



ANNUAL REPORT 2017



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

RBG BOARD OF DIRECTORS, 2017

OFFICERS OF THE BOARD

Ruth Lee – Chair
Clifford Carson – Vice Chair
David Conrath – Treasurer
Kevin Brady – Secretary
Leslie Bullock – Past Chair

APPOINTED BY COUNCIL, CITY OF HAMILTON

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

APPOINTED BY COUNCIL, REGIONAL MUNICIPALITY OF HALTON

Councillor Jane Fogal (December 2014 to November 2018)
Councillor Sean O’Meara (December 2014 to November 2018)
Gavin Wood Sheppard (February 2015 to November 2018)
Peter Thoem (February 2015 to November 2018)
James Tourangeau (February 2015to November 2018)

APPOINTED BY THE GOVERNOR GENERAL-IN COUNCIL, CANADA

Kevin Brady (June 2013 to June 2016)
Andrew Connor (September 2016 to September 2019)

APPOINTED BY THE LIEUTENANT-GOVERNOR-IN COUNCIL, PROVINCE OF ONTARIO

Larissa Fenn (December 2015 to December 2018)
Peter Hargreave (April 2014 to April 2020)

RBG APPOINTEES

Gordon Albini (June 2007 to June 2018)
Leslie Bullock (June 2007 to June 2018)
Clifford Carson (September 2010 to June 2018)
David Conrath (March 2015 to June 2018)
Ruth Lee (March 2000 to June 2016)
Patrick Deane, President & Vice Chancellor, McMaster University (March 2011 to June 2018)

