



**ROYAL
BOTANICAL
GARDENS**
www.rbg.ca

ANNUAL REPORT 2014



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
Dr. Geoffrey P. Arron – Vice-Chair
Ruth Lee – Treasurer
Cliff Carson – Secretary
Rebecca Raven – Officer

Appointed by Council, City of Hamilton

Ian Brisbin (April 2011 to November 2014)
Councillor Aidan Johnson (December 2014 to November 2018)
Rebecca Raven (September 2010 to November 2014)

Appointed by Council, Regional Municipality of Halton

Councillor Jane Fogal (December 2010 to November 2018)
Councillor Sean O'Meara (December 2014 to November 2018)
Guy 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 June 2016)

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

Peter Hargreave (April 2014 to April 2017)
Susan Robinson (April 2011 to April 2015)

RBG Appointees

Gord Albin (June 2011 to June 2018)
Dr. Geoffrey P. Arron (September 2010 to June 2018)
Leslie Bullock (June 2011 to June 2018)
Cliff Carson (September 2010 to June 2015)
Dr. Patrick Deane, President and Vice-Chancellor,
McMaster University – Ex Officio (May 2011 to June 2015)
Ruth Lee (March 2011 to June 2015)

Representing the RBG Auxiliary

Roxine Bisson – President (April 2013 to April 2015)

Liason Member – RBG Auxiliary

Jean Crowe – Vice-President (April 2014 April 2016)

A positive year-end, coupled with the approval of a new five-year strategic plan made for a successful year at Royal Botanical Gardens and provided the framework to enter the next decade as an industry leader. The five-year strategic plan focuses on the guest experience, financial sustainability, environmental leadership, and governance and leadership. This intricate planning process involved staff from all levels, Board of Directors and Auxiliary volunteers, and we are excited to work together to make the Gardens an even better place to visit, learn and work.

In 2014, Royal Botanical Gardens provided memorable experiences with family-oriented programming like *Savage Gardens*, *Nature's Ninjas* and an expanded Holiday Traditions with a new Santa's Cabin, and the ever-popular Enchanted Garden Weekend. Garden Music Nights, the return of Earth Art and the first installments of The International Sculpture Collection filled Hendrie Park with art and culture, while our wedding and corporate facilities continued to provide a venue to create lasting memories.

In our gardens, the grand re-opening of Laking Garden featured a newly designed lower terrace in which the iris collection received 123 new cultivars. A new clematis collection was also installed. As part of the opening, approximately 350 10- and 25-year plus members were recognized. Plans were announced and construction began for the \$20 million Rock Garden Rejuvenation Project, the largest capital project in our history. The launch of a *Your Rock Garden Memories* Campaign asked the public to submit their memories of our famous garden and generated positive public interest.

An estimated 250,000 people enjoy over 900 hectares of RBG's natural lands, stewarded to ensure biodiversity, conservation and enjoyment for generations to come.

Through our research, education and outreach programs thousands of people of all ages and walks of life were able to visit our piece of paradise and learn how they can make a difference.

All of this work is made possible through the hard work and support of staff, over 300 volunteers, numerous donations and grants, corporate, as well as funding from Government of Ontario, City of Hamilton and Regional Municipality of Halton.

There are exciting times ahead for Royal Botanical Gardens. We are thankful for the support of those that have been with us on our journey thus far and are thrilled to have you with us as we continue to strive for excellence.



A handwritten signature in black ink, reading "Mark Runciman". The signature is fluid and cursive, with a long, sweeping underline.

Mark Runciman, CEO,
Royal Botanical Gardens

Meeting Revenue Targets

Overall, Royal Botanical Gardens exceeded its revenue targets in 2014. While paid admissions were not as high as hoped, this was offset by better-than-expected results in retail, hospitality, programs and donations.



