfers from (to) restricted cash                        | 70,012     | (42,841)    |
|  | (270,473)  | (168,366)   |
| Financing activity   |            |             |
| Capital lease repayments                                   | (2,334)    | (2,823)     |
|  | (2,334)    | (2,823)     |
| Increase (decrease) in cash during the year                | (100,391)  | 415,986     |
| Cash and cash equivalents beginning of year                | 447,270    | 31,284      |
| Cash and cash equivalents end of year                      | \$ 346,879 | \$ 447,270  |
| Non cash items:  |            |             |
| Acquisition of tangible capital assets under capital lease | \$ -       | \$ (12,619) |
| Forgiveness of capital lease obligation                    | -          | 1,592       |

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

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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1. Significant Accounting Policies

(a) Purpose

Vancouver Botanical Gardens Association (the "Association") is incorporated under the Societies Act (BC), effective March 3, 2017.

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 "Parks 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) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments that are readily convertible to cash and subject to an insignificant risk. Cash and cash equivalents are held for the purpose of meeting short-term commitments.

(d) Short-term investments

Short-term investments include liquid investments, including cash and pooled exchange traded investment funds readily convertible to cash held for the purpose of meeting operating cycle commitments. Short-term investments are carried at fair value at the balance sheet date.



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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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1. Significant Accounting Policies - continued

(e) Long-term investments

Long-term investments include life insurance policies, cash and pooled exchange traded investment funds that are held with no intention of conversion in the short-term and are classified as non-current. Equities are carried at fair value at the balance sheet date. 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.

(f) Tangible capital assets

Assets classified as tangible capital assets 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 |        | straight line over lease term |
| 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 books                                | 5 year | - straight line               |

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

When an 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.

(g) Restricted cash and investments

Cash and cash equivalents and marketable investments held by the Association, which 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 and reported at fair value at the reporting date.

(h) 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.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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1. Significant Accounting Policies - continued

(i) Revenue recognition

The Association uses the restricted fund method of accounting for contributions including donations, grants and bequests, 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 initially recorded in the Operating Fund as deferred contributions and recognized as revenue when the related operating expenses are incurred.

Revenue from membership dues paid in advance is initially recorded as deferred revenue, and subsequently recognized as revenue over the membership period.

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 upon receipt. 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 when received and allocated to the Operating Fund and Capital General Fund as appropriate depending on restrictions imposed by the Parks Board.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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1. Significant Accounting Policies - continued

(j) Fund accounting

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

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 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.

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.

iv) Garden Collections Fund (Restricted)

The Garden Collections Fund reports assets, liabilities, revenue 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, revenue and expenses related to amounts contributed to be held as endowments or transferred by the Board. All income earned from the Endowment Holding fund is recorded in the Operating Fund unless the donor specifies otherwise.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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1. Significant Accounting Policies - continued

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 of Directors provided they are in accordance with the restrictions.

(k) 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 and the assets would otherwise be purchased.

(l) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 lives of tangible capital assets, valuation of accounts receivable. 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.

(m) Financial instruments

Financial instruments are recorded at fair value on inception. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains or losses reported in the operating fund, 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 the operating fund, 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 as gains and losses in the Statement of Operations of the Endowment Holding Fund. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets recorded at cost or amortized cost 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 cost or amortized cost.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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2. Short-term Investments

The investments are comprised of the following:

|                                       | <u>2019</u>      | <u>2018</u>       |
|---------------------------------------|------------------|-------------------|
| Equities (a)                          | \$ 67,833        | \$ -              |
| GICs, interest at 2.25% (2018: 1.18%) | -                | 475,648           |
|                                       | <u>\$ 67,833</u> | <u>\$ 475,648</u> |

(a) Equities are pooled government and corporate exchange traded funds, subject to low to medium risk, denominated in Canadian dollars and traded on the Toronto Stock Exchange.

Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

3. Tangible Capital Assets

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

|                      | 2019             |                          | 2018            |                |
|----------------------|------------------|--------------------------|-----------------|----------------|
|                      | Cost             | Accumulated Amortization | Net Book Value  | Net Book Value |
| Computer equipment   | \$ 10,754        | \$ 807                   | \$ 9,947        | \$ -           |
| Library digitization | \$ 29,238        | \$ 29,238                | \$ -            | \$ -           |
|                      | <u>\$ 39,992</u> | <u>\$ 30,045</u>         | <u>\$ 9,947</u> | <u>\$ -</u>    |