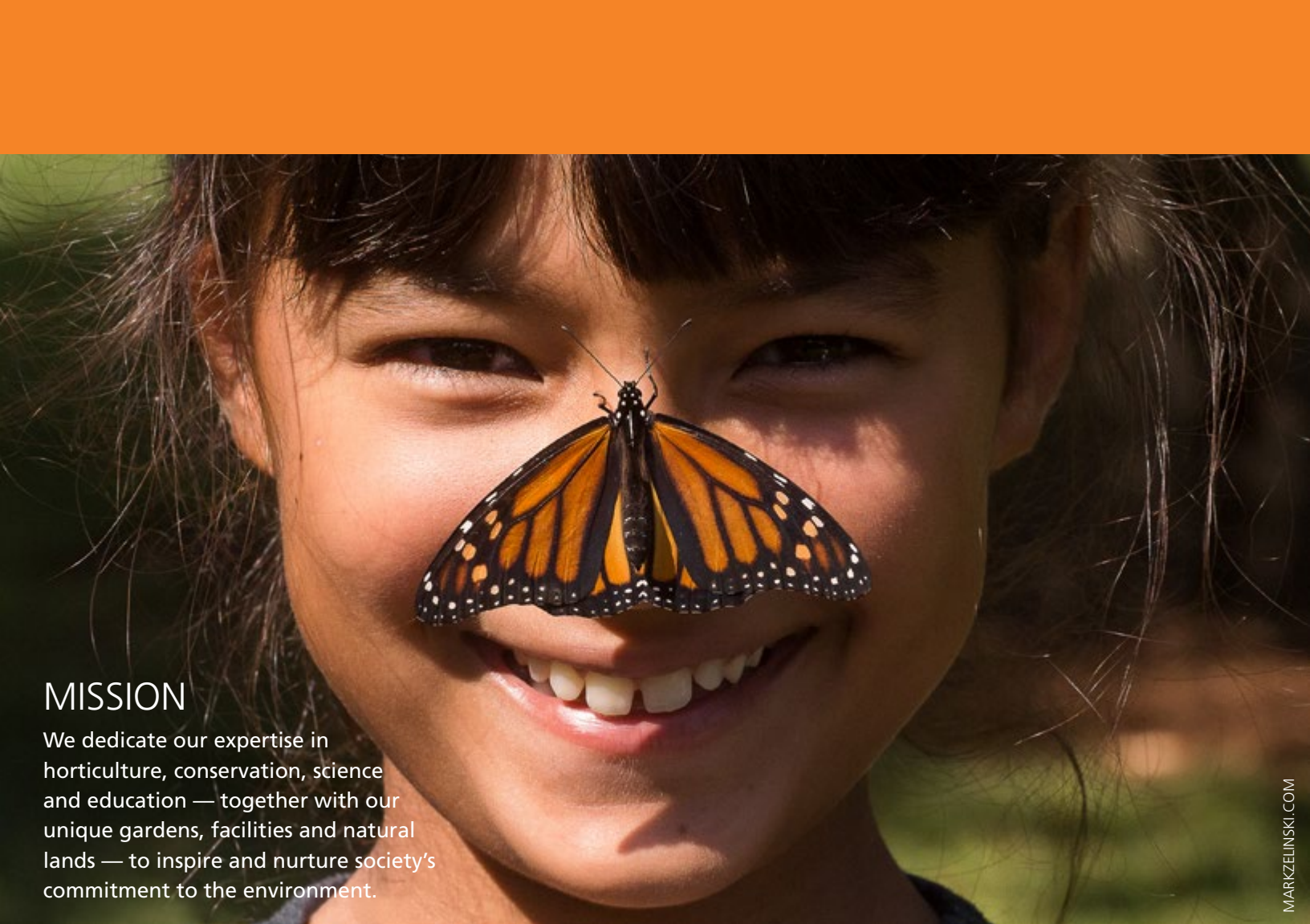
REPRESENTING THE AUXILIARY OF ROYAL BOTANICAL GARDENS

Linda Heaver (February 2017 to March 2018)

FUNDERS

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





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.

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VISION

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

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2017 represented the third year of our Strategic Plan that provides direction through to 2020 — it is aimed at taking RBG to a new level of performance.

Ontario and Canada's 150th celebrations made for an exceptional year at the Gardens as we increased our efforts and provided a year of experiences that explored all aspects of RBG. Visitors connected to Canada's heritage and our environment through exhibitions, educational programming and special events; discovered our beauty and history through our landscapes and unique horticultural displays; and celebrated with great concerts, art, culinary experiences and cultural programs.

It all started with *The Big Freeze*, our winter exhibit experience brought the Ice Age home to RBG. The family-friendly experience featured two special exhibits and daily activities where visitors of all ages explored the past and learned about the future. *Ice Age Mammals* brought our guests face-to-face with mega-sized fossilized mammals while *After the Thaw* put them in touch with real fossils and artifacts from RBG, demonstrating how our local landscape has evolved over time.

In April 2017, we hosted our first annual Plant Faire, a collaborative effort of staff and volunteers that resulted in an educational plant sale that will be evolving in the years to come. From there, the celebrations continued with Canadian premier of *Nature Connects*®, an award-winning exhibition made entirely of LEGO® bricks.

A full lineup of events celebrated the diversity of our province and RBG's landscape and beauty. The year included sculptures, performances and culinary journeys, numerous musical performances including a signature performance by The Tenors, horticultural displays including renovations to the Centennial Rose Garden, and we worked together with an Indigenous knowledge bearer and elders, as well as many community volunteers on a new trail experience, called Enji naagdowing Anishinaabe waadiziwin (The Journey to Anishinaabe Knowledge). This explores the culture and native plants used by the Anishinabek nation.

Shakespeare at the Rock and a performance by the Hamilton Philharmonic Orchestra were again added to our David Braley & Nancy Gordon Rock Garden programming. We unveiled *Flora Hominis*, the newest addition to our sculpture collection, created by local artist Brandon Vickerd. Located in the Dalglish Courtyard, it is a contemporary piece commemorating RBG founder Thomas



Baker McQuesten. This representation was made possible through the support of Ontario 150 and the Dalglish Family Foundation.

In addition to these celebratory events, RBG hosted the 2017 Annual Conference of the American Public Gardens Association here in Hamilton. We partnered with Niagara Parks Commission to welcome over 700 registrants representing gardens and arboreta from North America and beyond. The conference ended with a tour and dinner at the newly rejuvenated and award-winning Rock Garden which left many visitors speechless!


Locally, Rock Garden's visitor centre was recognized early in November with City of Hamilton's Urban Design and Architecture Award of Excellence for a Public Building.

Spring's wet weather brought many challenges with flooding, combined with newly adjusted higher lake levels. Our natural lands crew worked for months restoring shorelines, trails and drainage ditches that were washed out and damaged. Two roads were under water from May to August and restricted access to many areas of the property. That said, the rains provided us with spectacular bloom periods.

Our adult membership has grown to nearly 18,000 and we are also experiencing growth in our annual fundraising revenues. This has been both challenging and rewarding as we are now raising capital funds for the Rose Garden Rejuvenation project, in parallel.

Ontario 150 funding will leave a legacy of experiences for our visitors and members to enjoy for years to come. Our dedicated staff, volunteers and the tremendous support of our core funders ensured that Royal Botanical Gardens provided memorable experiences in what perhaps has been our busiest year.