Defining the RBG Brand

Royal Botanical Gardens is currently engaged in a multi-year program to redefine our brand. The 2013/14 Cultivating our Market project, led by RBG in partnership with 17 other botanical gardens across Canada, has generated a wealth of vital consumer and tourism research insights that will assist us in articulating a compelling new brand story. The second phase of our brand development process will focus on researching brand launch strategies for new cultural institutions and natural attractions, and is to be undertaken in 2015.



Protecting and Developing our Resources

Royal Botanical Gardens is blessed with an abundance of resources: horticultural, natural, cultural, historic, scientific, and human. In 2014 we made significant steps to being a better steward of these resources, and ensuring that they are used sustainably and contribute to the richness of visitor experience we all strive to offer. As work continued on the rejuvenation of Rock Garden, research continued into the history of the garden and its context within Burlington Heights and the history of Hamilton.

Our natural lands are central to the Gardens' history, social, and economic roles. Because of habitat and land-use fragmentation, even our large nature sanctuaries cannot retain natural biological diversity in isolation. The Cootes to Escarpment EcoPark System, in its second year of operation in 2014, seeks to fight this fragmentation through partnership with our neighbours who also own and manage natural lands. This year, a major collaborative plan for Burlington Heights was completed, and work on five new plans covering the whole EcoPark System, was launched.

Leadership in Environmental Stewardship

Royal Botanical Gardens continues to lay the foundation for youth to develop a connection with nature through the province-wide Back to Nature Network, Growing up Green Annual Campaign and Green Angels fund. In leading the Cootes to Escarpment EcoPark System, RBG works to protect, connect and restore natural lands, and to deliver sustainable recreation and education opportunities for future generations. RBG's daily education efforts connect children to nature at an early age. We hope that Kids participating in our Junior Gardeners Club or summer camp programs will develop a lifelong passion for the natural world.

Through Project Paradise and ongoing restoration efforts for Cootes Paradise Marsh and our nature sanctuaries, RBG is responsible for the stewardship of two river-mouth marsh complexes, the last ones remaining in the Hamilton/Burlington area, and the largest on western Lake Ontario.

Royal Botanical Gardens is one of 19 institutions world-wide that make up the Ecological Restoration Alliance of Botanic Gardens (ERA-BG). Leading botanical gardens are using their expertise and capacities to restore 100 of the world's most threatened ecosystems. Their work supports ERA-BG's long-term, global strategic plan for promoting nature, the important role of plants in ecosystems, and teaching future generations to care for the planet.



Enhancing the Visitor Experience

Royal Botanical Gardens continued to improve upon the visitor experience through service training of front-line staff and the expansion of event programming. Highlights included an expanded Holiday Traditions exhibit featuring RBG's Train Show. The addition of Santa's Cabin to RBG's holiday exhibition provided visitors with a truly unique experience. RBG continued to develop new signature products and tours that focused on delivering memorable experiences for visitors. Improvements to www.rbg.ca enhanced navigation and provided consumers with more opportunities to find and purchase RBG experiences on-line. This resulted in increased ticket sales to events including the Great Pumpkin Trail, which saw record attendance.

Increasing Awareness

Royal Botanical Gardens continued to expand its promotional reach beyond the greater Hamilton region through increased social media activity including geo-targeted Facebook advertising. Over 7,000 new Facebook likes and 2,000 new Twitter followers allowed RBG to promote its message in a cost-effective, entertaining and efficient manner.

Traditional advertising remained regional in focus but well-rounded and consistent, with advertising print, TV, radio, outdoor and web campaigns running throughout the year. Collaboration and advertising with tourism bodies including Tourism Hamilton, Tourism Burlington, Attractions Ontario and Ontario Tourism Marketing Partnership Corporation allowed RBG to reach the tourism market throughout the province. Media relations activities resulted in positive media coverage exceeding \$1.8 million in unpaid value.

Members and patrons were also kept informed of RBG's mandated and day-to-day activities through internal and external tools such as eRBG email blasts, www.rbg.ca, and RBG's quarterly members' magazine, *Paradise Found*.



