



2023
ANNUAL REPORT





OUR ROLE

Royal Botanical Gardens (RBG) is the largest botanical garden in Canada, a National Historic Site, and registered as a charitable organization with a mandate to bring together people, plants and nature. The emphasis of the 2023 Business Plan was a combination of activities and investments that would support our conservation efforts, grow and expand our audience base, implement priorities of the Five-Year Strategic Plan and strengthen organizational effectiveness and capacity.

INITIATIVES

- Continue to protect and restore nature sanctuaries and environmentally sensitive habitats
- Manage our collections and create display gardens to use as a backdrop for a wide variety of artistic, cultural and culinary events and activations to grow engagement and visitation beyond the current visitor base.
- Nurture a culture that is entrepreneurial, end user oriented, highly adaptable and future oriented
- Execute early work and planning that will lay the foundation for the implementation of the Master Plan.

MISSION

We dedicate our expertise in horticulture, conservation, science and education to connect people, plants and place for the purpose of nurturing and preserving healthy growing life on our planet.

VISION

A world in which everyone is awake to the beauty, diversity and necessity of plants.



Fast Facts

- Officially incorporated in 1941
- Designated a National Historic Site in 1993
- More than 234,000+ individual plants

RBG IS 2137 ACRES IN SIZE INCLUDING:

| | | |
|--|---|---------------------------------------|
| 130 Acres of cultivated gardens | 2007 Acres of nature sanctuaries | 27 Kilometres of nature trails |
|--|---|---------------------------------------|



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Funders

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



Land Acknowledgement

Royal Botanical Gardens acknowledges the long history of First Nations and Métis People in the Province of Ontario, and pays respect to the Six Nations of the Grand River Territory and the Mississaugas of the Credit First Nation, the holder of the Treaty with the Crown for these lands. The land we steward is within the traditional territories of the Haudenosaunee, Anishinaabe and Huron-Wendat Nations.

BOARD OF DIRECTORS

Keith Scott Chair
Deborah Harasym Vice Chair

Appointed by Council, City of Hamilton

Councillor Craig Cassar
November 2022–November 2026
Councillor Alex Wilson
November 2022–November 2026

Appointed by Council, Regional Municipality of Halton

Councillor Kelvin Galbraith
December 2018–November 2026
Len Collins May 2023–November 2026
Citizen-at-Large Representative

Additional Members in Place of Appointments by the Governor-in-Council

Kevin Brady June 2013–September 2025
Lisa Marcuzzi September 2021–September 2024

Additional Members in Place of Appointments by the Lieutenant-Governor-in-Council, Province of Ontario

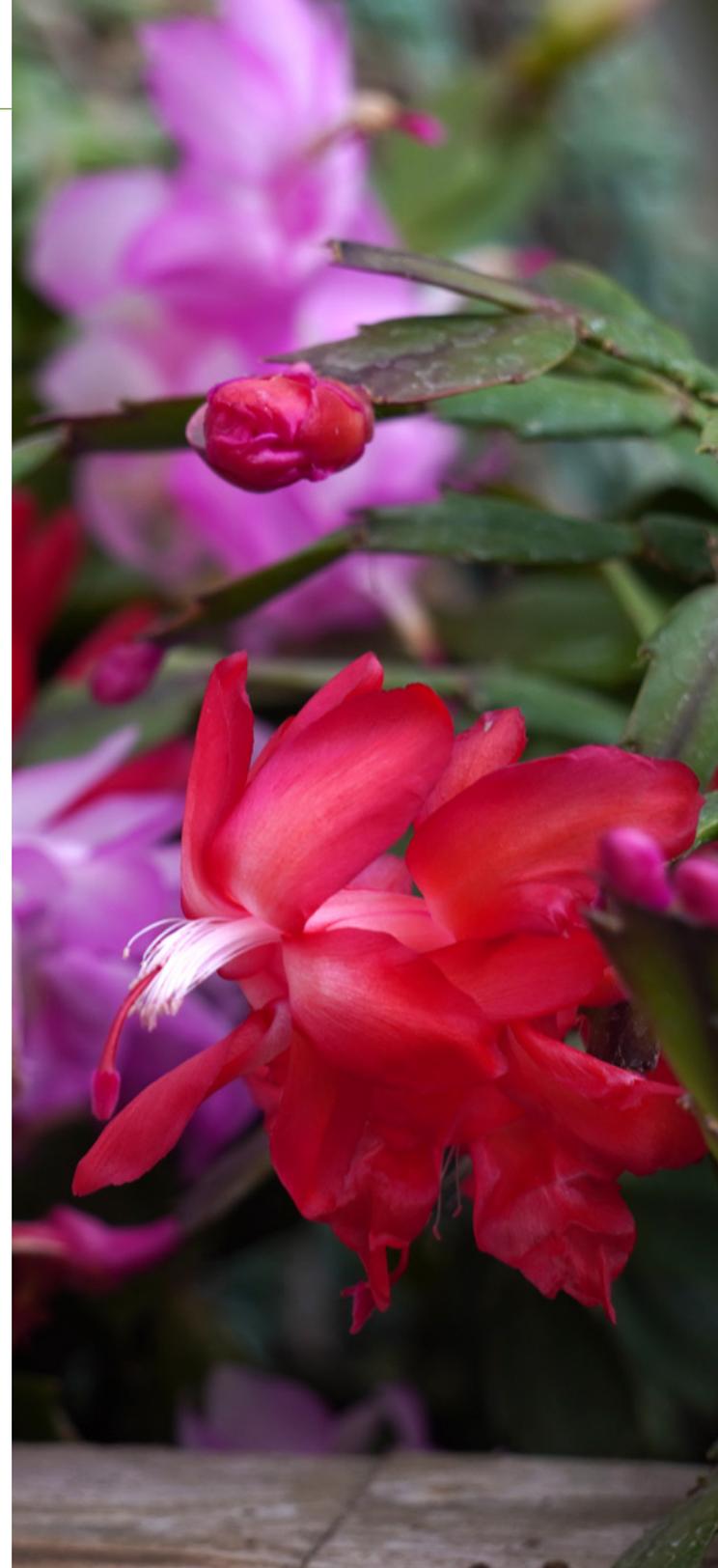
Alexandra Lawson June 2022–June 2026
Luke Wilson March 2022–March 2025

