

**Ontario Horticultural Association
Financial Statements
December 31, 2015**

"OHA Treasurer's Copy"

Ontario Horticultural Association
December 31, 2015

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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, 2015, 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, 2015, 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
March 19, 2016

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS



Takalo & Burt

Ontario Horticultural Association
Statement of Operations
Year ended December 31, 2015

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenue				
Convention (Schedule A)	\$ 97,554	\$ -	\$ 97,554	\$ 63,052
Affiliation fees	84,894	-	84,894	86,007
Liability insurance premiums	44,373	-	44,373	50,137
Receipts from fundraising	20,121	-	20,121	5,104
Donations	12,676	-	12,676	15,715
Sale of OHA supplies	7,958	-	7,958	8,646
Dividend and interest income (Note 4)	3,012	697	3,709	1,800
Advertising	275	-	275	100
Newsletter subscriptions	274	-	274	221
Associate memberships	50	-	50	50
Gain on investments (Note 4)	-	-	-	13,146
Miscellaneous	-	-	-	237
	<u>271,187</u>	<u>697</u>	<u>271,884</u>	<u>244,215</u>
Expenses				
Convention (Schedule A)	73,947	-	73,947	57,119
Liability insurance	47,591	-	47,591	45,396
Meetings and committee projects	29,598	-	29,598	29,236
Fundraising	14,933	-	14,933	1,306
District and executive	13,155	-	13,155	14,161
Treasurer honorarium and office	9,635	-	9,635	9,051
Professional fees	8,611	-	8,611	8,217
Awards, bursaries and donations	8,324	-	8,324	11,145
Loss on investments (Note 4)	3,162	4,738	7,900	-
Secretary honorarium and office	6,795	-	6,795	5,523
Printing, stationery and mailing	3,577	-	3,577	2,330
Memoriam	3,352	-	3,352	4,084
Education, promotion and publicity	2,776	-	2,776	5,496
Exhibitions	2,645	-	2,645	2,646
Special projects - community benefit grants	1,986	-	1,986	1,839
Newsletter	1,617	-	1,617	1,990
Awards Co-ordinator honorarium and office	1,500	-	1,500	1,500
STBI Administration	-	900	900	900
Bad debts	885	-	885	2,630
Annual Report	780	-	780	568
OHA supplies and youth manuals	671	-	671	9,526
Garden Ontario Week	406	-	406	-
Amortization of property, plant and equipment	276	-	276	367
Miscellaneous	239	-	239	-
Community Initiatives	176	-	176	-
Computer Software	144	-	144	400
Bank charges	20	-	20	30
Insurance rebate for society members	-	-	-	7,260
	<u>236,801</u>	<u>5,638</u>	<u>242,439</u>	<u>222,720</u>
Excess (deficiency) of revenue over expenses	\$ 34,386	\$ (4,941)	\$ 29,445	\$ 21,495

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position
December 31, 2015

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
ASSETS				
Current				
Cash	\$ 130,846	\$ 11,550	\$ 142,396	\$ 170,077
Investments (Note 3)	132,576	112,848	245,424	325,141
Receivables	11,696	348	12,044	5,152
Inventory	3,158	-	3,158	676
Government remittance receivable	12,724	-	12,724	11,386
Prepays	50,974	-	50,974	6,220
Interfund receivable (payable)	1,314	(1,314)	-	-
	343,288	123,432	466,720	518,652
Investments (Note 3)	82,154	21,396	103,550	25,655
Property, plant and equipment (Note 5)	890	-	890	1,165
	<u>\$ 426,332</u>	<u>\$ 144,828</u>	<u>\$ 571,160</u>	<u>\$ 545,472</u>
LIABILITIES				
Current				
Payables and accruals	\$ 7,896	\$ -	\$ 7,896	\$ 13,560
Deferred revenue (Note 6)	27,601	-	27,601	25,694
	35,497	-	35,497	39,254
NET ASSETS	<u>390,835</u>	<u>144,828</u>	<u>535,663</u>	<u>506,218</u>
	<u>\$ 426,332</u>	<u>\$ 144,828</u>	<u>\$ 571,160</u>	<u>\$ 545,472</u>