Human Resources

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

In 2014, new recruitment technology was implemented to strengthen the employer brand in the market, improve the quality of hire, and time-to-hire. In addition, the ongoing strengthening of our partnerships with post-secondary institutions distinguishes RBG as an employer of choice.

The senior management group participated in a training program delivered on site by McMaster University.

An automated performance management tool was introduced to improve linking of employee goals and job accountabilities to organizational objectives; build organizational bench strength by developing key competencies and job skills; deliver higher quality, more accurate and more consistent employee evaluations; and improve identification and addressing of skills development.

Policies and processes related to human resources, AODA, and health and safety are continually updated to ensure compliance with best practices and applicable legislation.

Internal Communications

Royal Botanical Gardens' management continued to keep staff informed through RBG's intranet, electronic daily information posts and town hall meetings. Part-time and summer staff received detailed orientation sessions outlining RBG's policies, health and safety practices and Workplace Hazardous Materials Information System (WHMIS), as well as a presentation on the rich history of RBG.

With the completion of the framework of a five-year strategic plan, RBG has made it a priority to improve how it will provide key information to RBG staff, members, guests, and the public. This will involve a numerous planning sessions on and assessments of internal communication in order to develop a more in-depth and efficient framework.

Integration of Planning Processes

Royal Botanical Gardens overhauled its planning and monitoring processes in order to more efficiently disseminate relevant information throughout the organization. This resulted in more timely, succinct and useful internal management reports.





The Auxiliary of RBG

The Auxiliary's 335 members contributed over 40,000 hours during 2014. Our dynamic volunteers worked closely with Royal Botanical Gardens staff during The Enchanted Garden Weekend, Teddy Bear Picnic, The Great Pumpkin Trail Days, Holiday Traditions and the winter exhibit, either prior to the events or by assisting on site to ensure excellent visitor experience. New areas of involvement during the year included greeters in Mediterranean Garden and at educational programs, increased support in the herbarium, and an Auxiliary-led Memorial Watch program.

Many volunteers contributed countless hours in the Auxiliary Workshop and on the horticultural sales team, to prepare for the Auxiliary's annual fundraising events. As a result, the Auxiliary was able to donate \$50,000 to Royal Botanical Gardens to continue repayment of the cost of the children's Natural Playground.

It was a pleasure to meet regularly with Mark Runciman, RBG's CEO, and to interact with RBG's capable, knowledgeable staff. Auxiliary members have been invited to work with staff to address the implementation of RBG's new five-year strategic plan. The focus is to "maximize the involvement of the Auxiliary in the new strategic directions." Going forward, the Auxiliary will continue to align itself with RBG to "promote the objects and interests of Royal Botanical Gardens" as stated in the Auxiliary's mission statement. It was a memorable year and I was proud to lead a strong team of Auxiliary volunteers in support of RBG.


— Roxine Bisson

Updating the Land Use Master Plan and Refinement of the Capital Plan

Recent capital works are utilizing parts of the current Land Use Master Plan which was last updated on July 24, 2007. In September 2014, the Board of Directors approved new a strategic plan that guides the organization forward. Part of the plan involves another update of the Land Use Master Plan which will provide us with a detailed master plan for our gardens, natural lands and facilities in the years to come.

These documents set the course for future capital projects the initiatives. They are also used in parallel with a new Asset Management Information System (AMIS) that Ministry of Tourism, Culture and Sport has made accessible to us, in order for us to track our facility condition data and determine our capital maintenance priorities and annual plans.





Horticulture

Horticultural highlights for 2014 include ongoing rejuvenation of the synoptic shrub and lilac collections and new acquisitions for the magnolia collection in the Arboretum. The newly designed lower terrace of Laking Garden had its grand opening. The iris collection received 123 new cultivars bringing the story of iris breeding trends from the 1920s onwards up to date with acquisitions representing 2014. This included a substantial number of Canadian introductions. A new clematis display was also installed.

