

Vancouver Botanical Gardens
Association
Financial Statements
For the year ended December 31, 2021

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Financial Statements
For the year ended December 31, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 20
Schedule of Assets by Fund	21



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3 Canada

Independent Auditor's Report

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, 2021 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and schedule of assets by fund.

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, 2021 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, 2021 and 2020, and current assets as at December 31, 2021 and 2020 and fund balances as at January 1 and December 31 for both the 2021 and 2020 years. Our auditor's opinion on the financial statements for the year ended December 31, 2021 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

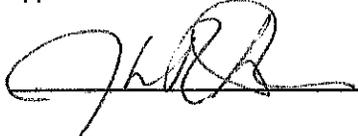
Chartered Professional Accountants

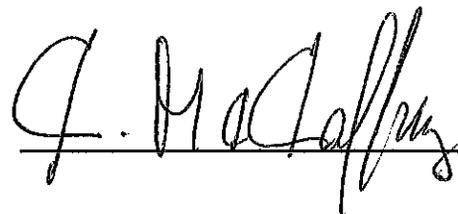
Vancouver, British Columbia
March 22, 2022

Vancouver Botanical Gardens Association
Statement of Financial Position

December 31	2021	2020
Assets (Schedule)		
Current		
Cash and cash equivalents	\$ 1,188,250	\$ 375,387
Accounts receivable	19,670	47,354
Prepaid expenses	29,999	33,377
	1,237,919	456,118
Non-current		
Restricted cash (Note 2)	462,692	351,677
Restricted donation (Note 3)	140,000	140,000
Restricted investments (Note 4)	1,115,450	1,084,838
Unrestricted investments (Note 4)	835,592	737,068
Tangible capital assets (Note 5)	410,519	431,004
	2,964,253	2,744,587
Total Assets	\$ 4,202,172	\$ 3,200,705
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 31,682	\$ 54,038
Deferred revenue (Note 6)	385,826	311,695
	417,508	365,733
Non-current		
Obligation under capital lease (Note 12)	3,933	6,531
Deferred contributions (Note 6)	210,766	240,159
	214,699	246,690
Total Liabilities	632,207	612,423
Fund Balances (Note 7)		
Operating fund	1,660,877	834,417
Capital campaign fund	10,210	10,210
Capital general fund	153,112	130,447
Garden collections funds	1,185,418	1,163,885
Endowment holding fund	309,054	254,054
Sustainability fund	251,294	195,269
	3,569,965	2,588,282
	\$ 4,202,172	\$ 3,200,705

Approved on behalf of the Board:

 Director

 Director

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 2021	Total 2020
Revenue								
Bequests and legacies	\$ 649,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 649,528	\$ 70,798
Membership dues	418,756	-	-	-	-	-	418,756	392,372
Vancouver Foundation (Note 8)	216,939	-	-	19,410	-	-	236,349	234,868
Donations	261,778	-	-	120	5,000	-	266,898	231,470
Fundraising revenue	10,200	-	-	-	-	-	10,200	24,529
Course fees	310,969	-	-	-	-	-	310,969	167,751
Parks Board revenue sharing (Note 10)	11,050	-	-	-	-	-	11,050	-
Investment income	170,469	-	-	-	-	-	170,469	76,422
Miscellaneous	1,799	-	-	-	-	-	1,799	14,180
Government contributions	316,500	-	-	-	-	-	316,500	394,033
	2,367,988	-	-	19,530	5,000	-	2,392,518	1,606,423
Expenses								
Education and library (Note 9)	554,271	-	-	-	-	-	554,271	517,280
Marketing (Note 9)	82,778	-	-	-	-	1,535	84,313	100,345
Administration (Note 9)	364,862	-	294	-	-	-	365,156	352,669
Development (Note 9)	33,241	-	-	-	-	-	33,241	146,019
Volunteer engagement (Note 9)	130,275	-	-	-	-	-	130,275	121,383
Fundraising supplies	3,275	-	-	-	-	-	3,275	12,170
Gardens enhancement	-	-	-	29,478	-	-	29,478	14,343
Membership services (Note 9)	184,177	-	-	-	-	-	184,177	169,989
Amortization	2,089	-	22,041	2,519	-	-	26,649	24,358
	1,354,968	-	22,335	31,997	-	1,535	1,410,835	1,458,556
Excess (deficiency) of revenue over expenses	1,013,020	-	(22,335)	(12,467)	5,000	(1,535)	981,683	147,867
Interfund transfers:								
Operating to capital general	(45,000)	-	45,000	-	-	-	-	-
Operating to sustainability	(50,000)	-	-	-	-	50,000	-	-
Operating to endowment holding	(50,000)	-	-	-	50,000	-	-	-
Operating to garden collections	(44,000)	-	-	44,000	-	-	-	-
Capital Purchase	2,440	-	-	-	-	(2,440)	-	-
Charles and Dale Transfer	-	-	-	(10,000)	-	10,000	-	-
Fund Balances, beginning of year	834,417	10,210	130,447	1,163,885	254,054	195,269	2,588,282	2,440,415
Fund Balances, end of year (Note 7)	\$ 1,660,877	\$ 10,210	\$ 153,112	\$ 1,185,418	\$ 309,054	\$ 251,294	\$ 3,569,965	\$ 2,588,282

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	2021	2020
Cash flows provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 981,683	\$ 147,867
Add (deduct) items not involving cash:		
Amortization	26,649	24,358
Unrealized gain on investments	(117,238)	(26,813)
	891,094	145,412
Changes in non-cash working capital balance		
Accounts receivable	27,684	(10,532)
Prepaid expenses	3,378	2,550
Other assets	(700)	-
Accounts payable and accrued liabilities	(22,356)	(222)
Deferred revenue	74,131	(44,160)
Deferred contributions	(29,393)	63,864
	52,744	11,500
	943,838	156,912
Investing activities		
Purchase of tangible capital assets	(6,164)	(13,077)
Sale (purchase) of investments	(11,198)	62,515
Transfer of restricted cash	(111,015)	(175,382)
	(128,377)	(125,944)
Financing activity		
Capital lease repayments	(2,598)	(2,460)
	812,863	28,508
Increase in cash during the year	812,863	28,508
Cash and cash equivalents beginning of year	375,387	346,879
Cash and cash equivalents end of year	\$ 1,188,250	\$ 375,387

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

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies

(a) Purpose

Vancouver Botanical Gardens Association (the "Association") is incorporated under the Societies Act (BC).

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 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.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies - Continued

(e) Long-term Investments

Long-term investments include life insurance policies, 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) 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.

(g) Tangible Capital Assets

Tangible capital assets are recorded as assets at the acquisition cost amount. Amortization is recorded at the following rates:

Office equipment	20%	- declining balance
Building improvements	20%	- declining balance
Solarium	20%	- declining balance
Garden equipment	20%	- declining balance
Computer equipment	30%	- declining balance
Computer software	30%	- declining balance
Library books	5 year	- straight line

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

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment is included in current year excess of revenues over expenses in the relevant fund. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of reversal may not exceed the amount of the original impairment and is recognized in the statement of operations of the relevant fund in the year the reversal occurs.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies - Continued

(h) 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.

(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 as described in Note 1(j).
- 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 8).