RBG Appointees

Marlis Butcher March 2021–June 2025
David Conrath March 2015–June 2025
David Farrar September 2019–June 2024
Ex-Officio, President & Vice Chancellor,
McMaster University
Frank Ferragine December 2021–June 2026
Ingrid Hann May 2020–June 2024
Deborah Harasym March 2018–June 2025
Matt Johnston May 2021–June 2024
Robert Norman May 2021–June 2026
Keith Scott May 2015–June 2025
Gavin Sheppard March 2021–June 2024

Representing RBG Volunteers

Gloria Onishenko June 2022–June 2023
MJ Irvine June 2023–June 2024





MESSAGE FROM CEO & BOARD CHAIR

In 2023, RBG moved full steam ahead with our conservation efforts and the development and delivery of highly engaging events and experiences in support of a key business priority to develop and expand our audience base. We know from our research that a robust suite of events and programs is the most effective way to attract new visitors, encourage repeat visitation and build a destination. This certainly proved to be the case in 2023.

The year began with the popular Frogs Exhibit which saw over 55,800 guests, an increase of almost 22% from the previous year's exhibit.

In May, RBG welcomed almost 12,000 guests, many coming from outside of our traditional market and visiting RBG for the first time, to honour the Coronation of his Majesty King Charles III. We are thankful to the province of Ontario which generously provided free admission to RBG and other provincial attractions and provincial parks to celebrate this momentous occasion. It was RBG's best day ever for admissions.

RBG re-introduced the summer music series, moved it from a large garden tent to an outdoor location and ended the series with a concert featuring Sarah Harmer. Other events included a Sunflower Dance performance followed by a question-and-answer session and an Indigenous Culinary Experience, the 10th year of the Great Canadian Pumpkin Trail with a record visitation of more than 15,500 guests, and the year concluded with the enchanting Winter Wonders.

Throughout the year, a diverse array of events took place, including the third annual Winter Tide, themed brunches, a day long visit from the esteemed Dr. Jane Goodall which you will read about later in this report and a panel discussion for the National Day of Truth and Reconciliation in partnership with the Woodland Cultural Centre.

Throughout the year, we adjusted our programs, services and offerings to enhance the visitor experience. We reimagined the former Turner Pavilion in Hendrie Garden to a Tea House that hosted lunches, afternoon tea and other social gatherings. We adjusted our food and beverage venues to better respond to operational and visitor needs. Changes were made to wayfinding in RBG Centre with the addition of bright colours and universal signage to make it easier for our guests to explore the various spaces.

Our data shows that events are driving general admission and membership growth. Overall, attendance was 387,104 in 2023 which represents a 5.6% increase from 2019 (pre-pandemic) and a 36% increase from 2022. More significantly, paid admissions increased to 162,360 in 2023 representing a 29% increase from 2022 and a 19.3% increase from 2019.

Increased attendance and visitations to RBG resulted in increased revenue in 2023 but also increased expenses. Revenue in 2023 increased from 2022 and 2019 but the costs to deliver on operations, site maintenance, programs and events also increased. We regularly adjusted our programs,

services and offerings in 2023 to ensure we worked within budget. This will continue to be a guiding principle in 2024 as we refine our operations, services and programs to ensure we can deliver high quality experiences and programs as economically as possible.

We were delighted to welcome Dr. Jane Goodall for a full day of activities in October. The morning session welcomed more than 400 students to Ecofest which was followed by an intimate question and answer session with guests and the day culminated in a public presentation to more than 400 guests. Dr. Goodall's messages about the impact of humans on the environment and the many ways we can implement changes to stem the environmental crisis resonated with guests young and old.

Her focus on biodiversity preservation aligns with one of RBG's key strategic and business priorities to become a leader in biodiversity and ecological stewardship. Highlights in this field saw the return of fish populations in marshes, the removal of invasive species that threatened our wetlands and plant collections to leadership provided by RBG in collaboration with partners to improve habitat quality and help wildlife move through the landscape via ecological corridors. You will read more about our impacts in education, horticulture, natural lands and science later in this report.

In 2023, RBG took a significant step towards the implementation of a Master Plan by initiating a two-step process to secure a multi-disciplinary design team to lead its development. Over the course of the process, RBG received fifteen submissions from multi-disciplinary teams, many of which included international partners, and whittled those down to four teams by the end of December. The successful proponent will play an integral role in helping RBG reimagine its future.

RBG is immensely grateful to the more than 600 volunteers who help in so many areas of our work. In 2023, 619 volunteers contributed more than 40,600 hours of their time. We could not offer so many of our programs and events without the generous support from our volunteers.

RBG is grateful for the financial support received from the Government of Ontario, through the Ministry of Tourism, Culture and Sport, the City of Hamilton, the Regional Municipality of Halton as well as our many generous funders, donors, partners, sponsors and members.



Keith Scott
Board Chair, Royal Botanical Gardens



Nancy Rowland
CEO, Royal Botanical Gardens



2023 HIGHLIGHTS



Living Plants in our Collection

234,172

6,887 Taxa

151 Families

757 Genera

2,116 Species



15,500

Native species planted



9,500

Plant accessions



210,000

Invasive plants removed



387,104

Total garden attendance

Species at RBG



277
Birds



37
Mammals



6
Amphibians



52
Fish



10
Freshwater
Mussels



4
Turtles



60,000+

Plant specimens preserved in our herbarium for scientific research.

