

ANNUAL
REPORT

2015



ROYAL
BOTANICAL
GARDENS
www .



MISSION

We dedicate our expertise in horticulture, conservation, science and education — together with our unique gardens, facilities and natural lands — to inspire and nurture society's commitment to the environment.

VISION

Royal Botanical Gardens is a global leader in how we use plants and the natural world to connect people, place and sustainable behaviors.

FUNDERS

Royal Botanical Gardens is funded by the people through Ontario Ministry of Tourism, Culture and Sport, Regional Municipality of Halton, City of Hamilton, Royal Botanical Gardens' members, The Auxiliary of Royal Botanical Gardens, and many corporations, foundations and individuals.



Officers of the Board

Leslie Bullock – Chair
Geoffrey Arron – Vice-Chair
Ruth Lee – Treasurer
Cliff Carson – Secretary
Gord Albini – Officer

Appointed by Council, City of Hamilton

Councillor Aidan Johnson (December 2014 to November 2018)
Keith Scott (May 2015 to November 2018)
Jiemin Zheng (May 2015 to November 2018)

Appointed by Council, Regional Municipality of Halton

Councillor Jane Fogal (December 2010 to November 2018)
Councillor Sean O'Meara (December 2014 to November 2018)
Gavin Wood Sheppard (February 2011 to November 2018)
Peter Thoem (December 2008 to November 2018)

Appointed by the Governor-General-in-Council, Canada

Kevin Brady (June 2013 to June 2016)
Sean Donnelly (June 2013 to December 2015)

Appointed by the Lieutenant-Governor-in Council, Province of Ontario

Peter Hargreave (April 2014 to April 2017)

RBG Appointees

Gord Albini (June 26, 2007 to June 26, 2016)
Geoffrey Arron (September 2010 to June 2016)
Leslie Bullock (June 2007 to June 2016)
Cliff Carson (September 2010 to June 2016)
David Conrath (March 2015 to June 2016)
Dr. Patrick Deane, President and Vice-Chancellor,
McMaster University – Ex Officio (May 2011 to June 2016)
James Tourangeau (February 2015 to June 2016)

Representing the RBG Auxiliary

Jean Crowe (February 2015 to February 2016)

Liason Member – RBG Auxiliary

Mary Lyn Brown (February 2014 to February 2015)

2015 was a defining year for Royal Botanical Gardens as we embarked on the first of our five-year strategic plan setting us on the pathway towards excellence in guest experience, financial sustainability, environmental leadership and governance by 2020.

We balanced our budget, provided memorable experiences for guests of all ages, and continued to make a positive impact on our community through education and outreach, planting seeds for the growth of future environmental leaders. This included numerous public programs and our award-winning day camps. RBG continued to protect and restore 900 acres of natural lands and the more than 50 species at risk that make their home there, while leading the Cootes to Escarpment EcoPark System project that ensures there is even more wildlife habitat and green space in our region for years to come.



A handwritten signature in black ink, reading "Mark Runciman".

Mark Runciman, CEO,
Royal Botanical Gardens

Frogs: A Chorus of Colours proved to be the most attended winter exhibit to date, a perfect opportunity for RBG staff to promote its mandated areas of education, conservation, science, and horticulture and support our mission through daily programs, evening lectures and special events. Panorama, our month-long festival in support of the 2015 Pan/Parapan American Games, allowed us to celebrate diversity through our gardens, food, environmental art, and musical and cultural performance. We continued to build on our popular annual events, including the addition of the RBG Express ride-on train experience as part of Holiday Traditions.

In our gardens, the last major component of the Rock Garden Rejuvenation project, the new visitor centre was completed in November. The centre will operate as the new main entrance to the garden and house a fully operational restaurant and conference facility that accommodates up to 130 people for weddings, corporate and private functions. In conjunction with completion of the visitor centre, RBG officially named the garden David Braley & Nancy Gordon Rock Garden in recognition of their support as lead donors in its \$20 million rejuvenation. Final preparations began for grand opening celebrations for its historic opening in the spring of 2016.

Every day at RBG, staff is working on numerous projects throughout our 2,700 acre property that help to make our community and planet a better place to call home. Though not all of this work is visible to the everyday visitor, it is all integral to our success. It is all made possible by you through the support of the Government of Ontario, Regional Municipality of Halton, City of Hamilton, as well as numerous volunteers and more than 16,000 members.

Our 2015 Annual Report illustrates a year of many accomplishments but also points towards our future, and the strategies we are developing to ensure Royal Botanical Gardens' long-term success as a global leader and world-class destination.

In 2015, Royal Botanical Gardens began work on a multi-faceted, five-year strategic plan involving members of the board of directors and staff from all levels within the organization. Through completion of the plan, RBG enters the next decade poised to become a financially sustainable, industry leader. The strategic planning process involves all staff and volunteers and addresses four main strategic priorities.

1. Guest Experience

While Royal Botanical Gardens takes great pride in guest satisfaction, all variables that affect visitors were examined in 2015. Guest experience teams were formed to address a number of action items to be in place by 2020:

- Provide a comprehensive customer service training program that results in a “wow” guest experience at RBG.
- Implement a work schedule for the RBG team that will have team members available to enhance the guest experience at all times.
- Create a complete and consistent signage and interpretation experience at all points of entry and throughout the RBG (including digital points of entry).
- Obtain, analyze and consider guest feedback on an ongoing basis to assist in improving the guest experience.
- Develop and implement an internal transportation strategy aimed at connecting the separate areas of RBG, giving guests options for moving around the property. This strategy would ensure guest parking availability and provide alternative accessibility options including but not limited to: transit, cycling, walking and arriving by car.
- Research public transit opportunities with key stakeholders in our area to provide improved access for our guests.
- Provide guest amenities to enhance the guest experience.