As Rock Garden renovation continued, 350 accessions were entered into our plant records, complete with nomenclature verification covering a diversity of new plant material for the new design.

Hendrie Park became the focus of The International Sculpture Collection thanks to the support of Mr. Dan Lawrie. Due to severe winter damage, new cultivars of hybrid tea and floribunda roses were acquired for the rose collection. A total of 46 ash trees were removed from within the cultivated gardens due to the spread of Emerald Ash Borer.

Conservation

Natural land activities included projects to rejuvenate the trails network and restore biodiversity within the nature sanctuary areas. Highlights of the trails work included the replacement and upgrade of several trail bridges, and additions of viewing points along Marshwalk Trail boardwalk. All trail projects are undertaken to facilitate protection and enjoyment of our local biodiversity.

Restoration of biodiversity focused on management of invasive species, including ongoing work to excluded common carp from the marsh areas, removal of common reed from the wetland margins, and removal of non-native shrubs from the understorey forest on the north side of Cootes Paradise Marsh. Endangered species activities continued to gather baseline information on the many species present, and was highlighted by the completion of RBG's Site Specific Turtle Recovery Plan.

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 frog population monitoring.



A photograph of two children in a greenhouse-like setting. The child on the left is a young boy with dark hair, wearing a red zip-up jacket, looking down at a large, colorful, spherical sculpture. The child on the right is a young boy with dark hair and glasses, wearing a dark blue jacket, also looking down at the sculpture. The sculpture is made of several large, clear, spherical components connected by colorful, translucent tubes. The background is filled with lush green plants and foliage.

Education

Education and programming staff hit the ground running in 2014, with the opening of *Savage Gardens*, *Nature's Ninjas* just two weeks after Holiday Traditions wrapped in January. These two complementary exhibits allowed us to develop some great programming that contrasted predatory plants with animal defense mechanisms, and attracted just under 29,000 guests over a 12-week run. A new five-year exhibition plan was completed and continues to bring exciting, interactive content to RBG each winter — and even some summers — with a great line-up in store.

Many students and teachers benefitted from the second year of additional Ministry of Education support for outdoor field trips to sites like RBG. School programs were delivered to almost 15,500 children, over 1,400 of which were supported by donations to our Green Angels fund. New program infrastructure included a complete redo and expansion of our low ropes course, and the installation and piloting of an Adventure Challenge Course to better connect our landscape with the Physical Education curriculum.


With the support of donors and funders, learning happens all over RBG for people of all ages, even if they're only stopping by for a short visit. Our interpretive efforts included enhancements made to the Bald Eagle viewing experience with the support of TD Friends of the Environment Foundation, and the roll-out of new bilingual interpretive signage supported by Canada/Ontario Agreement on French Language Services. Ontario Trillium Foundation enabled the expansion of the very successful RBG intern program, to include the first of three, one-year education internships. In late-summer, OTF also announced funding to support an ambitious three-years of work by our Back to Nature Network project, with much of the activity focused on outdoor teacher training and mentoring.

Science

The science department's main focus in 2014 was the enhancement of our non-living collections and preparing for new educational activities in the herbarium, library, and archival collections. This included a significant enhancement of our herbarium and teaching capacity for our interns with the addition of a new digital binocular microscopy system capable of quantitative measurements for research. Through the support of our Auxiliary volunteers, we continued to work on the condition of our archival collections (including 30,000 historic horticultural catalogues), and restructure our library holdings.

Our scientific work continued throughout the year. Dr. James Pringle, our plant taxonomist, published accounts of two new species of gentians from Peru and Bolivia in 2014, and completed work on major papers on the flora of North America. This year was an important one in our herbarium. We welcomed Nadia Cavallin as our new field botanist and herbarium curator, succeeding Natalie Iwanycki, who left in February to undertake doctoral studies in Copenhagen.