Memberships



15,707 membership households

26,545 members

Volunteers



619 Active Volunteers

40,644 Volunteer Hours

Educational Programs



5,739 students attended
365 virtual school programs



12,677 students attended
430 on-site school programs



2,479 March Break,
Summer and Winter day campers

Green Angels

Subsidy Program Supported



2,265 Student and youth participation
in on-site program experiences



1,542 Students provided with
55 Virtual field trip opportunities



43 Campers at RBG Day Camps



1023 Admission Passes



380,000

Trail visitors



2023 RBG RESULTS





Financial & Program Performance

Highly engaging events and experiences are an important audience development strategy for many organizations, including botanical and public gardens. Robust events and programming are the most effective way to attract new visitors, encourage repeat visitation and build a destination.

RBG took this to heart in 2023 with a broad array of new and expanded events and experiences that attracted new visitors and encouraged repeat visitations. The year was framed by a hugely successful Frog exhibit, which welcomed a record-breaking 55,800 visitors and marked the best single-day attendance ever in RBG's history on May 6th, in celebration of the Coronation of his Majesty King Charles. The year ended with an almost doubling of attendance to the popular Pumpkin Trail festival and another successful Winter Wonders program. In between the book ends was a myriad of events and experiences both small and large, from the reimagining of the Tea House in Hendrie Gardens to a Sunflower dance performance to celebrate Indigenous culture and cuisine to a full day of events with Dr. Jane Goodall.

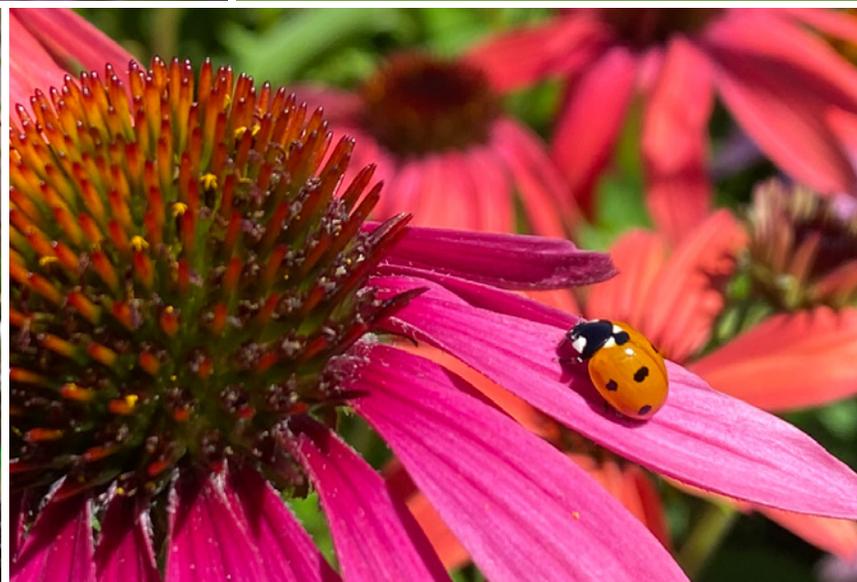
As a result, both overall attendance and paid admissions increased in 2023, the first full year without provincial restrictions on social gatherings since the pandemic began in 2020. Overall attendance increased by 5.6% compared to 2019 and 36% from 2022. Paid admissions also saw an increase in 2023 to 162,360. This figure represents a 19.3% increase from 2019 and a 29% increase from 2022.

Membership had its highest revenue and number of members in 2023 with over 15,700 households. This represented a 28.7% increase from 2019 when there were 12,204 households and a 6% increase from 2022 when there were 14,826 households. The fundraising industry reports that lower level donors are feeling the impacts of inflation and the economy and it impacted their capacity to donate. Annual Giving donations to RBG decreased by 14% when compared to 2022 results. While Annual Giving donations were down, donations from major donors increased by 30%.

With increased attendance in 2023, RBG saw a significant boost in revenue, up 38% from 2019 and 13% from 2022. In addition to funding from its key funding partners, RBG is thankful for funding from the province of Ontario to offset the costs of free admission on May 6th to celebrate the Coronation of his Majesty King Charles III and Parks Canada for conservation and science communication initiatives. While revenue was up in 2023, so too were expenses. These increases were due in part to adjustments to salaries and wages, a key business priority towards strengthening organizational effectiveness, higher than expected costs and services to deliver on programs, events and operations and higher than expected utility charges due to delayed charges from the utility companies.



THE YEAR
IN REVIEW



Special Events & Program Highlights

- Hosted the popular Frogs Exhibit which welcomed a record breaking 55,800 visitors
- Welcomed almost 12,000 visitors on May 6th to honour the Coronation of his Majesty King Charles III. This was the best day ever in RBG's history for attendance.
- Re-introduced the summer music series, "Music in the Gardens".
 - The series saw 9 distinct music ensembles and 3,883 attendees.
 - The music series ended with a fall concert headlined by Basia Bulat and featuring Sarah Harmer.
 - The concert sold out in record time with over 700 tickets purchased.
- Hosted Oron'ohnta / Beings of Light led by Santee Smith's Kahawai Dance theatre which featured dance performances, a question and answer session and an Indigenous culinary experience.
- Hosted a panel discussion with guests from the Woodland Cultural Centre to honour the National Day of Truth and Reconciliation.
- Celebrated the 10th year of Great Canadian Pumpkin Trail with record visitation of 15,541 guests over seven nights.
- Brought back Winter Wonders with new installations and a partnership with the National Film Board of Canada featuring classic Canadian winter documentaries and welcomed 36,145 guests.

