

**Ontario Horticultural Association
Financial Statements
December 31, 2017**

Ontario Horticultural Association
December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of
Ontario Horticultural Association

We have audited the accompanying financial statements of Ontario Horticultural Association, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and the 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 standard 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.

Auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for profit organizations, Ontario Horticultural Association derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to the revenues, assets or fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ontario Horticultural Association as at December 31, 2017, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Goderich, Ontario
February 28, 2018

TAKALO & BURT
LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS



Takalo & Burt

Ontario Horticultural Association
Statement of Operations
Year ended December 31, 2017


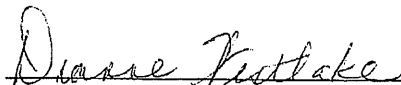
	General Fund	STBI Restricted Fund	Total 2017	Total 2016
Revenue				
Convention (Schedule A)	\$ 88,520	\$ -	\$ 88,520	\$ 84,068
Affiliation fees	83,282	-	83,282	83,085
Liability insurance premiums	47,401	-	47,401	46,987
Donations	8,638	-	8,638	35,682
Sale of OHA supplies	6,090	-	6,090	4,949
Receipts from fundraising	4,415	-	4,415	18,768
Dividend and interest income (Note 4)	2,383	1,153	3,536	3,549
STBI management fee	1,350	-	1,350	900
Judges registry	1,060	-	1,060	270
Newsletter subscriptions	371	-	371	176
Gain on investments (Note 4)	-	-	-	12,187
Advertising	-	-	-	50
	<u>243,510</u>	<u>1,153</u>	<u>244,663</u>	<u>290,671</u>
Expenses				
Convention (Schedule A)	79,968	-	79,968	80,865
Liability insurance	44,454	-	44,454	47,577
Meetings and committee projects	31,044	-	31,044	28,448
Employee wages	17,645	-	17,645	16,879
Software and website	17,390	-	17,390	9,084
District and executive	16,873	-	16,873	14,279
Special projects	8,423	-	8,423	7,089
Professional fees	7,158	-	7,158	6,616
In Memoriam Trees	6,011	-	6,011	6,646
Awards and bursaries	5,120	-	5,120	5,238
STBI administration	-	3,529	3,529	3,498
Fundraising	3,221	-	3,221	7,391
Printing, stationary and mailing	2,733	-	2,733	4,399
Storage	2,033	-	2,033	3,938
Bursaries and donations	2,000	-	2,000	31,776
Awards Co-ordinator honorarium and office	1,500	-	1,500	1,500
OHA supplies	1,480	-	1,480	3,208
Newsletter and reports	1,348	-	1,348	2,224
Amortization of property, plant and equipment	760	-	760	575
Bank charges	27	-	27	47
Education, promotion and publicity	-	-	-	529
Bad debts	-	-	-	503
Loss on disposal of property, plant and equipment	-	-	-	10
	<u>249,188</u>	<u>3,529</u>	<u>252,717</u>	<u>282,319</u>
Excess (deficiency) of revenue over expenses	\$ (5,678)	\$ (2,376)	\$ (8,054)	\$ 8,352

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position
December 31, 2017

	General Fund	STBI Restricted Fund	Total 2017	Total 2016
ASSETS				
Current				
Cash	\$ 228,820	\$ 129,787	\$ 358,607	\$ 217,279
Investments (Note 3)	50,842	21,690	72,532	244,448
Receivables	1,439	184	1,623	6,394
Inventory	5,484	-	5,484	1,895
Government remittance receivable	9,651	-	9,651	9,817
Prepays	47,317	-	47,317	50,800
Interfund receivable (payable)	2,114	(2,114)	-	-
	345,667	149,547	495,214	530,633
Investments (Note 3)	76,979	-	76,979	50,594
Property, plant and equipment (Note 5)	2,094	-	2,094	1,541
	<u>\$ 424,740</u>	<u>\$ 149,547</u>	<u>\$ 574,287</u>	<u>\$ 582,768</u>
LIABILITIES				
Current				
Payables and accruals	\$ 9,553	\$ -	\$ 9,553	\$ 10,869
Deferred revenue (Note 6)	28,773	-	28,773	27,884
	38,326	-	38,326	38,753
NET ASSETS	<u>386,414</u>	<u>149,547</u>	<u>535,961</u>	<u>544,015</u>
	<u>\$ 424,740</u>	<u>\$ 149,547</u>	<u>\$ 574,287</u>	<u>\$ 582,768</u>