2. Financial Sustainability

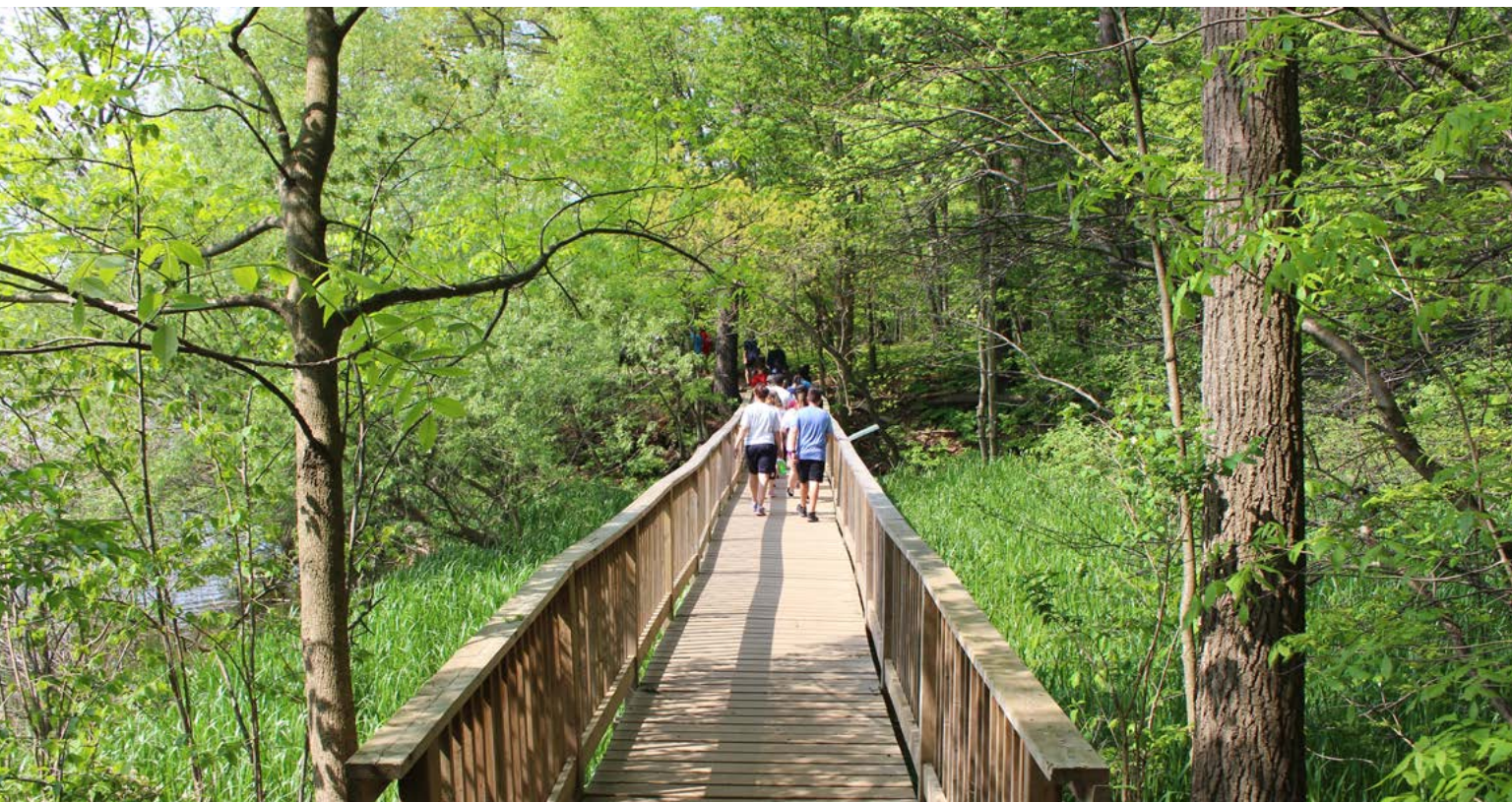
Teams were formed to address how Royal Botanical Gardens will generate sufficient revenue to achieve its strategic goals upon implementation of the strategic plan. Action items include:

- Create new revenue streams for RBG. Leverage and enhance the existing land use plan to identify the next capital projects that should be undertaken over the next five years. For each project, develop a business plan which will include the feasibility of conducting a major capital fundraising campaign to cover capital costs.
- Develop and implement an infrastructure renewal program for all assets of RBG in order to maintain facilities in a state of good repair.
- Explore partnerships with the private sector and/or a university to leverage RBG expertise and physical assets in botanical and environmental science and research.
- Identify surplus assets that should be sold.
- Conduct an annual review of RBG businesses (activities) with a view to improving long-term performance.
- Develop and implement a comprehensive donor strategy.

3. Environmental Leadership

Royal Botanical Gardens' vision and mission have a strong focus on environmental leadership and stewardship. In 2015 an environmental leadership team was formed in order to ensure that the organization is fully aligned with its mission and mandate, communicating this to stakeholders, funders and the public, and engaging others in partnerships that support and enhance our sustainability efforts. Actions that were identified and will be addressed during the next five years of the strategic plan include:

- Creation of a comprehensive communication plan around environmental issues and climate change.
- Securing key partnerships that build on the “laboratory” nature of RBG’s natural lands, species resources and scientific expertise (intellectual property).
- Demonstrating leadership in environmental stewardship by continuing to focus on operating in an environmentally responsible manner in everything we do.



4. Governance and Leadership

Royal Botanical Gardens began the process of addressing several actions that focus on the maximization of human resources in order to:

- Define the structure and composition of the board of directors.
- Determine the need for a separate fundraising arm or alternative option.
- Revise the organizational structure to facilitate the implementation of the strategic plan.
- Transition from a management board to a governance board.
- Put a succession plan in place for critical management and board positions.
- Provide key information to RBG staff, members, guests, and the public.
- Maximize the involvement of the Auxiliary in the new strategic directions.





Horticulture

As the David Braley & Nancy Gordon Rock Garden rejuvenation continued, the horticulture department took care to respect the heritage, look and feel of the garden's historic past while incorporating new plantings of bold drifts of herbaceous perennials to provide broad sweeps of changing colour and texture and extend the visitor experience across the entire growing season. The new design embraces environmentally friendly trends in garden design and includes pollinator friendly plants, species native to Ontario and a diversity of drought tolerant plants. This means that garden operations require less water, less soil disruption, and less time in changing out seasonal displays, resulting in fewer carbon emissions. As a result of the new plantings, RBG's plant records generated 3,500 new display labels.

Hendrie Park became the focus of RBG's Panorama Festival, celebrating the nature, culture and heritage of those countries represented at the 2015 Pan/Parapan American Games. The World of Botany transitioned to become the Global Garden, a showcase of plants from the Pan American region used globally for food, beverages, medicines,



textiles and other economic uses. In keeping with the festival theme, Veggie Village displayed the diversity of peppers and featured annual plants grown in the Pan American region.