Ruth Lee, Board Chair
Royal Botanical Gardens




Mark Runciman, CEO
Royal Botanical Gardens



M'NEILL PHOTOGRAPHY

The award-winning Rock Garden continued to receive national recognition in October 2017:

1. National Trust for Canada, Ecclesiastical Insurance Cornerstone Award for the adaptive use / rehabilitation of Rock Garden
2. Canadian Society of Landscape Architects 2017 National Award for large-scale public landscapes designed by a landscape architect (over 5 hectares)







STRATEGIC GOALS

In the third year of its five-year strategic plan, Royal Botanical Gardens' board of directors, staff, and volunteers addressed four key priorities that will carry the organization into the next decade poised for even greater success:

- 1. The RBG Guest Experience** — RBG will provide legendary guest experiences.
- 2. Financial Sustainability** — RBG will become financially sustainable by 2020. RBG will have sufficient revenue to achieve its strategic goals.
- 3. Environmental Leadership** — RBG will take leadership on environmental stewardship and education locally, provincially, nationally and internationally
- 4. Governance and Leadership** — RBG will maximize all human resources (the RBG Team) to support the strategic directions of the organization.

Over 645,000
inspired visitors
(including
trail users)



Hosted by RBG,
400 delegates
attended the third
annual Bay Area
Economic Summit for
Hamilton Chamber
of Commerce and
Burlington Chamber
of Commerce.

17, 816 loyal members
representing
10,782 households





Public garden professionals from around the globe experienced RBG as the host garden to the American Public Gardens Association 77th-annual conference.



A burgeoning
online community!

10,305: Twitter

20,905: Facebook

9,862: Instagram

18,000: eRBG newsletter

1,059 species recorded
in the first RBG/Cootes
to Escarpment EcoPark
BioBlitz. The second
largest count in the
nationwide Canada 150
BioBlitz program.

Connect. Discover. Celebrate!

Royal Botanical Gardens was proud to commemorate Canada and Ontario's 150th in 2017. We celebrated Canadian culture, landscape, cuisine, art, and more with events and exhibits throughout the year. We are thankful to the Ontario 150 fund for their generous support of these projects and many others, and for helping us to make Canada's Sesquicentennial memorable.



256 square metres of Ice Age Mammals filled the Peter and Camilla Dalglish Atrium as part of *The Big Freeze* winter exhibition

1 unforgettable night of music provided by Canadian vocal group The Tenors, with a ninety-minute sunset performance in Hendrie Park



ONTARIO
15010



378,436 LEGO® bricks used to create *Nature Connects* summer exhibit



30 new Canadians from 17 different nations took their oath of citizenship at RBG





350 pounds (158.7 kg) of bronze casting used to create *Flora Hominis*, a sculpture in tribute to RBG founder, Thomas Baker McQuesten.

A record
10,296
attendees
at Garden
Music Nights
concert series!





800 feet of track used to create the new Escarpment Train Exhibit

1.5 kilometres of nature trail revitalized to create Enji naagdowing Anishinaabe waadiziwin, exploring plants used by the Anishinaabe people, and their connections to culture, language, ecology and history

More than 50,000 visitors to Holiday Traditions featuring Santa's Signature experience and the new Winter Lights at the Rock exhibition.



ENVIRONMENT

In December 2016 Royal Botanical Gardens hired a staff member responsible for the measurement of RBG's environmental performance and to suggest and coordinate projects to improve our environmental performance. With this new internal capacity, alongside RBG's expertise and commitment to nature, we are making phenomenal progress measuring, monitoring and reducing our greenhouse gas emissions.

In 2017, RBG became a GOLD level member of Sustainable Hamilton Burlington's Sustainable Business Initiative which includes a greenhouse gas reduction target of 20% of our 2017 baseline by 2027.



6 new electric vehicle charging stations

14% less water used across RBG in 2017



Improved waste diversion by 35% at RBG Centre



GREENHOUSE GAS EMISSIONS INVENTORY



Fleet and Tools
94.19 t CO₂e

The emissions resulting from the operation of RBG fleet vehicles and tools involved in carrying out activities over the year



Natural Gas & Propane
749.39 t CO₂e

The emissions resulting in the combustion of fuel used to heat RBG facilities/greenhouses and operate restaurants



Electricity
108.22 t CO₂e

Indirect emissions resulting from the electricity needed to operate RBG's facilities



Water Consumption
.97 t CO₂e

Indirect emissions resulting from the energy to pump and treat water used at RBG



Employee mileage
3.01 t CO₂e

Emissions resulting from business travel in RBG staff members' personal vehicles

RBG decreased 11.22 tonnes of CO₂e emissions between 2016–2017



(Source: Sustainable Hamilton Burlington's Sustainable Business Initiative Carbon Accounting Tool)



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EDUCATION



RBG celebrated 70 years of providing our community and members with engaging educational experiences, connecting people of all ages to the natural world.

Starting with our children's gardening programs and public lectures way back in 1947, education at RBG now includes a whole suite of on-site programs as well as state-of-the-art digital technology reaching schools across North America and around the world.