Membership & Fundraising Highlights

- Membership had its highest revenue and number of members in 2023, with over 15,700 households.
- Annual Giving donations decreased by 14% when compared to 2022 results while the Charitable Membership Program continued to grow seeing a 11% increase in participation.
- Donations from major donors increased by 30%.
- A significant investment from a major donor was made towards RBG's new Customer Relations Management system and an audience analytics tool that will help RBG deliver on its key business priority of audience development.



A Day at RBG with Dr. Jane Goodall

Dr. Jane Goodall's visit to RBG on October 11th was a momentous occasion, during which she shared her message of hope and inspiration with over 1,100 individuals spanning various age groups. Renowned as the world's leading expert on chimpanzees, Dr. Goodall's passion, eloquence, and persuasive speaking style captivated the audience right from the onset.

During the daytime Ecofest event, attended by more than 400 school children and their teachers, Dr. Goodall emphasized the power of youth in conservation efforts globally. She encouraged them to take action, no matter how small, such as influencing their parents' purchasing decisions towards environmentally friendly products. Reflecting on her own journey, Dr. Goodall spoke of the challenges she faced in a time when societal norms limited opportunities for women in science. Yet, her perseverance and determination serve as a beacon of inspiration for us all.

During the evening's sold-out public presentation, Dr. Goodall addressed the pressing environmental crisis and urged the newer generations to seek innovative solutions. Despite the challenges we face, she expressed optimism in humanity's intellect and highlighted ongoing scientific endeavours in renewable energy, sustainable agriculture, biodiversity preservation, and carbon capture technology. Dr. Goodall's unwavering belief in the resilience of nature instilled a sense of hope, emphasizing that with collective effort, we can turn the tide against environmental degradation.



Horticulture Highlights

- Staff mentored three Professional Gardener students from Niagara Parks School of Horticulture, giving them a unique opportunity to learn within a botanical garden.
- Critical new data was added to RBG's records regarding insect abundance, native versus non-native insects and populations of beneficial predatory insects versus rose pests.
- Hendrie Park and a host of RBG grown sunflowers served as an outdoor stage for the Otsi'tsa'kio:wa – Beings of Light Indigenous Dance performances held in the Fall as part of Truth and Reconciliation events.
- Accessibility was improved at Laking Garden through major renovations to three staircases and a connecting stamped concrete walkway.
- Plant Records engraved and installed 2,006 plant labels throughout RBG's gardens so visitors can easily identify more plants.
- Tree cleanup on 92 trees, including 19 removals, created safer spaces in the cultivated gardens & collections areas.

Natural Lands Highlights

- Fish populations finally started to rise with improved marsh conditions due to low numbers of carp, increased Spencer Creek flow and the City of Hamilton's rebuild of the Westdale Sewer Overflow Facility.
- 210,000 Eurasian invasive plants were removed from across the natural areas to support wildlife and plant connectivity as part of the Cootes to Escarpment EcoPark System's "Ecological Corridor Pilot Program".
- The three year meadow reestablishment project at Rock Chapel was completed and this resulted in the return of meadow species including Rye Grass, Hairy Beardtongue and the return of insects and birds they attract.
- 72 turtle nests were protected from hazardous situations including 5 Blanding's turtle nests.
- Nature trails at Princess Point and Rock Chapel were resurfaced and the floating boardwalk at Cootes Paradise North Shore Landing was replaced.





Education Highlights

- On-site interpretive engagements broke all records, reaching over 181,000 participants.
 - This number comprises visitors who participated in tours, demonstrations, Discovery activities and other informal content-based interactions led by RBG's interpretive staff and volunteer team.
 - Staff also developed and led activities for the Dr. Jane Goodall EcoFest.
- Since 2006, the virtual field trip programming has expanded to every continent except Antarctica.
 - Through a partnership with Connect North, these free programs have also reached nearly 100 remote Indigenous communities across Canada's north.
- The 2022-23 cohort of Young Environmental Science Alliance (YES Alliance) students wrapped up this program for high school-age youth from across the region.
 - Since 2016, YES students have explored RBG's properties and connected with various community groups and organizations to bolster their knowledge of the environmental sector, planting the seeds for environmental careers.

Science Highlights

- Records on over 30,000 specimens in the Herbarium are now publicly available through the Consortium of Northeastern Herbaria's online portal.
- Led by RBG, the Cootes to Escarpment EcoPark System partners undertook a major "Ecological Corridor Pilot Project", one of only 8 awarded in Canada, to improve habitat quality and help wildlife move through the landscape via ecological corridors.
- Staff supplied background research and archival information to support important RBG projects around cultural heritage and archaeology to assist with planning for RBG's future.
- External researchers from government and universities undertook seven different projects at RBG in 2023, ranging from archaeology to assessing benefits of garden experiences for patients living with dementia.
- Over 750 people used RBG's seed library in its third year, requesting about 3,500 seed packets.
- Staff presented 36 plant identification workshops, tours, and other in-person learning experiences and talks on botany, conservation and RBG's history for a wide variety of audiences.

SUSTAINABILITY EFFORTS

We continue to focus on sustainability and creating ways to reduce our impact on the environment for the purpose of nurturing and preserving healthy growing life on our planet. Some of our 2023 highlights include:

Offset the Frogs! Exhibit and our “A Day at RBG with Dr. Jane Goodall” event with Bullfrog Power clean electricity.

Installed bird safety markers on windows at the RBG Centre Atrium, Tea House at the Turner Pavilion and Rock Garden to protect birds.

Used compostable packaging for all take-out/concession packaging and made compostable straws available by request.

Used recycled China wares in the new Tea House and built the bar and shelving from reclaimed wood.

Used produce grown at RBG when available and ensured our major vendor sourced local produce.

Purchased new equipment to manage our plant waste and compost more efficiently so we can participate in municipal waste programs currently being offered.



57% Waste diverted from landfill through added recycling and internal composting collection.

2 Hybrid vehicles added to our fleet to reduce greenhouse gas emissions.

100% Sustainably sourced water sold in containers made from renewable paperboard with a plant-based cap.