In Laking Garden, a number of peonies were lifted and moved to new planting beds to avoid poor drainage related problems. The Iris collection bloomed prolifically despite having been moved in its entirety only two years earlier. This allowed for many cultivars in this notable collection to be correctly verified. Renewed interest, support and plant donations were particularly appreciated from members of the Canadian and Ontario iris societies and the Historic Iris Preservation Society.

RBG's world renowned Lilac Collection displays many rare and unusual plants. As deer population numbers have increased in recent years the collection has been placed under considerable stress from deer damage. As a response to this challenge, a new and innovative fencing system was identified to protect individual plants in the collection. The fencing is user-friendly and designed to be a quick-release system which allows improved access to carry out critical garden operations while offering superior deer protection.

Community engagement activities included a number of talks to flower and horticulture societies and the series of moonlight events based in the magnolia, Japanese flowering cherry and lilac collections was well received.



Education

Education began the new year “on the hop,” with *Frogs: A Chorus of Colours*. We broke previous winter exhibit attendance records as 50,000 people dropped by for a “ribbeting” visit with frogs from around the world. Offered in fully bilingual format, it told a great global environmental story, complemented by a small exhibition that we developed in-house to feature local amphibians and reptiles. The experience was rounded out with a large suite of family-friendly programs that were attended by over 25,000 people. We were able to bring in another travelling exhibit later in the year, focusing on the plight of the world’s rarest trees, and the need to take action on saving them. *Vanishing Acts: Trees under Threat* came to us from Morton Arboretum in Illinois, and was on display outdoors at the Arboretum from August to November.

Ontario’s Ministry of Education continued its support for outdoor field trips through 2015, and despite a slower-than-average autumn due to teacher job action, a total of 14,900 students participated in our on-site curriculum-based school programs. By the end of our school year, all of our school programs were available in French as well as English. Just under 4,000 more students and teachers came to visit us virtually from across the length and width of North America, taking part in our award-winning videoconference-based programs. Our Green Angels fund was able to subsidize approximately 1,000 students.

The Pan American Games provided the opportunity for special Panorama programming, which included expansion of the Adventure Challenge Course for schools and families, and the interpretation and programming of The Global Garden. Situated on the site of the former World of Botany, this new display garden explores how plants from the Pan Am countries changed the world. Both projects were supported by the Pan Am/Parapan Am Games Celebrations Program through the Ministry of Tourism, Culture and Sport.

The work of our Back to Nature Network continued through the year with the support of Ontario Trillium Foundation. The Network’s impact was broadened with a donation from TD Bank, to support the launch of a new research project in partnership with the Simcoe County District School Board. Well-known for her work on the impact of nature on people, Dr. Andrea Faber-Taylor of University of Illinois at Urbana-Champaign was engaged as lead researcher in a project that will examine the impact of daily outdoor learning time on kindergarten students. Demand for teacher training workshops continued to grow, with new training agreements in place with a number of school boards.





Conservation

Natural land activities included projects to rejuvenate the trail network and restore biodiversity within nature sanctuary areas. Highlights of trail work included the creation of two new observation platforms at Cootes Paradise and improved trail connections between the Arboretum and natural areas, as well as reconstruction of the Westdale trailhead. All trail projects are undertaken to facilitate protection and public enjoyment of our local biodiversity.

Restoration work focused on management of a range of invasive species, including ongoing work to exclude Common Carp from marsh areas, extensive removal of most of the *Phragmites* from wetlands, and removal of non-native shrubs from the understory forest on the north side of Cootes Paradise Marsh. Extensive replanting projects continued at Cootes Paradise Marsh and the margin of Churchill Park. Endangered species activities continued to gather baseline information on the many species present, highlighted by the successful rearing and release of 22 baby Blanding's Turtles and the fledging of two more eaglets.

As part of engaging the local community in management of natural areas, volunteers from many walks of life participated in stewardship and monitoring projects within the natural areas, ranging from wetland plantings to amphibian population monitoring.



Science

The science department is responsible for Royal Botanical Gardens' contributions to scientific literature, many partnership programs, working with visiting and external researchers, and tangible intellectual assets such as its herbarium, print literature, and archival collections.

In 2015 Dr. James Pringle, RBG's plant taxonomist, was honoured for his expertise on the Gentian family of plants by a research team in India. The Indian research team, led by Professor Debabrata Maity of University of Calcutta named a newly discovered Gentian species in his honour. *Kuepferia pringlei* is a critically endangered flowering plant from the foothills of the Himalaya mountains. Dr. Pringle's scientific contributions continued in 2015 and included the naming of another species new to science, *Gentianella zaratei* from Bolivia, several scientific papers, and chapters for two regional flora projects (Bolivia and New Jersey).

Work continued to expand the coverage of digital scanning in our herbarium collection. In 2015 our systematic review of the wild plants growing within RBG's natural

lands reached into the lower valley of Grindstone Creek, with surveys undertaken in several areas. This survey is one component of a larger effort to characterize all of the nature sanctuaries using the formal Ecological Land Classification (ELC) system for Ontario, led by the natural lands department. Our herbarium staff, led by curator Nadia Cavallin, also presented several public programs and four intensive professional training workshops on plant identification in 2015.

After two years of discussions, a team led by Dr. David Galbraith, head of science, completed and signed a written agreement between Royal Botanical Gardens and McMaster University on cooperation on research and educational programs. This agreement simplifies how McMaster faculty and students make use of our extensive natural and environmental resources for both research and classroom projects.



This year the Cootes to Escarpment EcoPark System, which is based within the science department, achieved a significant breakthrough with an agreement to purchase approximately 100 acres of crucial open spaces in the Pleasantview Survey area of Dundas. Following nearly two years of work involving Hamilton Conservation Authority, Conservation Halton, The Hamilton Community Foundation, and Royal Botanical Gardens, two major tracts of open land between Niagara Escarpment and Cootes Paradise were purchased in late 2015, to be protected as open space forever. Royal Botanical Gardens purchased approximately 50 acres along York Road, just south of Barrie Tract.

Community

In 2015, the business development and community engagement division continued fundraising in support Rock Garden Capital campaign aimed to rejuvenate RBG's oldest and most celebrated garden. Through the generosity of David Braley and Nancy Gordon who pledged to match all community donations up to \$2 million, over \$19 million was raised against the campaign's \$20 million goal. In November, the garden was renamed David Braley & Nancy Gordon Rock Garden to honour their support. The Auxiliary of Royal Botanical Gardens also ran a successful campaign and matched \$15,000 in individual donations by its members.