2,781 registrants in 141 public programs

2,197 campers took part in over 50 camp days totaling 7,608 experiences

16,605 students experienced RBG school programs

Over 101,000 participants in interpretive programs and activities



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SIMCOE COUNTY DISTRICT SCHOOL BOARD

450 kindergarten students and 36 educators involved in a Back to Nature Network research project focused on the impacts of regular outdoor learning at school



HORTICULTURE

Work began on the creation of a new, sustainable Rose Garden featuring a spectacular display of roses and companion plants, extending seasonal interest in Hendrie Park. The rejuvenated Rose Garden is being created with an emphasis on low impact environmentally friendly horticulture practices for a more resilient, sustainable and earth-kind rose collection, unique to Canada and public gardens in North America. The garden will open in 2018.

Throughout all the garden areas, a wide range of vibrantly coloured annuals were featured in celebration of Canada and Ontario's Sesquicentennial.

In RBG collections, benchmarking of RBG's Peony and Lilac collections was completed resulting in verification that 50% of the peonies and 86% of the lilacs within these collections are unique to RBG and therefore not available for purchase anywhere in the nursery trade.

A manager of plant propagation and production position was created and filled in support of long-range organizational objectives.

2017 key plantings:
129 trees
659 shrubs
5074 perennials
12044 perennial bulbs





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490 turtle hatchlings successfully released to RBG wetlands

NATURAL LANDS

Activities in natural lands were defined by a changing climate and record high water levels on Lake Ontario. Sections of RBG trails and roads were closed for months due to flooding and emergency measures were taken at additional locations. Environmental implications were extensive, with multiple carp barriers overtopped, and special measures implemented at the Cootes Paradise Fishway to maintain its function.

Much of the marsh restoration success of 2016 was undone by the extremely deep and impaired water quality. As water receded in August, replanting of 20,000 wetland plants began. A few wetland birds flourished in the extensively flooded habitat, highlighted by the Least Bittern, a species at risk.



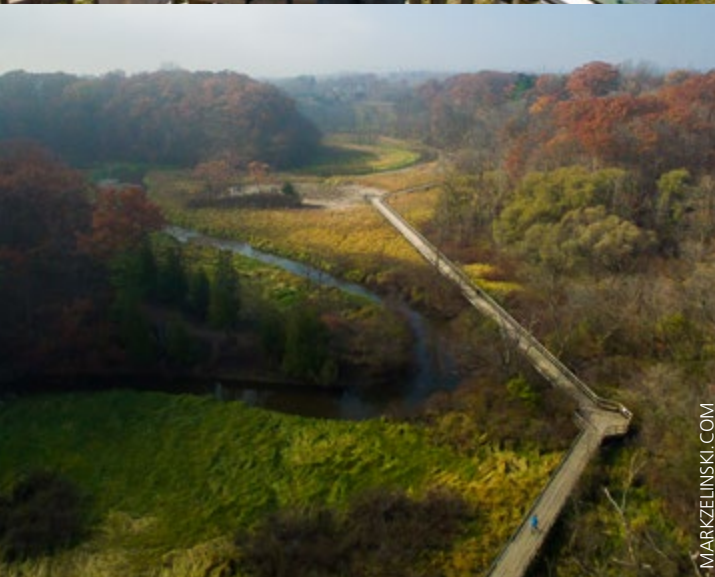
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Wetland Restoration, Vegetated Areas*

Location	1995 Averages	2016 Averages	Objective
Cootes Paradise	26.59 ha	135.1 ha	230 ha
Grindstone	11.26 ha	21.0 ha	40 ha

Wetland Restoration, Carp Density*

Location	1995 Averages	2016 Averages	Objective
Cootes Paradise	800 kg/ha	~44 kg/ha	< 20 kg/h
Grindstone		~150 kg/ha	



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*RBG Natural Lands 2016 Marsh Status, <https://www.rbg.ca/file/Factsheet---Marsh-Status-2016.pdf>

SCIENCE

The science department embarked on new research projects involving invasive species that included testing burns to control invasive grass *Poa nemoralis* and plans for development of RBG's first strategy to detect and control invasive species.

RBG's herbarium team participated in a number of educational events aimed to bring awareness to plants. These included interpretive programming such as Botany and Gruits (ancient beer recipes) at RBG's Fest-of-Ales event, adaptation at the Pollination Festival and plant ID services at the first RBG/Cootes to Escarpment BioBlitz.

Dr. David Galbraith, head of science, represented the Gardens on a national and international front, facilitating the First Nations Panel Discussion at the American Public Gardens Association Annual Conference and attending the Global Botanic Gardens Congress in Geneva, Switzerland.



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1277 plant specimens added to the herbarium collection



794 plant specimens digitized in the herbarium collection

11 new spontaneous plant species recorded in RBG natural lands

5 new species of flowering plants from Peru discovered by Dr. James Pringle:

- Gentianella bussmannii*
- Gentianella empetroides*
- Gentianella nephostelium*
- Gentianella quipuscoana*
- Gentianella yanachagensis*





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PLANTING SEEDS FOR LIFE!