APPROVED ON BEHALF OF THE BOARD:

 Director  Director
March 17 / 2018 Date March 17, 2018 Date

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Changes in Net Assets
Year ended December 31, 2017

	General Fund	STBI Restricted Fund	Total 2017	Total 2016
Net assets , beginning of year	\$ 392,092	\$ 151,923	\$ 544,015	\$ 535,663
Excess (deficiency) of revenue over expenses	<u>(5,678)</u>	<u>(2,376)</u>	<u>(8,054)</u>	<u>8,352</u>
Net assets , end of year	\$ <u>386,414</u>	\$ <u>149,547</u>	\$ <u>535,961</u>	\$ <u>544,015</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Changes in Cash Flows
Year ended December 31

	2017	2016
Cash derived from (applied to)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (8,054)	\$ 8,352
Amortization	760	575
Realized and unrealized loss (gain) on investments	-	(12,187)
Change in non-cash operating working capital		
Receivables	4,771	5,650
Inventory	(3,589)	1,263
Government remittance receivable	166	2,907
Prepays	3,483	174
Payables and accruals	(1,316)	2,973
Deferred revenue	<u>889</u>	<u>283</u>
	<u>(2,890)</u>	<u>9,990</u>
Investing activities		
Acquisition of property, plant and equipment	(1,313)	(1,235)
(Increase) decrease in investments - net	<u>145,531</u>	<u>66,128</u>
	<u>144,218</u>	<u>64,893</u>
Increase in cash	141,328	74,883
Cash, beginning of year	<u>217,279</u>	<u>142,396</u>
Cash, end of year	\$ <u>358,607</u>	\$ <u>217,279</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association

Notes to the Financial Statements

December 31, 2017

1. PURPOSE OF ORGANIZATION

Ontario Horticultural Association promotes horticultural education and preservation of the environment. The organization is a charitable corporation without share capital incorporated under the laws of the Province of Ontario. As a result, on dissolution of the corporation, any surplus existing is to be disposed of to charitable organizations in Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations including the following significant accounting policies:

Method of Accounting

The organization uses the restricted fund method of accounting. For financial reporting purposes the accounts have been classified into the following funds:

General fund: This fund records all of the transactions of the normal day to day operations of the association.

STBI restricted fund: This fund provides funds to reimburse local branches for losses related to the activities of these local branches' Boards of Directors and Treasurers. The Association plans to close the STBI fund in 2018. The assets in the STBI fund will be disbursed to member societies.

Revenue Recognition

Grant revenue is recorded in the period the revenue is considered earned. Grant revenue is considered earned when eligible expenses are incurred.

Affiliation fees and general liability insurance premium revenue are recorded in the period in which the revenue is earned and billed to the members and societies.

Dividend and interest income are recorded on the Statement of Operations on the accrual basis.

Donation revenue is recorded in year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonable assured.

All other revenue is recognized in when services have been provided or goods have been sold.

Financial Instruments

The organization measures its financial instruments at fair value upon initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2017

Inventory

Inventory of Ontario Judging and Exhibiting Standards books are valued at the lower of cost and net realizable value. Cost is determined on the first in, first out basis.

All other supplies are recorded as expenses on the statement of operations in the year that the supplies are purchased.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Rates of depreciation applied using the declining balance method to write-off the cost of property, plant and equipment over its estimated useful lives are as follows:

Office equipment	20%
Computer	30%

Contributed Services

The organization relies on volunteers to assist with the organization in operating its programs. Because of the difficulty of determining their fair market value, the value of contributed services are not recorded in these financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. INVESTMENTS

2017

2016

As at December 31, 2017, the Organization holds the following restricted and unrestricted investments:

Unrestricted

Current

Tangerine GIC bearing interest at 1.4% per annum until maturity on November 26, 2018

\$ 30,000	\$ 30,000
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Tangerine GIC bearing compound interest at 1.20% per annum until maturity on June 27, 2018