As Rock Garden construction neared completion all donors and 10-year plus members were invited for a fall private tour to see the progress of the garden's rejuvenation. Although many individuals and members chose to support the Rock Garden Capital Campaign, RBG's two annual giving campaigns Growing up Green and Green Angels were also successful. Growing up Green raised over \$160,000 while Green Angels raised over \$55,000 to directly support subsidized educational programming at RBG.

Total membership for 2015 was 8,603 memberships representing an estimated 16,316 members. Renewal retention remained strong with an 81% retention rate and annual revenues exceeded \$740,000.

Public and private grants to support specific projects including exhibits, wetlands, interns, student gardeners and much more, raised \$1.2 million.



Arts, Culture and Entertainment

Royal Botanical Gardens continued to entertain visitors with numerous special events and exhibits that appealed to all ages. These included *Frogs: A Chorus of Colours* — RBG's busiest winter exhibit to date — and popular family events Enchanted Garden Weekend, Teddy Bear Picnic and The Great Pumpkin Trail. Holiday Traditions winter exhibit continued to grow with the addition of the RBG Express, a ride-on train to Santa's Cabin in Hendrie Park, while Garden Music Nights summer concert series showcased some of the region's top jazz, blues and country musicians.

From July 1 to 26, as part of 2015 Pan/Parapan American Games, RBG showcased the nature, culture and heritage of the Americas and Caribbean with the arrival of Panorama, a month-long festival that featured plants, natural landscapes, food, environmental art and music, while promoting healthy, active living and environmental awareness.

Adding to the celebration was the return of Earth Art, a genre of art that has emerged out of the world's growing environmental consciousness. Five international artists from the Pan American region arrived on June 15 to create original earth art installations from natural materials that become one with the RBG landscape.

RBG facilities provided an ideal setting for corporate and private rentals and the Gardens remained a coveted destination for brides and grooms for wedding ceremonies, receptions and photography.





Jim Mack, Head of Horticulture



Our People

Royal Botanical Gardens' mandate is executed through a small and dedicated staff team and contributions from an independent auxiliary, volunteers, contract staff, interns and a large summer student complement.

In 2015, RBG negotiated a new collective agreement with CUPE who represents employees in gardening, custodial, equipment operations, biotechnicians, maintenance and technical functions. The new collective agreement is in effect from January 2015 to January 2020.

Training focused on introducing employees to safe work practices in order to handle material in the workplace without injury. In addition, all employees were trained in the Human Rights Code & AODA. Several new health and safety policies were developed to ensure compliance with best practices and legislation changes. The policies were reviewed by managers and the Joint Health & Safety Committee.

An employee survey was developed and a pilot test conducted with seasonal staff. Results were shared with managers for consideration.

The search for a new head of horticulture, a key position at RBG, was successfully concluded.



Volunteering

The Auxiliary of Royal Botanical Gardens 325 members dedicated 39,000 hours of volunteer service in 2015.

Dynamic volunteers worked closely with RBG staff — both with planning and on-site execution — on numerous events to ensure an excellent visitor experience. This included *Frogs: A Chorus of Colours*, Enchanted Garden Weekend, Teddy Bear Picnic, Great Pumpkin Trail, and Holiday Traditions, where volunteers embraced the holiday spirit and drove the RBG Express, a ride-on train experience taking visitors to Santa's cabin.

Volunteers in the workshop and horticultural sales worked diligently to prepare for the Auxiliary's annual fundraising events. As a result, an additional \$52,250 was raised towards the children's Natural Playground at RBG Centre. In addition, \$55,000 was donated to the Rock Garden Capital Campaign and included \$15,000 in individual donations by Auxiliary volunteers through a match campaign.

The Auxiliary worked closely with RBG management as it entered year one of its five-year strategic plan. This included exploring new ways to “promote the objects and interests of Royal Botanical Gardens” as stated in the Auxiliary of Royal Botanical Gardens’ mission statement.

Many volunteers are involved in the two fundraising arms of the Auxiliary. The Floral Design Workshop organizes the annual Christmas Show and Sale and Evergreen Design Workshops. The horticultural sales team prepares plants for the spring and fall plant sales.

To the Board of Directors of Royal Botanical Gardens

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Royal Botanical Gardens, which are comprised of the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Royal Botanical Gardens as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Ancaster, Ontario
May 26, 2016



Chartered Accountants
Licensed Public Accountants

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(The accompanying notes form an integral part of these financial statements)

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	\$ 1,911,988	\$ 347,378
Accounts receivable	259,010	501,901
Government remittances receivable	562,370	858,836
Inventory	160,261	112,226
Prepaid expenses and deposits	231,662	264,364
	3,125,291	2,084,705
INVESTMENTS (note 3)	16,847,417	15,597,894
CAPITAL ASSETS (note 5)	41,699,777	31,676,489
	<u>\$ 61,672,485</u>	<u>\$ 49,359,088</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Demand loan (note 4)	\$ 1,604,688	\$ 67,241
Accounts payable	3,172,459	2,481,607
Deferred operating contributions (note 7)	8,293,528	8,686,132
Deferred revenue	1,876,910	1,567,421
	14,947,585	12,802,401
DEFERRED CAPITAL CONTRIBUTIONS		
- CAPITAL ASSETS (note 6)	38,046,518	31,625,570
DEFERRED CAPITAL CONTRIBUTIONS		
- CAPITAL FUNDING (note 6)	1,121,718	849,797
	54,115,821	45,277,768
NET ASSETS		
Unrestricted (note 8)	2,224,147	1,308,056
Internally restricted (note 9)	2,624,520	—
Endowments (note 10)	2,707,997	2,773,264
	7,556,664	4,081,320
	<u>\$ 61,672,485</u>	<u>\$ 49,359,088</u>

Commitments and contingencies (note 12)