As a not-for-profit organization, RBG's achievements are made possible through the dedication and financial support of a variety of individuals, businesses and government funding initiatives. People make the difference at RBG and the business development and community engagement team worked closely with community partners to ensure we continue to play a vital role as environmental stewards, providing green spaces and nurturing a love for the plant world.



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**up
Growing Green**
Health • Education • Nature

\$2,354,222 raised
in support of
the Growing up
Green annual
giving campaign

Green Angels

\$55,000 raised
in support
of the Green
Angels
subsidy fund

Green Angels fund provided:
484 children/youth supported
admission passes and memberships
59 school groups for 2,480 children
6 youth programs for 243 youth
48 campers on 218 camper days
149 family members A Day at RBG



J.C. BAKKER & SONS LTD.



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\$145,719 raised in support of the
Rose Garden Rejuvenation Project

Volunteer

Volunteerism at RBG took new shape in 2017 as the Auxiliary transitioned into a new RBG volunteer model. RBG volunteers come from all walks of life and include occasional, corporate, youth, and consistent volunteers, those dedicated volunteers from the Auxiliary.

The first-annual Plant Faire at RBG was a result of great collaboration between volunteers and staff, resulting in a fresh educational experience that featured RBG's own RBG ROYALSELECT™ brand.



1,117 volunteers in 2017
vs. 293 in 2016



47,034 hours of volunteer service,
equivalent of 25 full-time staff



21 different languages
spoken by RBG volunteers





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63 wedding receptions
and 94 ceremonies

PRIVATE EVENTS

Royal Botanical Gardens continued to deliver stunning backdrops, both inside and in our garden areas, for hundreds of weddings, group tours and corporate events. The first full year of service at the new David Braley & Nancy Gordon Rock Garden provided our guests with yet another world-class option to host their special event.

400 delegates attended the sold-out Bay Area Economic Summit that included a keynote address by Premier Kathleen Wynne, while 400 international delegates from the garden industry saw all RBG has to offer at the closing gala of the American Public Gardens Association annual conference.

Special guests to the Gardens included an April visit from HRH Princess Margriet of the Netherlands during her Canadian tour.



FOTOFLARE



FOTOFLARE

250 corporate events totaling
23,344 corporate guests

ROYAL BOTANICAL GARDENS (A Corporation without Share Capital)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Royal Botanical Gardens

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, 2017, 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, 2017, 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
June 21, 2018



Chartered Professional Accountants
Licensed Public Accountants

259 Wilson Street East • Ancaster, Ontario L9G 2B8 • T. 905.648.0404 • E 905.648.0403 • www.brownlowcas.com
(The accompanying notes form an integral part of these financial statements)

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	\$ 607,750	\$1,702,534
Accounts receivable	562,945	540,114
Government remittances receivable	256,567	95,964
Inventory	232,112	180,615
Prepaid expenses and deposits	143,873	225,599
	<u>1,803,247</u>	<u>2,744,826</u>
INVESTMENTS (note 3)	18,417,496	18,139,416
CAPITAL ASSETS (note 5)	41,738,575	41,218,022
	<u>\$ 61,959,318</u>	<u>\$ 62,102,264</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Demand loan (note 4)	\$ –	\$ 1,202,495
Accounts payable	2,090,690	1,315,513
Deferred revenue	1,579,654	1,714,533
Deferred capital funding	2,675,263	2,826,486
Deferred operating contributions (note 7)	7,332,777	7,935,726
	<u>13,678,384</u>	<u>14,994,753</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	39,710,818	38,983,002
	<u>53,389,202</u>	<u>53,977,755</u>
NET ASSETS		
Unrestricted (note 8)	2,626,705	2,430,304
Internally restricted (note 9)	3,069,299	2,887,610
Endowments (note 10)	2,874,112	2,806,595
	<u>8,570,116</u>	<u>8,124,509</u>
	<u>\$ 61,959,318</u>	<u>\$ 62,102,264</u>

Commitments and contingencies (note 12)