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.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

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, 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 amounts contributed to be held in perpetuity as endowments or transferred by the Board. Amounts transferred to the Endowment Fund by the Board may be transferred out 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 of Directors provided they are in accordance with the restrictions.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies - Continued

(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 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, and 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.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

2. Restricted Cash

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

	2021	2020
Operating Fund	\$ 210,766	\$ 240,159
Garden Collections Funds	251,926	111,518
	<u>\$ 462,692</u>	<u>\$ 351,677</u>

3. 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.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

4. Long-term Investments

Restricted investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
Equities (a)	\$ 1,115,450	\$ 1,084,838

Unrestricted investments comprised of the following:

	<u>2021</u>	<u>2020</u>
Equities (a)	\$ 821,512	\$ 723,688
Life insurance (b)	14,080	13,380
	<u>\$ 835,592</u>	<u>\$ 737,068</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. The amount recorded represents the cash surrender value.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

5. Tangible Capital Assets

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

	2021		2020	
	Accumulated Cost	Net Book Amortization	Net Book Value	Value
Computer equipment	\$ 10,754	\$ 5,879	\$ 4,875	\$ 6,963
Library digitization	29,238	29,238	-	-
	\$ 39,992	\$ 35,117	\$ 4,875	\$ 6,963

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

	2021		2020	
	Accumulated Cost	Net Book Amortization	Net Book Value	Value
Office equipment	\$ 20,133	\$ 13,835	\$ 6,298	\$ 7,873
Office equipment held under capital lease	15,668	8,531	7,137	7,501
Building improvements	24,810	10,955	13,855	17,319
Gardens equipment	47,241	38,401	8,840	11,050
Computer equipment	47,446	28,071	19,375	23,249
Computer software	-	-	-	3,343
Library books	5,235	2,618	2,617	3,664
	\$ 160,533	\$ 102,411	\$ 58,122	\$ 73,999

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

	2021		2020	
	Accumulated Cost	Net Book Amortization	Net Book Value	Value
Office equipment	\$ 16,204	\$ 9,726	\$ 6,478	\$ 8,098
Computer equipment	712	504	208	297
Computer software	10,324	10,324	-	-
Solarium	21,480	18,237	3,243	4,054
Art work	337,593	-	337,593	337,593
	386,313	38,791	347,522	350,042
Total tangible capital assets	\$ 586,838	\$ 176,319	\$ 410,519	\$ 431,004

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

6. Deferred Revenue and Deferred Contributions

	Deferred Contributions	Deferred Memberships	Gift Certificates & Other	Deferred Revenue
December 31, 2019	\$ 176,295	\$ 288,300	\$ 67,555	\$ 355,855
Funds received	74,978	358,517	200,390	558,907
Amounts recognized as revenue	(11,114)	(392,372)	(210,695)	(603,067)
December 31, 2020	240,159	254,445	57,250	311,695
Funds received	48,074	489,651	338,715	828,366
Amounts recognized as revenue	(77,467)	(418,756)	(335,479)	(754,235)
December 31, 2021	<u>\$ 210,766</u>	<u>\$ 325,340</u>	<u>\$ 60,486</u>	<u>\$ 385,826</u>

Deferred contributions consist of grants and other contributions received that are restricted for specific programs. Deferred revenue includes advance payments received for memberships, gift certificates and education fees.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

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, 2021 are:

	Operating Fund	Capital Campaign Fund	Capital General Fund	Garden Collections Funds	Endowment Holding Fund	Sustainability Fund	Total
Externally restricted	\$ -	\$ 210	\$ -	\$ 734,504	\$ 184,625	\$ 17,500	\$ 936,839
Internally restricted	-	10,000	99,059	103,391	124,429	233,794	570,673
Unrestricted	1,653,914	-	-	-	-	-	1,653,914
Invested in capital	6,963	-	54,053	347,523	-	-	408,539
	<u>\$ 1,660,877</u>	<u>\$ 10,210</u>	<u>\$ 153,112</u>	<u>\$ 1,185,418</u>	<u>\$ 309,054</u>	<u>\$ 251,294</u>	<u>\$ 3,569,965</u>

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

8. Vancouver Foundation Funds

In addition to the Fund described in Note 3, 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, 2021, \$253,541 (2020 - \$247,965) was received. As the Association does not control the underlying investments they are not recorded as assets in the financial statements.