Approved by the Board



Director



Director

(The accompanying notes form an integral part of these financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
REVENUE		
Operating grants		
Province of Ontario - Ministry of Tourism, Culture and Sport	\$ 4,036,000	\$ 4,029,760
City of Hamilton	599,206	599,206
Regional Municipality of Halton	736,295	725,266
	5,371,501	5,354,232
Amortization of deferred capital contributions (note 6)	1,856,178	1,751,367
Amortization of investment in capital assets (note 8)	7,395	15,711
Investment income (note 13)	623,012	224,650
Admissions, marketing and visitor experience (note 13)	2,406,348	2,273,022
Development - donations	800,934	817,787
Donations in-kind revenue	28,015	390,650
Membership fees	749,839	633,459
Mandated activities (note 13)	2,297,794	2,305,954
Other income	135,762	123,596
	14,276,778	13,890,428
EXPENSES		
Operations and maintenance		
Buildings and equipment	2,056,641	1,694,883
Amortization of capital assets (note 5)	1,863,573	1,767,078
	3,920,214	3,461,961
Mandated activities		
Horticulture - gardens, parklands and collections	2,115,259	2,016,427
Conservation and environmental programs	1,093,152	1,019,749
Scientific and research programs	539,052	378,017
Education programs	1,365,109	1,123,224
	5,112,572	4,537,417
Administration	2,214,278	2,317,696
Development fundraising	588,464	643,518
Admissions, marketing and visitor experience	2,386,173	2,478,257
Donations in-kind expenses	28,015	390,650
	5,216,930	5,830,121
	14,249,716	13,829,499
EXCESS OF REVENUES OVER EXPENSES FOR OPERATIONS	27,062	60,929
Change in unrealized gain on investments	40,114	172,041
Unrestricted estate donation (note 9)	2,650,974	—
EXCESS	\$ 2,718,150	\$ 232,970

(The accompanying notes form an integral part of these financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted (note 8)	Internally restricted (note 9)	Endowments (note 10)	Total 2015	Total 2014
NET ASSETS, BEGINNING OF THE YEAR	\$ 1,308,056	\$ -	\$ 2,773,264	\$4,081,320	\$3,708,689
Excess of revenues over expenses for operations	27,062			27,062	60,929
Unrestricted estate donation	—	2,650,974	—	2,650,974	—
Contributions received for purchase of land	867,252	—	—	867,252	—
Endowment contributions	—	—	2,632	2,632	1,800
Amortization of investment in capital assets	(7,395)	—	—	(7,395)	(15,711)
Funds received relating to prior years' capital	(10,942)	—	—	(10,942)	—
Investment income allocations	—	142,685	16,482	159,167	16,159
Change in unrealized gain (loss) on investments	40,114	(169,139)	(84,381)	(213,406)	309,454
NET ASSETS, END OF THE YEAR	\$ 2,224,147	\$ 2,624,520	\$ 2,707,997	\$ 7,556,664	\$ 4,081,320

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 2,718,150	\$ 232,970
Adjustments for:		
-amortization of deferred capital contributions	(1,856,178)	(1,751,367)
-amortization of investment in capital assets	(7,395)	(15,711)
- deferred operating contributions recognized as revenue	(1,156,627)	(905,406)
-amortization of capital assets	1,863,573	1,767,078
-change in unrealized gain on investments	(40,114)	(172,041)
	1,521,409	(844,477)
Net changes in non-cash working capital balances from operations	1,534,104	774,025
Cash provided by (used in) operating activities	3,055,513	(70,452)
INVESTING AND FINANCING ACTIVITIES		
Increase (decrease) in demand loan	1,537,447	(264,223)
Acquisition of capital assets	(11,886,861)	(9,704,298)
Contributions received for purchase of land	867,252	—
Increase in endowments	19,114	17,959
Allocated investment income to internally restricted net assets	142,685	—
Deferred operating contributions and allocated investment income	958,280	1,539,059
Deferred capital contributions received during the year	8,538,105	7,676,000
Increase in cost of investments	(1,666,925)	(1,439,155)
Cash provided by (used in) investing and financing activities	(1,490,903)	(2,174,658)
INCREASE (DECREASE) IN CASH DURING THE YEAR	1,564,610	(2,245,110)
CASH AT BEGINNING OF THE YEAR	347,378	2,592,488
CASH AT END OF THE YEAR	\$ 1,911,988	\$ 347,378

(The accompanying notes form an integral part of these financial statements)

1. DESCRIPTION

Royal Botanical Gardens ("RBG") is one of Canada's premier cultural, educational and scientific institutions, comprised of more than 1,100 hectares of horticultural display gardens, arboretum, woodlands, wetlands and 30 kilometres of trails. RBG receives transfer payments from the Ontario Ministry of Tourism, Culture and Sport and receives additional support from the City of Hamilton (the "City"), the Regional Municipality of Halton, RBG members, the Auxiliary of Royal Botanical Gardens (the "Auxiliary"), many corporations, foundations and individuals.

The Auxiliary is incorporated under the laws of Ontario as a separate corporation without share capital and was established to promote the objects and interests of RBG through volunteer service. The activities of the Auxiliary are undertaken with the approval of the Board of Directors (the "Board") of RBG and any profits are to be used by RBG. The accounts of the Auxiliary are not consolidated in these financial statements.

RBG is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations applied within the framework of the significant accounting policies summarized below:

(a) Revenue Recognition

(i) Grants are recorded as revenue when the related expenses have been incurred and the applications for the grants have been approved by the relevant government agencies. Grants received in advance of incurring the related expenses are included on the statement of financial position as deferred revenue.

(ii) Unrestricted donations are recognized as revenue in the year in which they are received. Restricted donations are deferred and recognized as revenue in the year in which the related expenses are incurred.

(iii) Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related assets. Externally restricted contributions for non-depreciable capital assets are recorded as a direct increase in unrestricted net assets. Externally restricted capital asset contributions that have not been spent are recorded as part of deferred capital contributions on the statement of financial position.

Self-funded contributions for depreciable capital assets are deferred and amortized over the life of the related assets. Self-funded capital asset contributions that have not been expended are recorded as part of net assets invested in capital assets on the statement of financial position.

(iv) Endowment contributions are recognized as a direct increase in endowment net assets in the year in which they are received.

(b) Contributed Services

Volunteers contribute numerous hours per year to assist RBG in carrying out its activities. Due to the difficulty in determining their fair value, contributed services have not been recognized in the financial statements.

(c) Measurement of Financial Instruments

RBG initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. RBG subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments as described in note 2(d).

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include demand loan and accounts payable.