Approved by the Board



Director



Director

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUE		
Operating grants		
Province of Ontario - Ministry of Tourism, Culture and Sport	\$ 4,036,000	\$ 4,036,000
City of Hamilton	616,094	605,200
Regional Municipality of Halton	759,930	747,963
	<hr/>	<hr/>
	5,412,024	5,389,163
Admissions, memberships and other program revenue (note 14)	4,394,082	3,563,373
Mandated activities (note 14)	3,695,296	3,286,238
Development - donations (note 14)	763,864	805,351
Investment income (note 14)	225,768	158,076
Amortization of deferred capital contributions (note 5)	3,106,049	2,426,440
	<hr/>	<hr/>
	17,597,083	15,628,641
EXPENSES		
Admissions, memberships and other program expenses	3,090,293	2,531,177
Maintenance and equipment	2,757,783	2,373,130
Administration	2,272,017	2,100,929
Development fundraising	722,210	585,552
Mandated activities		
Horticulture — gardens, parklands and collections	2,216,531	2,298,173
Conservation and environmental programs	1,195,987	1,243,300
Scientific and research programs	651,558	553,323
Education programs	1,541,922	1,478,501
Amortization of capital assets (note 5)	3,106,049	2,426,440
	<hr/>	<hr/>
	17,554,350	15,590,525
EXCESS OF REVENUE OVER EXPENSES FOR OPERATIONS	42,733	38,116
Change in unrealized gain on investments	157,386	171,759
Unrestricted estate donation (note 9)	—	88,929
	<hr/>	<hr/>
EXCESS ADDED TO NET ASSETS FOR THE YEAR	\$ 200,119	\$ 298,804

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted (note 8)	Internally Restricted (note 9)	Endowments (note 10)	Total 2017	Total 2016
NET ASSETS, BEGINNING OF THE YEAR	\$ 2,430,304	\$ 2,887,610	\$ 2,806,595	\$ 8,124,509	\$ 7,556,664
Excess of revenue over expenses for operations	42,733	-	-	42,733	38,116
Unrestricted estate donation	-	-	-	-	88,929
Endowment contributions	-	-	1,200	1,200	2,527
Endowment funds drawn	-	-	(8,437)	(8,437)	-
Amortization of investment in capital assets	(3,718)	-	-	(3,718)	(3,718)
Investment income allocations	-	134,468	17,148	151,616	124,729
Change in unrealized gain on investments	157,386	47,221	57,606	262,213	317,262
NET ASSETS, END OF THE YEAR	\$ 2,626,705	\$ 3,069,299	\$ 2,874,112	\$ 8,570,116	\$ 8,124,509

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 200,119	\$ 298,804
Adjustments for:		
- amortization of deferred capital contributions	(3,102,331)	(2,422,722)
- amortization of investment in capital assets	(3,718)	(3,718)
- deferred operating contributions recognized as revenue	(1,166,346)	(911,428)
- amortization of capital assets	3,106,049	2,426,440
- change in unrealized gain on investments	(157,386)	(171,759)
	(1,123,613)	(784,383)
Net changes in non-cash working capital balances from operations	337,364	(143,612)
Cash provided by (used in) operating activities	(786,249)	(927,995)
INVESTING AND FINANCING ACTIVITIES		
Decrease in demand loan	(1,202,495)	(402,193)
Acquisition of capital assets	(3,626,602)	(1,944,685)
Increase in endowments	9,911	19,339
Allocated investment income to internally restricted net assets	134,468	107,917
Deferred operating contributions and allocated investment income	439,461	407,251
Capital contributions used during the year	3,830,147	3,359,205
Decrease (increase) in cost of investments	106,575	(828,293)
Cash provided by (used in) investing and financing activities	(308,535)	718,541
DECREASE IN CASH DURING THE YEAR	(1,094,784)	(209,454)
CASH AT BEGINNING OF THE YEAR	1,702,534	1,911,988
CASH AT END OF THE YEAR	\$ 607,750	\$ 1,702,534

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

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION

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

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

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 contributions on the statement of financial position. Self-funded contributions for depreciable capital assets are deferred and amortized over the life of the related assets. Self-funded capital asset contributions that have not been expended are recorded as part of net assets invested in capital assets on the statement of financial position.
- (iv) Endowment contributions are recognized as a direct increase in endowment net assets in the year in which they are received.

(b) Contributed Services

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

(c) Donations In-Kind

Donations in-kind are recorded at their estimated fair market value at the date of donation and disclosed in Note 14, reconciling total development - donations.

(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, 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 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, memberships and other program expenses is \$411,433 (2016: \$364,739) 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

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.

Construction in progress is not amortized until the assets are available for use. During the year, interest of nil (2016: \$51,103) was capitalized during the construction.

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

(h) Use of Estimates

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

3. INVESTMENTS

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

	2017	2016
Cost of investments at December 31	\$ 15,576,030	\$ 15,682,605
Unrealized gain on investments	2,841,466	2,456,811
Market value of investments at December 31	\$ 18,417,496	\$ 18,139,416

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

Cash, cash equivalents and accrued interest	\$ 1,222,649	\$ 1,025,825
Fixed income securities	6,068,317	5,543,495
Equity securities	11,126,530	11,570,096
	\$ 18,417,496	\$ 18,139,416

4. DEMAND LOAN

RBG has the following facilities available:

- Credit facility #1 - Overdraft lending account up to \$2,000,000 for operating requirements. The facility bears interest at prime plus 0.5%. As at December 31, 2017, the facility was not drawn upon (2016: 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, 2017, nil (2016: \$1,202,495) of the demand loan was drawn upon.