9. Salaries and Wages

For the year ended December 31, 2021 included in various expenditure categories on the Statement of Operations are wages and benefits totaling \$1,112,590 (2020 - \$1,134,441).

Administration	\$	284,393
Education		413,210
Fund Development		16,764
Library		55,059
Marketing		74,224
Membership		149,187
Volunteer		119,753
		<hr/>
Total	\$	<u>1,112,590</u>

10. Transactions with the Parks Board

At December 31, 2021, the Park Board owed an amount of \$6,050 (2020 - \$nil) to the Association, which is included in accounts receivable.

During the year ended December 31, 2021 the Park Board made contributions of \$5,000 (2020 - \$nil) to the Association to subsidize the Garden Guide Cart Tour Program.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

11. Financial Instruments and Risk Management

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, 2021.

(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 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 with high credit quality financial institutions and its investments in 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 additional investments in equities.

(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 or cash flow resulting from fluctuations in interest rates. The investments held by the Association at December 31, 2021 consist of pooled exchange traded funds. As a result, the Association is exposed to fair value risk.

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

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.

12. Commitments

The Association had entered into a postage machine lease expiring March 2022 and photocopier lease expiring May 2023, for which it is required to pay \$2,267 and \$2,958 per annum respectively. There is also a communications arrangement expiring in October 2022 for which the association is required to pay \$6,693 per annum respectively.

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

2021	\$11,919
2022	\$ 9,103
2023	\$ 1,233

Vancouver Botanical Gardens Association
Notes to the Financial Statements

December 31, 2021

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, 2021 and December 31, 2020 there was no remuneration paid to the Directors of the Association. A total of 1 (2020 - 1) employees/contractors received remuneration in excess of \$75,000 which resulted in an aggregate expense of \$150,759 (2020 - \$93,813).

14. Significant Event

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

The closures mandated by the various levels of government to curtail the spread of the coronavirus resulted in decreased revenue from educational programming, membership sales and renewals, and fundraising.

The outbreak had a material adverse impact on economic and market conditions triggering a period of national economic slowdown which resulted in depressed donation revenue for the year.

Due to the COVID-19 pandemic, the Government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") to assist with organizations who experienced specified percentage of declines of eligible revenue during the claims periods. During the year ended December 31, 2021, the Association recognized government assistance related to CEWS of \$316,500 (2020 - \$394,033) which is included in government contributions revenue in the statement of operations.

The situation continues to present uncertainty over the Association's future cash flows, and may have a significant impact on the Association's future operations. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Association is not measurable at this time.

Vancouver Botanical Gardens Association
Schedule of Assets by Fund

December 31	2021	2020
Assets		
Operating Fund		
Cash	\$ 1,188,250	\$ 375,387
Long-term investments	835,592	737,069
Accounts receivable	19,670	47,354
Prepaid expenses	29,999	33,377
Restricted cash (Note 2)	210,766	240,159
Tangible capital assets	4,875	6,963
	<u>2,289,152</u>	<u>1,440,309</u>
Capital Campaign Fund		
Restricted investment	<u>10,210</u>	<u>10,210</u>
	<u>10,210</u>	<u>10,210</u>
Capital General Fund		
Restricted investments	98,922	62,977
Tangible capital assets	58,122	74,001
	<u>157,044</u>	<u>136,978</u>
Garden Collections Funds		
Restricted cash (Note 2)	251,926	111,518
Restricted investments	585,969	702,325
Tangible capital assets	347,523	350,042
	<u>1,185,418</u>	<u>1,163,885</u>
Endowment Holding Fund		
Restricted investments	169,054	114,054
Restricted donation	140,000	140,000
	<u>309,054</u>	<u>254,054</u>
Sustainability Fund		
Restricted investments	<u>251,294</u>	<u>195,269</u>
	<u>251,294</u>	<u>195,269</u>
	<u>\$ 4,202,172</u>	<u>\$ 3,200,705</u>