10 solar-powered lights installed at Laking Garden and **58** LED lights at the Rock Garden.

2,000 Christmas trees diverted from landfill to assist in rebuilding creek channels that facilitate regrowth of marsh plants and create habitat for native fish and wildlife.





FINANCIAL SUMMARY



Risk Discussion

Risk is evaluated regularly and reported and reviewed quarterly by the Audit and Finance Committee. The reports include a description of the risk, an impact and scope description, likelihood of the risk, mitigation strategy and overall risk assessment. The risk mitigation involves development of mitigation strategies designed to manage, eliminate or reduced risk to an acceptable level.

 **BROWNLOW PARTNERS**
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Royal Botanical Gardens

Opinion

We have audited the financial statements of Royal Botanical Gardens (the Organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 **BROWNLOW PARTNERS**
CHARTERED PROFESSIONAL ACCOUNTANTS

As part of the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ancaster, Ontario
March 28, 2024


Chartered Professional Accountants
Licensed Public Accountants

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

| | 2023 | 2022 |
|---------------------------------------|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash | — | \$ 271,562 |
| Accounts receivable | \$ 1,210,228 | \$ 815,986 |
| Government remittances receivable | \$ 29,558 | \$ 324,541 |
| Inventory | \$ 331,329 | \$ 361,285 |
| Prepaid expenses and deposits | \$ 576,728 | — |
| | \$ 2,147,843 | \$ 1,773,374 |
| INVESTMENTS <i>(Note 3)</i> | \$ 15,254,216 | \$ 14,457,679 |
| CAPITAL ASSETS <i>(Note 5)</i> | \$ 37,818,589 | \$ 38,638,004 |
| | \$ 55,220,648 | \$ 54,869,057 |

| | 2023 | 2022 |
|---|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Bank indebtedness | \$ 322,309 | — |
| Accounts payable | \$ 2,320,780 | \$ 1,068,868 |
| Government remittances payable | — | \$ 26,180 |
| Deferred revenue | \$ 1,299,521 | \$ 1,174,538 |
| Deferred capital funding | \$ 723,929 | \$ 597,325 |
| Deferred operating contributions <i>(Note 6)</i> | \$ 5,862,720 | \$ 5,309,017 |
| | \$ 10,529,259 | \$ 8,175,928 |
| DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 7)</i> | | |
| | \$ 36,036,328 | \$ 37,269,759 |
| | \$ 46,565,587 | \$ 45,445,687 |
| NET ASSETS | | |
| Unrestricted <i>(Note 8)</i> | \$ 2,963,877 | \$ 2,958,204 |
| Internally restricted <i>(Note 9)</i> | \$ 3,238,915 | \$ 4,045,948 |
| Endowments <i>(Note 10)</i> | \$ 2,452,269 | \$ 2,419,218 |
| | \$ 8,655,061 | \$ 9,423,370 |
| | \$ 55,220,648 | \$ 54,869,057 |

Commitments & Contingencies (Note 11)

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 | 2022 |
|---|----------------------|----------------------|
| REVENUE | | |
| Operating Grants | | |
| Ministry of Tourism, Culture & Sport | \$ 4,036,000 | \$ 4,036,060 |
| City of Hamilton | \$ 660,351 | \$ 647,408 |
| Regional Municipality of Halton | \$ 859,959 | \$ 834,912 |
| Other government support <i>(Note 2a(v))</i> | — | \$ 1,526,000 |
| | \$ 5,556,310 | \$ 7,044,380 |
| Admissions, sales and incremental revenue <i>(Note 13a)</i> | \$ 10,614,691 | \$ 9,145,391 |
| Fundraising revenue <i>(Note 13b)</i> | \$ 1,411,364 | \$ 1,250,810 |
| Grant revenue <i>(Note 13c)</i> | \$ 2,064,448 | \$ 907,650 |
| Fund and other revenue <i>(Note 13d)</i> | \$ 1,143,690 | \$ 119,115 |
| Investment income <i>(Note 13e)</i> | \$ 208,441 | \$ 114,265 |
| | \$ 20,998,944 | \$ 18,581,611 |

| | 2023 | 2022 |
|--|-----------------------|----------------------|
| EXPENSES | | |
| Admissions, sales and incremental expenses | \$ 8,882,566 | \$ 7,468,922 |
| Fundraising and grant expenses | \$ 838,062 | \$ 697,614 |
| Conservation and science communication expenses | \$ 2,561,992 | \$ 1,645,934 |
| Collections management expenses | \$ 868,986 | \$ 652,411 |
| Garden expenses | \$ 2,380,461 | \$ 2,089,808 |
| Site maintenance expenses | \$ 3,454,376 | \$ 3,176,269 |
| Administration expenses | \$ 3,394,150 | \$ 2,524,449 |
| | \$ 22,380,593 | \$ 18,255,407 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR OPERATIONS | \$ (1,381,649) | \$ 326,204 |
| Amortization of deferred capital contributions <i>(Note 5)</i> | \$ 3,783,191 | \$ 3,805,014 |
| Amortization of capital assets <i>(Note 5)</i> | \$ (3,936,864) | \$ (3,880,689) |
| Change in unrealized gain (loss) on investments | \$ 229,641 | \$ (473,111) |
| DEFICIENCY OF REVENUE OVER EXPENSES | \$ (1,305,681) | \$ (222,582) |