RBG has designated all portfolio investments to be measured at fair value as described in note 2(d).

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(d) Investments

All investments are recorded at fair value. The quoted market price was used to estimate the fair value of the financial instruments held as investments.

Investment income, net of investment management fees, is allocated to the restricted deferred funds and statement of operations on a prorated basis. The ratio of total endowments, internally restricted net assets and deferred operating contributions at the beginning of the month divided by the total average investment cost for the month is calculated. This ratio is then applied to the total net investment income earned for the month to determine the amount of investment income to apply to the deferred operating contributions, internally restricted net assets and endowments. Remaining unallocated net investment income is recorded in the statement of operations.

Unrealized gains and losses on investments are allocated to the restricted deferred funds and unrestricted net assets on a prorated basis. The ratio, described above, is applied to the total unrealized gains and losses at month end to determine the amount of unrealized gains and losses to apply to the deferred operating contributions, internally restricted net assets and endowments. Remaining unallocated unrealized gains and losses are included in unrestricted net assets. The change in unrestricted unrealized gains and losses are recorded in the statement of operations. When investments are sold, realized gains and losses are recognized in investment income.

(e) Donations In-Kind

Donations in-kind are recorded at their estimated fair market value at the date of donation in the statement of operations.

(f) Inventory

Inventory, consisting of items available for sale in RBG gift shop, is valued at the lower of cost or net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Included in admissions, marketing and visitor experience expense is \$344,463 (2014: \$317,573) of inventory expensed during the year.

(g) Capital Assets

Capital assets are recorded at cost, except for donated assets, which are recorded at fair market value at the date of contribution. The fair market value of previously donated land could not be determined and therefore, the total 1,100 hectares of land have been recorded at a nominal value of \$9,428.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Mechanical equipment	20 years
Gardens and natural area infrastructures	20 years
Roadways and parking lots	20 years
Vehicles and equipment	5 years
Furniture and fixtures	10 years
Computer equipment	3 years
Media stock	5 years
Exhibits	3 years

Construction in progress is not amortized until the assets are available for use.

When a capital asset no longer has any long term service potential to RBG, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the useful lives of capital assets, allowances for inventory obsolescence, allowances for doubtful accounts and accruals. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. INVESTMENTS

The investments consist of funds that are professionally managed, diversified and are invested in the following categories: cash and near cash securities, fixed income securities and equity securities.

	2015	2014
Cost of investments at December 31	\$ 14,854,312	\$ 13,187,387
Unrealized gain on investments	1,993,105	2,410,507
Market value of investments at December 31	\$ 16,847,417	\$ 15,597,894

Investments are valued at market as at yearend and are composed of the following types of securities:

Cash, cash equivalents and accrued interest	\$ 836,806	\$ 850,722
Fixed income securities	5,260,331	4,299,781
Equity securities	10,750,280	10,447,391
	\$ 16,847,417	\$ 15,597,894

4. DEMAND LOAN

RBG has the following facilities available:

- Credit facility #1 - Overdraft lending account up to \$2,000,000 for operating requirements. The facility bears interest at prime plus 0.5%. As at December 31, 2015, the facility was not drawn upon (2014: nil).
- Credit facility #2 - Demand loan up to \$2,000,000 to provide bridge financing for capital projects as required. The facility bears interest at prime plus 0.75% and is repayable at the discretion of RBG. As at December 31, 2015, \$1,604,688 (2014: \$67,241) of the demand loan was drawn upon.

As at December 31, 2015, RBG has a Letter of Credit in the amount of \$298,170 (2014: \$298,170) in favour of the City of Hamilton for the Rock Garden project.

Security for the facilities includes the following:

- General Security Agreement providing a first charge over all accounts receivable, inventory and equipment other than leased assets, land and buildings, plants, living collections, library artifacts, patents and investments;
- Bank to be named as loss payee on business and fire insurance; and
- Assignment and Pledge of Investment portfolio registered in Ontario under the Personal Property Security Act (PPSA) with enabling resolution. The market value of the investment portfolio pledged as collateral at December 31, 2015 is \$2,542,354 (2014: \$2,636,804), which are included with investments on the statement of financial position.

5. CAPITAL ASSETS

The change in net book value of capital assets is due to the following:

	2015	2014
Balance, beginning of the year	\$ 31,676,489	\$ 23,739,269
Purchase of capital assets funded by deferred capital contributions	8,266,185	9,704,298
Purchase of land funded through contributions	867,252	—
Purchase of internally funded capital assets	2,753,424	—
Amortization of capital assets	(1,863,573)	(1,767,078)
Balance, end of the year	\$ 41,699,777	\$ 31,676,489

Capital assets consist of the following:

		2015		2014
	Cost	Accumulated Amortization	Net	Net
Land	\$ 876,681	\$ —	\$ 876,681	\$ 9,428
Buildings	27,840,121	12,319,923	15,520,198	16,216,202
Mechanical equipment	3,063,140	2,105,039	958,101	1,076,715
Gardens and natural area infrastructures	7,524,039	4,332,775	3,191,264	3,377,232
Roadways and parking lots	2,460,384	1,894,982	565,402	619,778
Vehicles and equipment	2,071,747	1,834,804	236,943	84,177
Furniture and fixtures	2,446,898	1,414,331	1,032,567	1,134,143
Computer equipment	2,007,226	1,978,108	29,118	166,418
Media stock	252,244	252,244	—	—
Exhibits	847,626	787,488	60,138	—
Construction in progress	19,229,365	—	19,229,365	8,992,396
	\$ 68,619,471	\$ 26,919,694	\$ 41,699,777	\$ 31,676,489

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

	2015	2014
Balance, beginning of the year	\$ 32,475,367	\$ 26,550,734
Contributions received for capital purposes	8,538,105	7,676,000
Funds received relating to prior years' capital	10,942	—
Amortization of deferred capital contributions	(1,856,178)	(1,751,367)
Balance, end of the year	\$ 39,168,236	\$ 32,475,367
Deferred capital contributions consist of the following:		
Deferred capital contributions – capital assets	\$ 38,046,518	\$ 31,625,570
Deferred capital contributions – capital funding	1,121,718	849,797
	\$ 39,168,236	\$ 32,475,367

7. DEFERRED OPERATING CONTRIBUTIONS

The change in deferred operating contributions is due to the following:

	2015	2014
Balance, beginning of the year	\$ 8,686,132	\$ 7,689,956
Contributions received from corporate and private sources	208,228	846,658
Amount drawn from funds during the year	(1,156,627)	(905,406)
Investment income allocation	535,073	517,242
Restricted investment income earned on endowments	214,979	175,159
Change in market value of investments	(194,257)	362,523
Balance, end of the year	\$ 8,293,528	\$ 8,686,132
Deferred operating contributions consist of the following major external restrictions:		
Operations	\$ 187,040	\$ 159,152
Gardens and Natural Lands	6,065,797	6,615,994
Collections	168,454	126,648
Science and Education	1,062,901	1,049,730
Staffing and Administration	809,336	734,608
	\$ 8,293,528	\$ 8,686,132

8. UNRESTRICTED NET ASSETS

	Unrestricted	Invested in capital assets	Total
Unrestricted net assets consists of the following:			
Balance, beginning of the year	\$ 1,257,394	\$ 50,662	\$ 1,308,056
Excess of revenues over expenses for operations	27,062	—	27,062
Contributions received for purchase of land	867,252	—	867,252
Purchase of internally funded capital assets	(2,753,424)	2,753,424	—
Amortization of investment in capital assets	—	(7,395)	(7,395)
Funds received relating to prior years' capital	—	(10,942)	(10,942)
Change in unrealized gain on investments	40,114	—	40,114
Balance, end of the year	\$ (561,602)	\$ 2,785,749	\$ 2,224,147

The purchase of internally funded capital assets represents Rock Garden expenditures made in excess of cash received from the Rock Garden Capital Campaign. Amounts pledged towards the campaign are not recognized until the cash is received. As cash is received in future periods, amounts will be transferred from net assets invested in capital assets back to unrestricted net assets. The contributions received will be recorded in deferred capital contributions - capital assets on the statement of financial position and amortized over the life of the Rock Garden.

9. INTERNALLY RESTRICTED NET ASSETS

During the year, RBG received an unrestricted estate donation in the amount of \$2,650,974. The donation is internally restricted by RBG Board of Directors for maintaining the garden areas and strategic initiatives. RBG Board will approve the use of these funds. During the year, no amounts were drawn from the internally restricted net assets.

10. ENDOWMENTS

Contributions restricted for endowments consist of donations received by RBG where the endowment principal is required to remain intact. Accordingly, these amounts are classified as long term investments. The investment income generated from the endowments must be used in accordance with the purposes established by donors.

	2015	2014
Balance, beginning of the year	\$ 2,773,264	\$ 2,617,892
Endowments received from private sources	2,632	1,800
Investment income required to be held as endowment	16,482	16,159
Change in market value of investments	(84,381)	137,413
Balance, end of the year	\$ 2,707,997	\$ 2,773,264

11. AUXILIARY OF THE ROYAL BOTANICAL GARDENS

The accounts of the Auxiliary are presented separately and are not consolidated in these financial statements. Due to the nature of the operations, all of the net assets of the Auxiliary represent unrestricted funds. As at December 31, 2015, the balance of unrestricted funds of the Auxiliary was \$156,139 (2014: \$187,786). During the year, the Auxiliary made donations of \$95,017 (2014: \$53,196) to RBG.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, RBG may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of RBG.

13. REVENUE

	2015	2014
Investment income earned during the year	\$ 1,622,469	\$ 997,571
Less: Investment management fees	(90,238)	(64,361)
Net investment funds available for allocation	1,532,231	933,210
Allocation to deferred operating contributions	(750,052)	(692,401)
Allocation to internally restricted net assets	(142,685)	—
Allocation to endowments	(16,482)	(16,159)
Total investment income	\$ 623,012	\$ 224,650
Admissions, marketing and visitor experience consist of:		
General and miscellaneous marketing revenue	\$ 67,909	\$ 258,473
Admissions and special events	952,513	658,220
Food and beverage	169,647	201,774
Rentals	524,821	570,955
Garden shop sales	691,458	583,600
Total admissions, marketing and visitor experience	\$ 2,406,348	\$ 2,273,022
Mandated activities consist of:		
Horticulture — gardens, parklands and collections	\$ 17,435	\$ 552,246
Conservation and environmental programs	609,259	756,150
Scientific and research programs	230,361	40,799
Education programs	1,440,739	956,759
Total mandated activities	\$ 2,297,794	\$ 2,305,954

14. FINANCIAL INSTRUMENTS

Risks and Concentrations

RBG is exposed to various risks through its financial instruments. The following analysis provides a measure of RBG's risk exposure and concentrations at December 31, 2015.

(a) Liquidity Risk

Liquidity risk is the risk that RBG will encounter difficulty in meeting obligations associated with financial liabilities. RBG is exposed to this risk mainly in respect of its demand loan and accounts payable. RBG's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. RBG achieves this by maintaining sufficient cash and cash equivalents.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. RBG's main credit risks relate to its accounts receivable. RBG provides credit to its clients in the normal course of its operations.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. RBG is exposed to currency risk, interest rate risk and other price risk.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of RBG's assets are exposed to foreign exchange fluctuations. As at December 31, 2015, bank indebtedness of \$38,833 (2014: \$24,557) is recorded in US dollars and converted into Canadian dollars. Approximately 41% (2014: 43%) of RBG's investments are held in US dollars and converted into Canadian dollars.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. RBG is exposed to interest rate risk on its floating interest rate demand loan, which subjects RBG to a cash flow risk.

(iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). RBG is exposed to other price risk due to a substantial portion of its assets being held in investments, which are susceptible to fluctuations in market values. To manage this risk, RBG management and the Board of Directors reviews its investment strategies at least annually with RBG's investment advisor.



RBG FACTS

Royal Botanical Gardens is the largest botanical garden in Canada. RBG features within its dozens of documented collections approximately 42 living collections displayed in five major garden exhibition areas.