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

|   | 2019              |                          | 2018             |                  |
|---|-------------------|--------------------------|------------------|------------------|
|   | Cost              | Accumulated Amortization | Net Book Value   | Net Book Value   |
| Office equipment                          | \$ 19,946         | \$ 8,094                 | \$ 11,852        | \$ 5,784         |
| Office equipment held under capital lease | 12,619            | 3,786                    | 8,833            | 11,357           |
| Building improvements                     | 24,810            | 6,914                    | 17,896           | 3,605            |
| Gardens equipment                         | 49,486            | 35,674                   | 13,812           | 18,229           |
| Computer equipment                        | 42,258            | 25,008                   | 17,250           | 9,322            |
| Computer software                         | 63,521            | 58,744                   | 4,777            | 7,113            |
| Library books                             | 5,235             | 524                      | 4,711            | -                |
|   | <u>\$ 217,875</u> | <u>\$ 138,744</u>        | <u>\$ 79,131</u> | <u>\$ 55,410</u> |

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

|                               | 2019              |                          | 2018              |                   |
|-------------------------------|-------------------|--------------------------|-------------------|-------------------|
|                               | Cost              | Accumulated Amortization | Net Book Value    | Net Book Value    |
| Office equipment              | \$ 16,204         | \$ 6,082                 | \$ 10,122         | \$ 6,956          |
| Building improvements         | -                 | -                        | -                 | 5,711             |
| Computer equipment            | 712               | 288                      | 424               | 605               |
| Computer software             | 10,324            | 10,324                   | -                 | 354               |
| Solarium                      | 21,480            | 16,412                   | 5,068             | 6,335             |
| Art work                      | 337,593           | -                        | 337,593           | 337,593           |
|                               | <u>\$ 386,313</u> | <u>\$ 33,106</u>         | <u>\$ 353,207</u> | <u>\$ 357,554</u> |
| Total tangible capital assets | <u>\$ 644,180</u> | <u>\$ 201,895</u>        | <u>\$ 442,285</u> | <u>\$ 412,964</u> |

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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4. Long-term Investments

Restricted investments are comprised of the following:

|                         | <u>2019</u>         | <u>2018</u>         |
|-------------------------|---------------------|---------------------|
| Equities (a)            | \$ 1,219,381        | \$ -                |
| GICs, interest at 2.25% | -                   | <u>1,085,398</u>    |
|                         | <u>\$ 1,219,381</u> | <u>\$ 1,085,398</u> |

Unrestricted investments comprised of the following:

|                    | <u>2019</u>       | <u>2018</u> |
|--------------------|-------------------|-------------|
| Equities (a)       | \$ 557,014        | \$ -        |
| Life insurance (b) | <u>\$ 13,380</u>  | <u>\$ -</u> |
|                    | <u>\$ 570,394</u> | <u>\$ -</u> |

(a) Equities are 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 TSX.

(b) The Association is the owner and beneficiary of life insurance policies with insured values totaling \$50,000.

Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

5. 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.

6. Deferred Revenue and Deferred Contributions

|                                  | Deferred<br>Contributions | Deferred<br>Memberships | Gift<br>Certificates<br>& Other | Deferred<br>Revenue |
|----------------------------------|---------------------------|-------------------------|---------------------------------|---------------------|
| December 31, 2017                | \$ 203,466                | \$ 238,381              | \$ 39,902                       | \$ 278,283          |
| Funds received                   | 128,359                   | 412,090                 | 135,133                         | 547,223             |
| Amounts recognized<br>as revenue | (85,518)                  | (371,814)               | (128,872)                       | (500,686)           |
| December 31, 2018                | 246,307                   | 278,657                 | 46,163                          | 324,820             |
| Funds received                   | 73,380                    | 417,453                 | 196,224                         | 613,677             |
| Amounts recognized<br>as revenue | (143,392)                 | (407,810)               | (174,832)                       | (582,642)           |
| December 31, 2019                | \$ 176,295                | \$ 288,300              | \$ 67,555                       | \$ 355,855          |

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, 2019

7. 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 the 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, 2019 are:

|                       | Operating Fund    | Capital Campaign Fund | Capital General Fund | Garden Collections Funds | Endowment Holding Fund | Sustainability Fund | Total               |
|-----------------------|-------------------|-----------------------|----------------------|--------------------------|------------------------|---------------------|---------------------|
| Externally restricted | \$ -              | \$ 210                | \$ -                 | \$ 715,960               | \$ 169,625             | \$ 17,500           | \$ 903,295          |
| Internally restricted | -                 | 10,000                | 78,949               | 88,583                   | 74,429                 | 204,125             | 456,086             |
| Unrestricted          | 647,740           | -                     | -                    | -                        | -                      | -                   | 647,740             |
| Invested in capital   | 9,947             | -                     | 70,140               | 353,207                  | -                      | -                   | 433,294             |
|                       | <u>\$ 657,687</u> | <u>\$ 10,210</u>      | <u>\$ 149,089</u>    | <u>\$ 1,157,750</u>      | <u>\$ 244,054</u>      | <u>\$ 221,625</u>   | <u>\$ 2,440,415</u> |

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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8. Vancouver Foundation Funds

In addition to the Fund described in Note 5, 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. As the Association does not control the underlying investments they are not recorded as assets in the financial statements.

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9. Salaries and Wages

For the year ended December 31, 2019 included in various expenditure categories on the Statement of Operations are wages and benefits totaling \$1,139,523 (2018 - \$910,831).