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

| | UNRESTRICTED <i>(Note 8)</i> | INTERNALLY RESTRICTED <i>(Note 9)</i> | ENDOWMENTS <i>(Note 10)</i> | TOTAL 2023 | TOTAL 2022 |
|---|--|---|---------------------------------------|-----------------------|-----------------------|
| NET ASSETS, BEGINNING OF THE YEAR | \$ 2,958,204 | \$ 4,045,948 | \$ 2,419,218 | \$ 9,423,370 | \$ 10,108,575 |
| Excess (deficiency) of revenue over expenses for operations | \$ (1,381,649) | — | — | \$ (1,381,649) | \$ 326,204 |
| Endowment contributions | — | — | \$ 13,740 | \$ 13,740 | \$ 24,271 |
| Amortization of investment in capital assets | \$ (153,673) | — | — | \$ (153,673) | \$ (75,675) |
| Investment income allocations | \$ 1,311,354 | \$ 221,032 | \$ 19,311 | \$ 240,343 | \$ 130,017 |
| Transfer from internally restricted funds <i>(Note 9)</i> | — | \$ (1,311,354) | — | — | — |
| Change in unrealized gain (loss) on investments | \$ 229,641 | \$ 283,289 | — | \$ 512,930 | \$ (1,090,022) |
| NET ASSETS, END OF THE YEAR | \$ 2,963,877 | \$ 3,238,915 | \$ 2,452,269 | \$ 8,655,061 | \$ 9,423,370 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 | 2022 |
|--|-----------------------|---------------------|
| CASH USED IN OPERATING ACTIVITIES | | |
| Deficiency of revenues over expenses for the year | \$ (1,305,681) | \$ (222,582) |
| Adjustments for: | | |
| Amortization of deferred capital contributions | \$ (3,783,191) | \$ (3,805,014) |
| Deferred operating contributions recognized as revenue | \$ (698,335) | \$ (189,265) |
| Amortization of capital assets | \$ 3,936,864 | \$ 3,880,689 |
| Change in unrealized loss (gain) on investments | \$ (229,641) | \$ 473,111 |
| | \$ (2,079,984) | \$ 136,939 |
| Net changes in non-cash working capital balances from operations | \$ 704,683 | \$ (1,243,716) |
| Cash used in operating activities | \$ (1,375,301) | \$ (1,106,777) |
| INVESTING ACTIVITIES | | |
| Capital funding received during the year | \$ 2,676,364 | \$ 2,142,303 |
| Capital funding used during the year | \$ (2,549,760) | \$ (1,864,085) |
| Acquisition of internally funded capital assets | \$ (567,689) | \$ (276,235) |
| Increase in endowments | \$ 33,051 | \$ 43,203 |
| Allocated investment income to internally restricted net assets | \$ 221,032 | \$ 111,085 |
| Deferred operating contributions and allocated investment income | \$ 554,429 | \$ 268,678 |
| Decrease in cost of investments | \$ 414,003 | \$ 342,475 |
| Cash provided by investing activities | \$ 781,430 | \$ 767,424 |
| DECREASE IN CASH DURING THE YEAR | \$ (593,871) | \$ (339,353) |
| CASH AT BEGINNING OF THE YEAR | \$ 271,562 | \$ 610,915 |
| CASH (BANK INDEBTEDNESS) AT END OF THE YEAR | \$ (322,309) | \$ 271,562 |

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION

Royal Botanical Gardens (the "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. The 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, the RBG members, many corporations, foundations and individuals.

The 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, admission fees, membership fees, other program fees, event revenue, food and beverage revenue, rental revenue and garden shop revenue 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 funding 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.
- v. Government assistance is recognized as revenue when the RBG has complied with the terms and conditions of the applicable legislation. The Organization did not receive government assistance during the year. During the December 31, 2022 year, the Organization received an emergency stabilization grant from the Ministry of Tourism, Culture and Sport in the amount of \$1,526,000.

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. Donations In-Kind

Donations in-kind are recorded at the estimated fair market value at the date of donation. The RBG received donations in-kind of \$6,675 (2022: nil).

d. Measurement of Financial Instruments

The RBG initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The 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 accounts payable. The 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, 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.

f. Inventory

Inventory, consisting of food and beverage and items available for sale in the 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, sales and incremental expenses is \$1,497,163 (2022: \$1,266,591) 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 | 2-5 years |
| Furniture and fixtures | 2-10 years |
| Computer equipment | 2-3 years |
| Software | 5 years |
| Media stock | 5 years |
| Exhibits | 3 years |

Contributed capital assets are recognized at the fair value at the date of contribution. The contribution is recognized as revenue on the same basis as the amortization expense of the contributed capital asset.

When a capital asset no longer has any long term service potential to the 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.

| | 2023 | 2022 |
|---|---------------|---------------|
| Amortization of capital assets | \$ 12,849,869 | \$ 13,263,872 |
| Change in unrealized loss (gain) on investments | \$ 2,404,347 | \$ 1,193,807 |
| Market value of investments at December 31 | \$ 15,254,216 | \$ 14,457,679 |

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

| | | |
|---|---------------|---------------|
| Cash, cash equivalents and accrued interest | \$ 1,456,045 | \$ 928,659 |
| Fixed income securities | \$ 4,715,589 | \$ 4,991,271 |
| Equity securities | \$ 9,082,582 | \$ 8,537,749 |
| | \$ 15,254,216 | \$ 14,457,679 |

4. DEMAND LOAN

The RBG has the following facilities available:

- **Credit facility #1 & #2:** Shared authorization up to \$2,000,000. Facility #1 - Revolving loan to provide bridge financing for general capital requirements. Interest rate is determined at the time of borrowing. Repayable in full on the maturity date determined at the time of borrowing, to maximum term of one year. As at December 31, 2023, the facility was not drawn upon (2022: not drawn). Facility #2 - Non-revolving demand loan to provide bridge financing for general capital requirements. The facility bears interest at prime plus 0.75%. Repayment terms are determined at time of borrowing. As at December 31, 2023, the facility was not drawn upon (2022: not drawn).
- **Credit facility #3:** Overdraft lending account up to \$2,000,000 for general operating requirements. The facility bears interest at prime plus 0.5%. Repayable on demand. As at December 31, 2023, the facility was not drawn upon (2022: not drawn).
- **Credit facility #4:** Corporate MasterCard account up to \$250,000 for general operating requirements. As at December 31, 2023, \$54,066 (2022: \$36,977) was drawn on the facility.