Community

The business development and fundraising division continued to raise funds for the annual operations of the organization while launching a new \$20 million Rock Garden Capital Campaign. With an urgent need to revitalize this iconic jewel and the support of a community fundraising match up to \$2 million by David Braley and Nancy Gordon, the community responded. By the end of 2014, with support from the provincial and federal governments, RBG's Rock Garden Campaign had raised almost \$15 million.

Membership remained steady with 15,173 members, a 76% member renewal rate and over \$632,000 in revenue. Many RBG members are also donors to Rock Garden as well as the organization's two annual campaigns, Growing up Green and Green Angels. Green Angels raised almost \$68,000 in 2014 with key support from Queenston Chevrolet on Centennial and ArcelorMittal's Sweet Seats sales at Burlington Sound of Music Festival. Growing up Green fundraising focused primarily on a new boardwalk and in conjunction with the memorial/tribute program, staff and board campaigns and many members topping up their membership with a donation. Almost \$170,000 was raised in total.

It is important to note that public and private foundation grants are an integral part of RBG's funding strategy. Its grant program accumulated almost \$1.3 million to support specific projects including exhibits, wetlands, interns, student gardeners and much more.

Lasting Memories

Royal Botanical Gardens facilities and landscapes offered year-round entertainment and events in 2014. Family entertainment included the winter exhibit, *Savage Gardens*, *Nature's Ninjas*, The Enchanted Garden Weekend, Teddy Bear Picnic and The Great Pumpkin Trail. The year was capped off with Holiday Traditions featuring RBG's Train Show and a new Santa's Cabin in Hendrie Park.

For lovers of culture there was no shortage of inspiration as Hendrie Park was bustling with Garden Music Nights, Edible Weekends, Earth Art, and launch of the International Sculpture Collection, made possible through a generous donation of \$1 million in artwork from Hamilton businessman and Burlington resident Dan Lawrie.

RBG continued to be the destination of choice in the area for wedding ceremonies, receptions and photography sessions. The Gardens is a unique, beautiful and professional environment for individuals, companies and event planners to hold conferences, meetings, fully catered events and memorials.



To the Members 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, 2014, 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, 2014, 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 28, 2015


Chartered Accountants
Licensed Public Accountants

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

ASSETS

	2014	2013
CURRENT ASSET		
Cash	\$ 347,378	\$ 2,592,488
Accounts receivable	501,901	501,173
Government remittances receivable	858,836	141,104
Inventory	112,226	112,334
Prepaid expenses and deposits	264,364	185,639
	<u>2,084,705</u>	<u>3,532,738</u>
INVESTMENTS (note 4)	15,597,894	13,463,552
CAPITAL ASSETS (note 6)	31,676,489	23,739,269
	<u>\$ 49,359,088</u>	<u>\$ 40,735,559</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Demand loan (note 5)	\$ 67,241	\$ 331,464
Accounts payable	2,481,607	891,863
Deferred operating contributions (note 7)	8,686,132	7,689,956
Deferred revenue	1,567,421	1,562,853
	<u>12,802,401</u>	<u>10,476,136</u>
DEFERRED CAPITAL CONTRIBUTIONS		
- CAPITAL ASSETS (note 8)	31,625,570	23,672,640
DEFERRED CAPITAL CONTRIBUTIONS		
- CAPITAL FUNDING (note 8)	849,797	2,878,094
	<u>45,277,768</u>	<u>37,026,870</u>
NET ASSETS		
Unrestricted	1,257,394	1,024,424
Investment in capital assets (note 9)	50,662	66,373
Endowments (note 10)	2,773,264	2,617,892
	<u>4,081,320</u>	<u>3,708,689</u>
	<u>\$ 49,359,088</u>	<u>\$ 40,735,559</u>

Commitments and contingencies (note 12)