20,842	20,594
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TD GIC

-	27,225
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TD cashable GIC

-	26,737
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TD GIC

-	25,758
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TD GIC

-	20,840
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TD GIC

-	20,268
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<u>50,842</u>	<u>171,422</u>
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Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2017

Unrestricted

Long-term

TD GIC bearing simple interest at 0.09% per annum until maturity on January 3, 2019	50,000	-
TD GIC bearing compound interest at 1.25% per annum until maturity on October 30, 2019	26,979	-
	<u>76,979</u>	-
Total unrestricted investments	<u>127,821</u>	<u>171,422</u>

Internally Restricted - STBI Fund

Current

TD GIC bearing interest at 0.85 per annum until maturity on January 4, 2018	21,690	-
Great West Life Segregated Fund	-	97,492
TD GIC	-	25,000
TD GIC	-	25,000
TD GIC	-	25,000
Total internally restricted investments	<u>21,690</u>	<u>172,492</u>
Total all investments	<u>\$ 149,511</u>	<u>\$ 343,914</u>

4. INVESTMENT INCOME	General Fund	STBI Restricted Fund	Total 2017	Total 2016
Investment income				
Dividends and interest earned on unrestricted investments	\$ 2,383	\$ -	\$ 2,383	\$ 3,060
Dividends and interest earned on restricted investments	-	1,153	1,153	489
	<u>2,383</u>	<u>1,153</u>	<u>3,536</u>	<u>3,549</u>
Gain on investments				
Realized and unrealized gains (losses) on unrestricted investments	-	-	-	2,083
Realized and unrealized gains (losses) on restricted investments	-	-	-	10,104
	-	-	-	12,187
Total investment income	<u>\$ 2,383</u>	<u>\$ 1,153</u>	<u>\$ 3,536</u>	<u>\$ 15,736</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
2017			
Office equipment	\$ 3,545	\$ 3,361	\$ 184
Computer	<u>3,863</u>	<u>1,953</u>	<u>1,910</u>
	<u>\$ 7,408</u>	<u>\$ 5,314</u>	<u>\$ 2,094</u>
2016			
Office equipment	\$ 3,545	\$ 3,037	\$ 508
Computer	<u>2,550</u>	<u>1,517</u>	<u>1,033</u>
	<u>\$ 6,095</u>	<u>\$ 4,554</u>	<u>\$ 1,541</u>

6. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Deferred revenue consists of the following:		
Membership fee	\$ 27,600	\$ 27,600
Convention	<u>1,000</u>	<u>100</u>
Newsletter subscription	<u>173</u>	<u>184</u>
	<u>\$ 28,773</u>	<u>\$ 27,884</u>

7. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The organization monitors, evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, interest rate risk, and market risk.

Credit Risk Exposure

The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity Risk Exposure

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has in place a planning and budgeting process to help determine the funds required to support the organization's normal operating requirements on an ongoing basis.

Interest Rate Risk

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cashflows of financial instruments held by the organization. The organization's objective with respect to its investments in fixed income investments is to ensure the security of principal amounts invested, maintain a degree of liquidity and achieve a satisfactory investment return. The organization uses a laddered structure of investment maturities to enhance the portfolio yield as well as reduce the sensitivity of the portfolio to interest rate fluctuations.

Market Risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The organization manages its market risk related to its investments by using segregated funds with guaranteed redemption amounts.

Ontario Horticultural Association
Schedule of Convention Income and Expenses
Year ended December 31

Schedule A

	<u>2017</u>	<u>2016</u>
Convention income		
Registration	\$ 39,885	\$ 37,290
Banquet and meals	33,847	27,451
Sponsorships and donations	7,913	5,751
Tours	5,975	11,844
Concessions	<u>900</u>	<u>1,732</u>
	<u>88,520</u>	<u>84,068</u>
Convention expenses		
Banquet and meals	38,335	37,738
Board Convention	15,089	12,140
Space, signage and security	9,877	11,278
Program	5,908	4,557
Tours	5,493	8,286
Prizes	2,662	1,683
Registrar's honorarium and expenses	1,600	1,600
Administration	<u>1,004</u>	<u>3,583</u>
	<u>79,968</u>	<u>80,865</u>
Excess of income over expenses for Convention	<u>\$ 8,552</u>	<u>\$ 3,203</u>