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;
- Signed Environmental Review Checklist and Indemnity Agreement;
- 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, 2023 is \$4,942,934 (2022: \$4,201,198), which are included with investments on the statement of financial position;

Security for the facilities includes the following:

- Solicitor's Letter of Opinion together with a Conflict of Interest Letter from the Solicitor confirming the Bank has good and valid assignment of the funds;
- Letter of acknowledgement confirming that existing pledged investment portfolio continues to contain no trust funds or otherwise restricted funds; and
- Letter of acknowledgement that moving funds in and/or out of the pledged investment portfolio is allowed subject to bank prior approval and the minimum lending value of the pledged investment portfolio has to be equal or more than the outstanding loan balance.

5. CAPITAL ASSETS

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

| | 2023 | 2022 |
|---|----------------------|----------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 38,638,004 | \$ 40,378,373 |
| Purchase of capital assets funded by deferred capital contributions | \$ 2,549,760 | \$ 1,864,085 |
| Purchase of internally funded capital assets | \$ 567,689 | \$ 276,235 |
| Amortization of capital assets | \$ (3,936,864) | \$ (3,880,689) |
| BALANCE, END OF THE YEAR | \$ 37,818,589 | \$ 38,638,004 |

Of the amortization claimed, \$3,783,191 (2022: \$3,805,014) relates to externally funded capital assets, which agrees to the amortization of deferred capital contributions recognized as revenue during the year.

Capital assets consist of the following:

| | 2023 | | 2022 | |
|--|----------------------|--------------------------|----------------------|----------------------|
| | COST | ACCUMULATED AMORTIZATION | NET | NET |
| Land | \$ 876,681 | — | \$ 876,681 | \$ 876,681 |
| Buildings | \$ 33,886,294 | \$ 19,016,856 | \$ 14,869,438 | \$ 15,716,596 |
| Mechanical equipment | \$ 7,954,979 | \$ 4,410,776 | \$ 3,544,203 | \$ 3,596,622 |
| Gardens and natural area infrastructures | \$ 29,185,900 | \$ 14,061,884 | \$ 15,124,016 | \$ 15,280,303 |
| Roadways and parking lots | \$ 4,988,192 | \$ 3,420,680 | \$ 1,567,512 | \$ 1,755,157 |
| Vehicles and equipment | \$ 5,430,646 | \$ 4,798,060 | \$ 632,586 | \$ 404,870 |
| Furniture and fixtures | \$ 4,663,214 | \$ 3,884,807 | \$ 778,407 | \$ 567,485 |
| Computer equipment | \$ 2,998,288 | \$ 2,816,690 | \$ 181,598 | \$ 251,902 |
| Software | \$ 317,791 | \$ 73,643 | \$ 244,148 | \$ 188,388 |
| Media stock | \$ 252,244 | \$ 252,244 | — | — |
| Exhibits | \$ 985,806 | \$ 985,806 | — | — |
| BALANCE, END OF THE YEAR | \$ 91,540,035 | \$ 53,721,446 | \$ 37,818,589 | \$ 38,638,004 |

6. DEFERRED OPERATING CONTRIBUTIONS

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

| | 2023 | 2022 |
|---|---------------------|---------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 5,309,017 | \$ 6,781,630 |
| Contributions received from corporate and private sources | \$ 29,028 | \$ 7,804 |
| Amount drawn from funds during the year | \$ (698,335) | \$ (189,265) |
| Investment income allocation | \$ 293,239 | \$ 153,848 |
| Restricted investment income earned on endowments | \$ 232,162 | \$ 107,026 |
| Change in market value of investments | \$ 697,609 | \$ (1,552,026) |
| BALANCE, END OF THE YEAR | \$ 5,862,720 | \$ 5,309,017 |

Deferred operating contributions consist of the following major external restrictions:

| | | |
|-----------------------------|---------------------|---------------------|
| Operations | \$ 80,208 | \$ 73,503 |
| Gardens and natural lands | \$ 3,416,911 | \$ 3,225,589 |
| Collections | \$ 487,373 | \$ 399,348 |
| Science and education | \$ 1,048,587 | \$ 938,408 |
| Staffing and administration | \$ 829,641 | \$ 672,169 |
| | \$ 5,862,720 | \$ 5,309,017 |

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

| | | |
|--|----------------------|----------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 37,269,759 | \$ 39,189,364 |
| Capital contributions used during the year | \$ 2,549,760 | \$ 2,549,760 |
| Amortization of deferred capital contributions | \$ (3,783,191) | \$ (3,805,014) |
| BALANCE, END OF THE YEAR | \$ 36,036,328 | \$ 37,269,759 |

8. UNRESTRICTED NET ASSETS

Unrestricted net assets consists of the following:

| | UNRESTRICTED | INVESTED IN CAPITAL ASSETS | TOTAL 2023 |
|---|---------------------|-------------------------------|---------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 2,458,655 | \$ 499,549 | \$ 2,958,204 |
| Deficiency of revenues over expenses for operations | \$ (1,381,649) | — | \$ (1,381,649) |
| Purchase of internally funded capital assets | \$ (567,689) | \$ 567,689 | — |
| Amortization of investment in capital assets | — | \$ (153,673) | \$ (153,673) |
| Transfer from internally restricted funds <i>(Note 9)</i> | \$ 1,311,354 | — | \$ 1,311,354 |
| Change in unrealized gain on investments | \$ 229,641 | — | \$ 229,641 |
| BALANCE, END OF THE YEAR | \$ 2,050,312 | \$ 913,565 | \$ 2,963,877 |

9. INTERNALLY RESTRICTED NET ASSETS

During the year, \$405,724 was transferred from the internally restricted net assets towards the cost of implementing the master planning framework and \$905,630 was transferred from the internally restricted net assets towards the operating deficit, in accordance with board restrictions (2022: no amounts transferred).