Approved by the Board



Director



Director

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
REVENUE		
Operating grants		
Province of Ontario – Ministry of Tourism, Culture and Sport	\$ 4,029,760	\$ 4,040,040
City of Hamilton	599,206	599,206
Regional Municipality of Halton	725,266	714,198
	<hr/> 5,354,232	<hr/> 5,353,444
Amortization of deferred capital contributions (note 8 & 9)	1,751,367	1,561,855
Amortization of self-funded capital assets (note 9)	15,711	24,398
Investment income (note 13)	224,650	176,620
Admissions, marketing and visitor experience (note 13)	2,273,022	2,319,906
Development – donations	817,787	803,423
Donations in-kind revenue	390,650	350,115
Membership fees	633,459	626,023
Mandated activities (note 13)	2,305,954	1,658,345
Other income	123,596	108,331
	<hr/> 13,890,428	<hr/> 12,982,460
EXPENSES		
Operations and maintenance		
Buildings and equipment	1,694,883	1,565,585
Amortization of capital assets (note 6 & 9)	1,767,078	1,586,253
	<hr/> 3,461,961	<hr/> 3,151,838
Mandated activities		
Horticulture — gardens, parklands and collections	2,016,427	2,002,603
Conservation and environmental programs	1,019,749	974,790
Scientific and research programs	378,017	415,912
Education programs	1,123,224	1,018,299
	<hr/> 4,537,417	<hr/> 4,411,604
Administration	2,317,696	2,154,353
Development fundraising	643,518	528,463
Admissions, marketing and visitor experience	2,478,257	2,340,362
Donations in-kind expenses	390,650	350,115
	<hr/> 5,830,121	<hr/> 5,373,293
	<hr/> 13,829,499	<hr/> 12,936,735
EXCESS OF REVENUES OVER EXPENSES FOR OPERATIONS	60,929	45,725
Change in unrealized gain on investments	172,041	437,747
EXCESS	<hr/> \$ 232,970	<hr/> \$ 483,472

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Investment in capital assets (note 9)	Endowments (note 10)	Total 2014	Total 2013
NET ASSETS, BEGINNING OF THE YEAR	\$ 1,024,424	\$ 66,373	\$ 2,617,892	\$ 3,708,689	\$ 2,124,782
Excess of revenues over expenses for operations	60,929	—	—	60,929	45,725
Amortization of investment in capital assets	—	(15,711)	—	(15,711)	(24,398)
Endowment contributions	—	—	1,800	1,800	2,875
Change in unrealized gain on investments	172,041	—	137,413	309,454	754,312
Investment income allocations	—	—	16,159	16,159	16,012
Capital funding reallocation	—	—	—	—	789,381
NET ASSETS, END OF THE YEAR	\$ 1,257,394	\$ 50,662	\$ 2,773,264	\$ 4,081,320	\$ 3,708,689

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 232,970	\$ 483,472
Adjustments for:		
– amortization of deferred capital contributions	(1,751,367)	(1,561,855)
– amortization of self-funded capital assets	(15,711)	(24,398)
– deferred operating contributions recognized as revenue	(905,406)	(227,703)
– amortization of capital assets	1,767,078	1,586,253
– change in unrealized gain on investments	(172,041)	(437,747)
	(844,477)	(181,978)
Net changes in non-cash working capital balances from operations	774,025	40,834
Cash provided by (used in) operating activities	(70,452)	(141,144)
INVESTING AND FINANCING ACTIVITIES		
Decrease in demand loan	(264,223)	(99,127)
Acquisition of capital assets	(9,704,298)	(1,673,651)
Increase in endowments	17,959	18,887
Deferred operating contributions and allocated investment income	1,539,059	4,269,980
Deferred capital contributions received during the year	7,676,000	896,498
Increase in cost of investments	(1,439,155)	(4,191,929)
Cash provided by (used in) investing and financing activities	(2,174,658)	(779,342)
DECREASE IN CASH DURING THE YEAR	(2,245,110)	(920,486)
CASH AT BEGINNING OF THE YEAR	2,592,488	3,512,974
CASH AT END OF THE YEAR	\$ 347,378	\$ 2,592,488

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 City of Hamilton (the "City"), 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 land are recorded as a direct increase in net assets invested in capital 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 investment 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) Donations In-Kind

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

(c) 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.