As at December 31, 2017, RBG has a letter of credit in the amount of nil (2016: \$22,054) in favour of the City of Hamilton for the Rock Garden project.

Security for the facilities includes the following:

- General security agreement providing a first charge over all accounts receivable, inventory and equipment other than leased assets, land and buildings, plants, living collections, library artifacts, patents and investments;
- Bank to be named as loss payee on business and fire insurance; and
- Assignment and pledge of investment portfolio registered in Ontario under the Personal Property Security Act (PPSA) with enabling resolution. The market value of the investment portfolio pledged as collateral at December 31, 2017 is \$3,207,013 (2016: \$3,035,281), which are included with investments on the statement of financial position.

5. CAPITAL ASSETS

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

	2017	2016
Balance, beginning of the year	\$ 41,218,022	\$ 41,699,777
Purchase of capital assets funded by deferred capital contributions	2,708,475	1,856,505
Purchase of internally funded capital assets	918,127	–
Capital assets contributed during the year	–	88,180
Amortization of capital assets	(3,106,049)	(2,426,440)
Balance, end of the year	\$ 41,738,575	\$ 41,218,022

Amortization of capital assets agrees to amortization of deferred capital contributions of \$3,102,331 (2016: \$2,422,722) and amortization of investment in capital assets of \$3,718 (2016: \$3,718), which has been recognized as revenue during the year.

Capital assets consist of the following:

	2017		2016	
	Accumulated Cost	Amortization	Net	Net
Land	\$ 876,681	\$ –	\$ 876,681	\$ 876,681
Buildings	33,851,765	13,936,934	19,914,831	20,743,643
Mechanical equipment	3,959,984	2,445,790	1,514,194	1,039,251
Gardens and natural area infrastructures	21,786,614	6,148,213	15,638,401	16,592,394
Roadways and parking lots	2,493,900	2,142,323	351,577	451,450
Vehicles and equipment	2,823,139	2,528,306	294,833	381,420
Furniture and fixtures	2,762,471	1,913,741	848,730	954,517
Computer equipment	2,175,739	2,140,493	35,246	105,182
Media stock	252,244	252,244	–	–
Exhibits	985,806	944,139	41,667	73,484
Construction in progress	2,222,415	–	2,222,415	–
	\$ 74,190,758	\$ 32,452,183	\$ 41,738,575	\$ 41,218,022

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

	2017	2016
Balance, beginning of the year	\$ 38,983,002	\$ 38,046,519
Capital contributions used during the year	3,830,147	3,359,205
Amortization of deferred capital contributions	(3,102,331)	(2,422,722)
Balance, end of the year	\$ 39,710,818	\$ 38,983,002

7. DEFERRED OPERATING CONTRIBUTIONS

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

	2017	2016
Balance, beginning of the year	\$ 7,935,726	\$ 8,293,528
Contributions received from corporate and private sources	2,036	3,226
Amount drawn from funds during the year	(1,166,346)	(911,428)
Investment income allocation	299,741	305,459
Restricted investment income earned on endowments	137,684	98,566
Change in market value of investments	123,936	146,375
	(602,949)	(357,802)
Balance, end of the year	\$ 7,332,777	\$ 7,935,726

Deferred operating contributions consist of the following major external restrictions:

Operations	\$ 100,505	\$ 202,041
Gardens and natural lands	5,124,954	5,625,984
Collections	208,230	190,765
Science and education	1,149,307	1,110,258
Staffing and administration	749,781	806,678
	\$ 7,332,777	\$ 7,935,726

8. UNRESTRICTED NET ASSETS

Unrestricted net assets consists of the following:

	Unrestricted	Invested in capital assets	Total
Balance, beginning of the year	\$ 1,062,793	\$ 1,367,511	\$ 2,430,304
Excess of revenues over expenses for operations	42,733	-	42,733
Purchase of internally funded capital assets	(918,127)	918,127	-
Amortization of investment in capital assets	-	(3,718)	(3,718)
Funds received relating to prior years' internally funded capital assets	1,122,001	(1,122,001)	-
Change in unrealized gain on investments	157,386	-	157,386
Balance, end of the year	\$ 1,466,786	\$ 1,159,919	\$ 2,626,705

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

9. INTERNALLY RESTRICTED NET ASSETS

During the year, RBG received an unrestricted estate donation in the amount of nil (2016: \$88,929). The donation is internally restricted by RBG's Board of Directors for maintaining the garden areas and strategic initiatives. RBG's Board will approve the use of these funds. During the year, no amounts were drawn from the internally restricted net assets.