Internally restricted net assets consist of the following major internal restrictions:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Maintaining garden areas and strategic initiatives | \$ 3,238,915 | \$ 3,140,318 |
| COVID-19 recovery | — | \$ 905,630 |
| | \$ 3,238,915 | \$ 4,045,948 |

10. ENDOWMENTS

Contributions restricted for endowments consist of donations received by the 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.

| | 2023 | 2022 |
|--|---------------------|---------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 2,419,218 | \$ 2,376,015 |
| Endowments received from private sources | \$ 13,740 | \$ 24,271 |
| Investment income required to be held as endowment | \$ 19,311 | \$ 18,932 |
| BALANCE, END OF THE YEAR | \$ 2,452,269 | \$ 2,419,218 |

11. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the 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 the RBG.

12. RECLASSIFICATION

Certain 2022 comparative amounts were reclassified to conform to the current year's financial statement presentation.

13. REVENUE**a. Total admissions, memberships and other programs**

| | 2023 | 2022 |
|---|---------------|--------------|
| Admissions, sales and incremental revenue consists of: | | |
| Admissions, events and programs | \$ 5,397,622 | \$ 4,371,364 |
| Incremental | \$ 5,069,058 | \$ 4,730,136 |
| Other | \$ 148,011 | \$ 43,891 |
| | \$ 10,614,691 | \$ 9,145,391 |

b. Total fundraising revenue

| | | |
|---|----------------|--------------|
| FUND RAISING AND DONATIONS DURING THE YEAR | \$ 5,583,727 | \$ 2,593,049 |
| Add: | | |
| Restricted donations received in the prior year recognized into fundraising revenue | \$ 318,736 | \$ 74,168 |
| Fundraising revenue earned | \$ 68,950 | — |
| Less: | | |
| Grants deferred and recognized into grant revenue as qualifying expenses are incurred | \$ (3,394,553) | \$ (939,573) |
| Green Angel donations recognized in deferred revenue | \$ (87,088) | \$ (102,287) |
| Restricted donations recognized in deferred revenue | \$ (550,900) | \$ (350,973) |
| Restricted donations recognized in deferred operating contributions and endowments | \$ (42,768) | \$ (15,609) |
| Restricted donations recognized in deferred capital contributions | \$ (484,740) | \$ (7,965) |
| | \$ 1,411,364 | \$ 1,250,810 |

c. Total Grant revenue

| | 2023 | 2022 |
|--|---------------------|-------------------|
| Grant revenue provided funding for the following areas: | | |
| Admissions, sales and incremental activities | \$ 94,691 | \$ 254,322 |
| Conservation and science communication | \$ 1,877,987 | \$ 604,408 |
| Collections management | \$ 29,742 | \$ 8,779 |
| Gardens | \$ 27,994 | \$ 40,141 |
| Administration | \$ 34,034 | — |
| | \$ 2,064,448 | \$ 907,650 |

d. Total fund and other revenue

Fund and other revenue provided funding for the following areas:

| | | |
|--|---------------------|-------------------|
| Admissions, sales and incremental activities | \$ 12,657 | \$ 5,418 |
| Conservation and science communication | \$ 560,356 | \$ 113,697 |
| Collections management | \$ 85,000 | — |
| Gardens | \$ 485,677 | — |
| | \$ 1,143,690 | \$ 119,115 |

e. Total investment income

| | | |
|--|---------------------|-------------------|
| INVESTMENT INCOME EARNED DURING THE YEAR | \$ 1,064,779 | \$ 597,355 |
| Less: | | |
| Investment management fees | \$ (90,594) | \$ (92,199) |
| Net investment funds available for allocation | \$ 974,185 | \$ 505,156 |
| Allocation to deferred operating contributions | \$ (525,401) | \$ (260,874) |
| Allocation to internally restricted net assets | \$ (221,032) | \$ (111,085) |
| Allocation to endowments | \$ (19,311) | \$ (18,932) |
| | \$ 208,441 | \$ 114,265 |

14. FINANCIAL INSTRUMENTS

Risks and Concentrations

The RBG is exposed to various risks through its financial instruments. The following analysis provides a measure of the RBG's risk exposure and concentrations at December 31, 2023.

a. Liquidity Risk

Liquidity risk is the risk that the RBG will encounter difficulty in meeting obligations associated with financial liabilities. The RBG is exposed to this risk mainly in respect of its accounts payable. The 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. The RBG achieves this by maintaining sufficient cash and cash equivalents. This risk has not changed from the prior year.

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. The RBG's main credit risks relate to its accounts receivable. The RBG provides credit to its clients in the normal course of its operations. This risk has not changed from the prior year.

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. The RBG is exposed to currency risk and other price risk. This risk has not changed from the prior year.

- 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 the RBG's assets are exposed to foreign exchange fluctuations. As at December 31, 2023, bank indebtedness of \$29,343 (2022: \$45,158) is recorded in US dollars and converted into Canadian dollars. Approximately 38% (2022: 35%) of the RBG's investments are held in US dollars and converted into Canadian dollars.

- ii. **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). The 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 the RBG's investment advisor.

d. Inflationary Risk

The RBG is significantly impacted by current inflation rates and its impact on supplies and materials, food and beverage costs, utilities, labour and the procurement of capital assets. To manage this risk, RBG management employs a number of tactics including monitoring trends and incorporating economic forecasts in the development of the business plan and budget, monthly review of operating budgets and reprioritization of deliverables, changing the scope of programs or capital projects to reflect increased costs and adjusting pricing specifically for ticketed programs and food services.



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