HISTORY

1930 – Received Royal Charter from King George V
1932 – Opened to the public
1941 – Established by an Act of the Provincial Legislature

CHARITABLE REGISTRATION

13350 0850 RR0001

VISITATION

263,465 paid visitors, school groups, conference attendees (does not include trail users)

CORE PROGRAM AREAS

Horticulture
Education
Natural Lands
Science and Research

EMPLOYEES

Spring and summer: 82 full-time, 175 part-time
Off season: 82 full-time, 48 part-time

MEMBERSHIP

8,603 memberships representing an estimated 16,316 members

AUXILIARY VOLUNTEERS

325 volunteers provided approximately 39,000 volunteer hours

RBG SIZE

Total: 1,100 hectares
(2,700 acres or 11 square kilometres)
Cultivated Gardens: 121 hectares (250 acres)
Nature Sanctuaries: 971 hectares (2,450 acres)
Trails: 27 kilometres

HORTICULTURAL COLLECTIONS AND HIGHLIGHTS

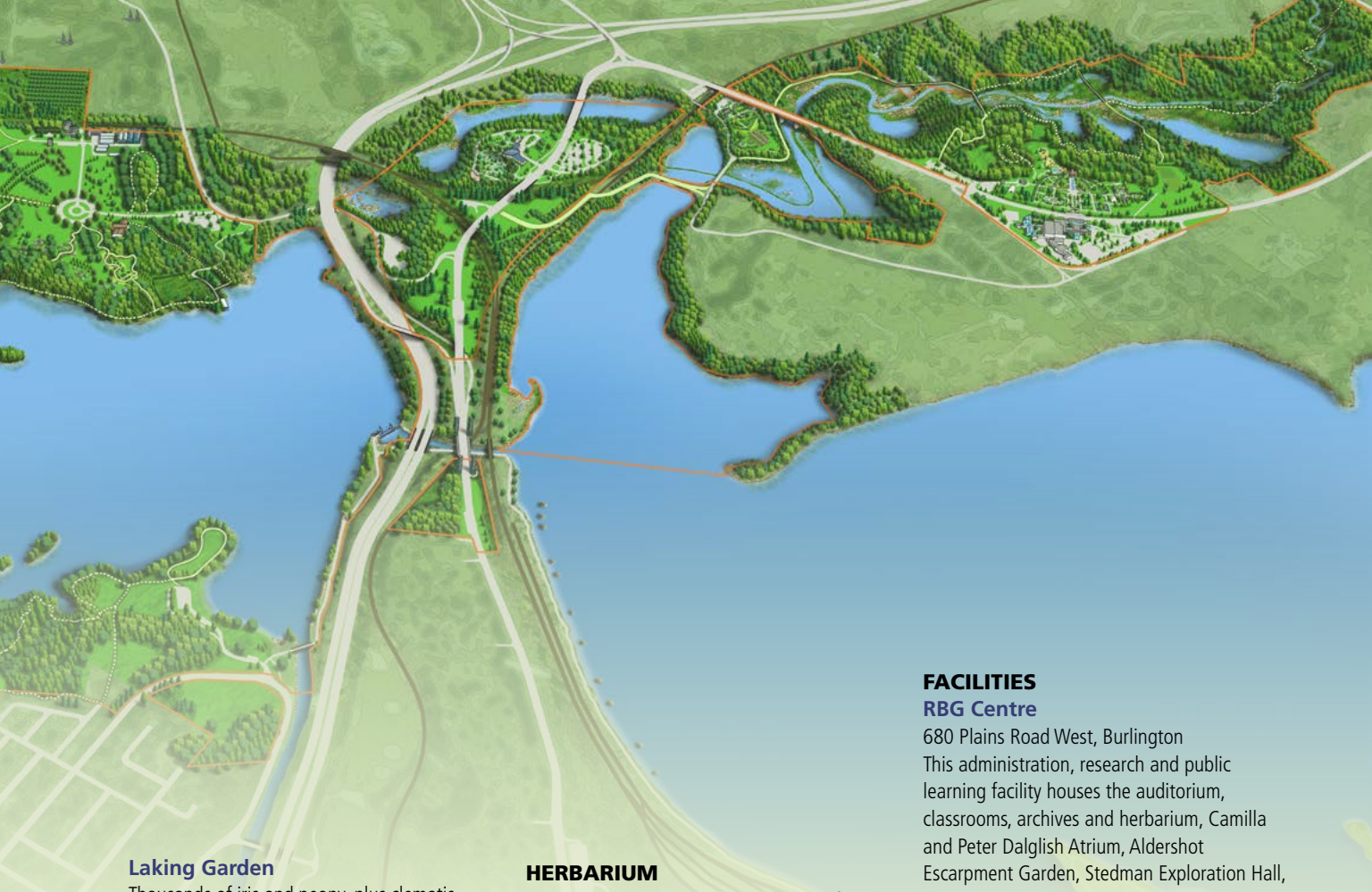
8,000 taxa (different species and cultivars) in the permanent living collection; maintains the International Lilac Registry

Rock Garden

Closed summer of 2014 for rejuvenation, opening 2016

Arboretum

Features over 500 species and cultivars of lilacs, as well as extensive magnolia, crabapple and cherry collections, and unusual trees and shrubs



Laking Garden

Thousands of iris and peony, plus clematis and ornamental grass collections, extensive perennial gardens and a Heritage Garden

Hendrie Park

Noted for its collection of antique and hybrid roses in the Centennial Rose Garden, as well as Morrison Woodland, Scented and Medicinal gardens, Helen M. Kippax Garden and Veggie Village: 100 Mile Produce Gardens

Mediterranean Garden

Two-storey indoor garden featuring ethnobotanical plants from the world's five Mediterranean climates

HERBARIUM

Approximately 60,000 plant specimens for scientific research

WILDLIFE SPECIES RECORDED AT ROYAL BOTANICAL GARDENS

Birds: 277 species
Mammals: 37 species
Fish: 68 species
Amphibians: 9 species

Living Accessions

9,674 accessions and approximately 143,884 living plants representing 6,925 taxa, 163 families, 824 genera, 2411 species and 4514 cultivated varieties

FACILITIES

RBG Centre

680 Plains Road West, Burlington
This administration, research and public learning facility houses the auditorium, classrooms, archives and herbarium, Camilla and Peter Dalglish Atrium, Aldershot Escarpment Garden, Stedman Exploration Hall, Mediterranean Garden, Natural Playground, The Gardens' Café and gift shop

Nature Interpretive Centre

Arboretum, Hamilton
The Nature Interpretive Centre, our gateway to Cootes Paradise, features exhibits on our wetland restoration activities and is the hub of our formal education program and children's camps

Turner Pavilion Teahouse

Hendrie Park
Open seasonally, these areas provide visitors with a quick lunch or snack



**ROYAL
BOTANICAL
GARDENS**
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