10. ENDOWMENTS

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

	2017	2016
Balance, beginning of the year	\$ 2,806,595	\$ 2,707,997
Endowments received from private sources	1,200	2,527
Amount drawn from funds during the year	(8,437)	-
Investment income required to be held as endowment	17,148	16,812
Change in market value of investments	57,606	79,259
Balance, end of the year	\$ 2,874,112	\$ 2,806,595

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, 2017, the balance of unrestricted funds of the Auxiliary was \$88,777 (2016: \$122,244). During the year, the Auxiliary made donations of \$25,500 (2016: \$25,500) 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. RECLASSIFICATION

Certain 2016 comparative amounts were reclassified to conform to the current year's financial statement presentation.

14. REVENUE

	2017	2016
Admissions, memberships and other program revenue consists of:		
Admissions and special events	\$ 1,503,051	\$ 1,098,439
Membership fees	1,000,460	893,047
Food and beverage	392,933	304,780
Rentals	559,240	453,783
Garden shop sales	813,696	712,825
Other income	124,702	100,499
Total admissions, memberships and other programs	\$ 4,394,082	\$ 3,563,373
Mandated activities consists of:		
Horticulture - gardens, parklands and collections	760,401	727,200
Conservation and environmental programs	568,487	905,513
Scientific and research programs	494,839	330,206
Education programs	1,871,569	1,323,319
Total mandated activities	\$ 3,695,296	\$ 3,286,238
Donations received during the year	\$ 3,835,391	\$ 4,806,511
Add: Prior year deferred amounts recognized as revenue		
Deferred revenue	99,133	209,322
Deferred operating contributions	1,166,346	911,428
Green angel deferred donations	72,373	50,295
Deferred revenue grants	902,746	511,868
Less: Donations deferred for future years		
Donations included in deferred revenue	(220,071)	(30,000)
Green angel donations included in deferred revenue	(59,817)	(74,900)
Deferred grants included in deferred revenue	(1,352,168)	(1,296,301)
Deferred operating contributions	(2,400)	(5,755)
Deferred capital contributions	(1,433,301)	(2,255,016)
Donations recognized as mandated revenue	(2,200,527)	(1,796,031)
Donations-in-kind	(43,841)	(137,141)
Donations recognized as internally restricted	–	(88,929)
Total development — donations	\$ 763,864	\$ 805,351
Investment income earned during the year	\$ 922,258	\$ 787,012
Less: Investment management fees	(107,449)	(100,182)
Net investment funds available for allocation	814,809	686,830
Allocation to deferred operating contributions	(437,425)	(404,025)
Allocation to internally restricted net assets	(134,468)	(107,917)
Allocation to endowments	(17,148)	(16,812)
Total investment income	\$ 225,768	\$ 158,076

15. 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, 2017.

(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, 2017, cash of \$21,395 (2016: bank indebtedness of \$10,463) is recorded in US dollars and converted into Canadian dollars. Approximately 40% (2016: 41%) 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

327,594 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: 95 full-time, 129 part-time
Off season: 95 full-time, 51 part-time

MEMBERSHIP

10,782 memberships representing an estimated 17,816 members

AUXILIARY VOLUNTEERS

1,117 volunteers provided approximately 47,043 hours of service

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

6,567 taxa (different species and cultivars) in the permanent living collection; maintains the International Lilac Registry

Rock Garden

Reopened 2016, including a new visitor centre and café. Features pollinator-friendly plants, species native to Ontario, and a broad representation of drought-tolerant perennials that provide wide sweeps of colour and texture through the seasons.

Arboretum

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



MAP KEY			
	RBG Properties		RBG Centre
	Roads		Hendrie Park
	Rail Lines		Laking Garden
	Hiking Trails		Rock Garden
	Water		Arboretum
	Trailheads		Nature Sanctuaries
	The Fishway		
	Parking		

WILDLIFE SPECIES RECORDED AT ROYAL BOTANICAL GARDENS

Birds: 277 species
 Mammals: 37 species
 Fish: 68 species
 Amphibians: 9 species
 Species at Risk: 57 species

Living Accessions

9,170 accessions and approximately 161,355 living plants representing 6,567 taxa, 159 families, 792 genera, 2,277 species.

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, Greenhouse Café and gift shop

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 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 plants from the world's five Mediterranean climates

HERBARIUM
 Approximately 60,000 plant specimens for scientific research

David Braley & Nancy Gordon Rock Garden
 Visitor Centre
 Hosts special events and private rentals, and includes a seasonally open café

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

Turner Pavilion Teahouse
 Hendrie Park
 Open seasonally, these area provides visitors with a quick lunch or snack



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

680 Plains Road West, Burlington, ON L7T 4H4
P.O. Box 399, Hamilton, ON L8N 3H8
905-527-1158 | 1-800-694-4769 | Fax: 905-577-0375
Charitable Registration: 13350 0850 RR0001