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10. Amounts Due From and Contributions Relating to Parks Board

At December 31, 2019, the Park Board owed an amount of \$35,815 (2018 - \$34,680) to the Association, which is included in accounts receivable.

During the year ended December 31, 2019 the Association did not make any further contributions (2018 - \$12,574) to the Park Board in relation to the construction of the Visitor Centre.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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11. 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, 2019. There have been no significant changes in the risks since the prior year.

(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 short-term and long-term investments.

Market risk is the risk that the value of investments in cash and pooled exchange traded investment funds 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, short-term and long-term investments with high credit quality financial institutions and corporations in accordance with investment policies adopted by the Board. The objective is to manage and control credit and market risk exposure within acceptable parameters, while maximizing return. This risk has increased in the current year with the acquisition of short-term and long-term investments in equities.

Subsequent to year end, COVID-19 has had a significant effect on the financial markets. The Association's investments in equities (see Note 2 and 4) measured at fair value are reported in these financial statements at their values on December 31, 2019. As of March 31, 2020, the Association's investment in equities has experienced a 9% decline in value. The extent of any future impact on the Association's investments or operations as a result of COVID-19 is unknown at this time.

(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.

(c) Interest rate risk

Interest rate risk represents the potential increases or decreases in fair value due to fixed rates or cash flow risk resulting from fluctuations in interest rates. The investments held by the Association at December 31, 2019 consist of pooled exchange traded funds as well as guaranteed investment certificates bearing a fixed interest rate of 2.25% maturing on November 23, 2020.

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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11. Financial Instruments and Risk Management- continued

(d) Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The majority of the Association's financial assets are cash and investments traded in active markets that can be readily liquidated and therefore the Association's liquidity risk is considered minimal. The Association aims to retain a sufficient cash position to manage liquidity.

Except as noted in (a) above, there have been no changes in the risks associated with financial instruments.

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12. Commitments

The Association had entered into a postage machine lease expiring March 2021 and photocopier lease expiring May 2023 for which it is required to pay \$2,267 and \$2,958 per annum respectively. Two additional arrangements relating to marketing and communications were entered into this year. The contract commitments will expire in May 2020 and October 2022 for which the association is required to pay \$26,250 and \$6,693 per annum respectively.

The above operating lease agreements result in minimum annual payments as follows:

|      |           |
|------|-----------|
| 2020 | \$ 38,169 |
| 2021 | 11,919    |
| 2022 | 9,103     |
| 2023 | 1,233     |

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Vancouver Botanical Gardens Association  
Notes to the Financial Statements

December 31, 2019

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13. Remuneration of Directors, Employees and Contractors

Under the requirements of the Societies Act (BC), the Association must 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, 2019 and December 31, 2018 there was no remuneration paid to the Directors of the Association. A total of 3 (2018 - 2) employees/contractors received remuneration in excess of \$75,000 which resulted in an aggregate expense of \$298,254 (2018 - \$192,260).

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14. Comparative Information

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

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15. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. Effective March 16, 2020, the Garden and the Conservatory have been closed until further notice. The Association anticipates a decrease in most revenue streams excluding disbursements from the Vancouver Foundation (Note 8). Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption in operations and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to meet its financial obligations as they come due is depending on the continued ability to generate earnings and cash flows.

Vancouver Botanical Gardens Association  
Schedule of Assets by Fund

| December 31              | 2019         | 2018         |
|--------------------------|--------------|--------------|
| Assets                   |              |              |
| Operating Fund           |              |              |
| Cash                     | \$ 346,879   | \$ 447,270   |
| Short-term investments   | 67,833       | 475,648      |
| Long-term investments    | 570,394      | -            |
| Accounts receivable      | 36,822       | 39,340       |
| Prepaid expenses         | 35,927       | 34,130       |
| Restricted cash          | 176,295      | 246,307      |
| Tangible capital assets  | 9,947        | -            |
|                          | 1,244,097    | 1,242,695    |
| Capital Campaign Fund    |              |              |
| Restricted investment    | 10,210       | 10,210       |
|                          | 10,210       | 10,210       |
| Capital General Fund     |              |              |
| Restricted investments   | 78,949       | 92,003       |
| Tangible capital assets  | 79,131       | 55,410       |
|                          | 158,080      | 147,413      |
| Garden Collections Funds |              |              |
| Restricted investments   | 804,543      | 936,631      |
| Tangible capital assets  | 353,207      | 357,554      |
|                          | 1,157,750    | 1,294,185    |
| Endowment Holding Fund   |              |              |
| Restricted investments   | 104,054      | 44,054       |
| Restricted donation      | 140,000      | 140,000      |
|                          | 244,054      | 184,054      |
| Sustainability Fund      |              |              |
| Restricted investments   | 221,625      | 2,500        |
|                          | 221,625      | 2,500        |
|                          | \$ 3,035,816 | \$ 2,881,057 |