(d) 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(e).

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(e).

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.

(e) 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 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 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 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.

(f) Inventory

Inventory, consisting of items available for sale in RBG's 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 \$317,573 (2013: \$298,181) 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

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. RECLASSIFICATION

Certain 2013 comparative amounts were reclassified to conform to the current year's financial statement presentation.

4. 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.

	2014	2013
Cost of investments at December 31	\$ 13,187,387	\$ 11,748,231
Unrealized gain on investments	2,410,507	1,715,321
Market value of investments at December 31	\$ 15,597,894	\$ 13,463,552

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

Cash, cash equivalents and accrued interest	\$ 850,722	\$ 512,762
Fixed income securities	4,299,781	3,576,311
Equity securities	10,447,391	9,374,479
	\$ 15,597,894	\$ 13,463,552

5. 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, 2014, the facility was not drawn upon (2013: 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, 2014, \$67,241 (2013: \$331,464) of the demand loan was drawn upon.

As at December 31, 2014, RBG has a letter of credit in the amount of \$298,170 (2013: nil) in favour of 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, 2014 is \$2,636,804 (2013: \$2,360,130), which are included with investments on the statement of financial position.

6. CAPITALASSETS

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

	2014	2013
Balance, beginning of the year	\$ 23,739,269	\$ 23,651,871
Purchase of capital assets funded by deferred capital contributions	9,704,298	1,673,651
Amortization of capital assets	(1,767,078)	(1,586,253)
Balance, end of the year	\$ 31,676,489	\$ 23,739,269

Capital assets consist of the following:

	2014		
	Cost	Accumulated Amortization	Net
Land (note 2g)	\$ 9,428	–	\$ 9,428
Buildings	27,840,121	\$ 11,623,919	16,216,202
Mechanical equipment	3,029,440	1,952,725	1,076,715
Gardens and natural area infrastructures	7,338,474	3,961,242	3,377,232
Roadways and parking lots	2,393,415	1,773,637	619,778
Vehicles and equipment	1,808,477	1,724,300	84,177
Furniture and fixtures	2,319,870	1,185,727	1,134,143
Computer equipment	1,973,283	1,806,865	166,418
Media stock	252,244	252,244	–
Exhibits	775,461	775,461	–
Construction in progress	8,992,396	–	8,992,396
	\$ 56,732,609	\$ 25,056,120	\$ 31,676,489

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

	2013		
	Cost	Accumulated Amortization	Net
Land (note 2g)	\$ 9,428	–	\$ 9,428
Buildings	27,839,871	\$ 10,927,904	16,911,967
Mechanical equipment	2,976,439	1,802,578	1,173,861
Gardens and natural area infrastructures	7,160,218	3,598,804	3,561,414
Roadways and parking lots	2,393,415	1,653,966	739,449
Vehicles and equipment	1,714,947	1,550,555	164,392
Furniture and fixtures	1,246,941	1,011,417	235,524
Computer equipment	1,775,155	1,716,113	59,042
Media stock	252,244	252,244	884,192
Exhibits	775,461	775,461	23,739,269
Construction in progress	884,192	-	884,192
	\$ 47,028,311	\$ 23,289,042	\$ 23,739,269

7. DEFERRED OPERATING CONTRIBUTIONS

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

	2014	2013
Balance, beginning of the year	7,689,956	\$ 2,982,344
Amount drawn from funds during the year	(905,406)	(227,703)
Contributions received from corporate and private sources	846,658	3,899,486
Investment income allocation	517,242	271,052
Restricted investment income earned on endowments	175,159	99,442
Change in market value of investments	362,523	665,335
Balance, end of the year	\$ 8,686,132	\$ 7,689,956

Deferred operating contributions consist of the following major external restrictions:

Operations	159,152	\$ 123,810
Gardens and natural lands	6,615,994	5,890,331
Collections	126,648	89,918
Science and education	1,049,730	954,461
Staffing and administration	734,608	631,436
	\$ 8,686,132	\$ 7,689,956

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

	2014	2013
Balance, beginning of the year	\$ 26,550,734	\$ 28,005,472
Amortization of deferred capital contributions	(1,751,367)	(1,561,855)
Contributions received for capital purposes	7,676,000	896,498
Capital funding reallocation	–	(789,381)
Balance, end of the year	\$ 32,475,367	\$ 26,550,734

Deferred capital contributions consist of the following:

Deferred capital contributions - capital assets	\$31,625,570	\$ 23,672,640
Deferred capital contributions - capital funding	849,797	2,878,094
	\$ 32,475,367	\$ 26,550,734

9. INVESTMENT IN CAPITAL ASSETS

The change in investment in capital assets is calculated as follows:

	2014	2013
Excess of expenses over revenue		
Amortization of deferred capital contributions	\$ 1,751,367	\$ 1,561,855
Amortization of self-funded capital assets	15,711	24,398
Amortization of capital assets	(1,767,078)	(1,586,253)
	-	-
Investment in capital assets, beginning of the year	66,373	980,268
Net change in investment in capital assets		
Amortization of self-funded capital assets (above)	(15,711)	(24,398)
Funds received relating to prior years' capital	-	(126,500)
Capital funding reallocation	-	(762,997)
Decrease in investment in capital assets	(15,711)	(913,895)
Investment in capital assets, end of the year	\$ 50,662	\$ 66,373

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.

	2014	2013
Balance, beginning of the year	\$ 2,617,892	\$ 2,282,440
Endowments received from private sources	1,800	2,875
Investment income required to be held as endowment	16,159	16,012
Change in market value of investments	137,413	316,565
Balance, end of the year	\$ 2,773,264	\$ 2,617,892

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, 2014, the balance of unrestricted funds of the Auxiliary was \$187,786 (2013: \$187,335).

During the year, the Auxiliary made donations of \$53,196 (2013: \$46,918) 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

	2014	2013
Investment income earned during the year	\$ 997,571	\$ 595,856
Less: Investment management fees	(64,361)	(32,730)
Net investment funds available for allocation	933,210	563,126
Allocation to deferred operating contributions	(692,401)	(370,494)
Allocation to endowments	(16,159)	(16,012)
Total investment income	\$ 224,650	\$ 176,620
Admissions, marketing and visitor experience consist of:		
General and miscellaneous marketing revenue	\$ 258,473	\$ 261,513
Admissions and special events	658,220	771,547
Food and beverage	201,774	220,360
Rentals	570,955	486,259
Garden shop sales	583,600	580,227
Total admissions, marketing and visitor experience	\$ 2,273,022	\$ 2,319,906
Mandated activities consist of:		
Horticulture - gardens, parklands and collections	\$ 552,246	\$ 39,577
Conservation and environmental programs	756,150	537,815
Scientific and research programs	40,799	125,998
Education programs	956,759	954,955
Total mandated activities	\$ 2,305,954	\$ 1,658,345

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, 2014.

(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, 2014, bank indebtedness of \$24,557 (2013: \$483) is recorded in US dollars and converted into Canadian dollars. Approximately 43% (2013: 36%) 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

213,388 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: 87 full-time, 150 part-time
Off season: 87 full-time, 25 part-time

MEMBERSHIP

7,667 memberships, representing an estimated 15,173 members

AUXILIARY VOLUNTEERS

335 volunteers provided approximately 40,000 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

11,419 and approximately 202,362 living plants representing 169 families, 883 genera, 2,697 species and 5,345 cultivated plants

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

Rock Garden Teahouse

Turner Pavilion Teahouse

Rock Garden (closed) / Hendrie Park
Open seasonally, these areas provide visitors with a quick lunch or snack



**ROYAL
BOTANICAL
GARDENS**
www.rbg.ca

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