APPROVED ON BEHALF OF THE BOARD:

Susan McLustell Director

Sandra Martell Director

May 24 2016 Date

May 28, 2016 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, 2015

	General Fund	STBI Restricted Fund	Total 2015	Total 2014
Net assets , beginning of year	\$ 356,449	\$ 149,769	\$ 506,218	\$ 484,723
Excess (deficiency) of revenue over expenses	<u>34,386</u>	<u>(4,941)</u>	<u>29,445</u>	<u>21,495</u>
Net assets , end of year	\$ <u>390,835</u>	\$ <u>144,828</u>	\$ <u>535,663</u>	\$ <u>506,218</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

	2015	2014
Cash derived from (applied to)		
Operating activities		
Excess of revenue over expenses	\$ 29,445	\$ 21,495
Amortization	275	367
Unrealized loss (gain) on investments	7,900	(13,146)
Change in non-cash operating working capital		
Receivables	(6,892)	19,932
Inventory	(2,482)	1,545
Government remittance receivable	(1,338)	2,417
Prepays	(44,754)	(4,658)
Payables and accruals	(5,664)	6,581
Deferred revenue	<u>1,907</u>	<u>(6,256)</u>
	<u>(21,603)</u>	<u>28,277</u>
Investing activities		
Acquisition of property, plant and equipment	-	(616)
(Increase) decrease in investments - net	<u>(6,078)</u>	<u>(788)</u>
	<u>(6,078)</u>	<u>(1,404)</u>
Increase (decrease) in cash	(27,681)	26,873
Cash, beginning of year	<u>170,077</u>	<u>143,204</u>
Cash, end of year	\$ <u>142,396</u>	\$ <u>170,077</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association

Notes to the Financial Statements

December 31, 2015

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.

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, 2015

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:

Exhibition display panels	30%
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

As at December 31, 2015, the Organization holds the following restricted and unrestricted investments:

Unrestricted

Current

Cashable GIC bearing interest at 1.65% per annum until maturity in March 30, 2015	\$ -	\$ 25,453
GIC bearing compound interest at 1.45% per annum until maturity in October 29, 2015	-	25,747
GIC bearing compound interest at 1.1000% per annum until maturity in December 29, 2016	20,840	-
GIC bearing compound interest at 1.60% per annum until maturity in April 9, 2016	20,268	20,268

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2015

	<u>2015</u>	<u>2014</u>
Cashable GIC bearing interest at 1.50% per annum until maturity in September 30, 2015	-	20,454
London Life Segregated Fund. The investment has a guarantee rider which guarantees the redemption amount of 75% of the \$50,000 originally invested as long as the investment is held to January, 2016	65,710	68,872
GIC bearing compound interest at 1.75% per annum until maturity in December 31, 2016	<u>25,758</u>	<u>25,758</u>
	<u>132,576</u>	<u>186,552</u>
<u>Unrestricted</u>		
Long-term		
Cashable GIC bearing interest at 0.9000% per annum until maturity in October 29, 2017	26,499	-
GIC bearing interest at 2.00% per annum until maturity in December 30, 2017	25,655	25,655
Tangerine GIC bearing compound interest at 1.4% per annum until maturity in November 26, 2018	<u>30,000</u>	<u>-</u>
	<u>82,154</u>	<u>25,655</u>
Total unrestricted investments	<u>214,730</u>	<u>212,207</u>
<u>Internally Restricted - STBI Fund</u>		
Current		
GIC bearing compound interest at 1.500% per annum until maturity in October 6, 2015	-	21,002
GIC bearing interest at 1.60% per annum until maturity in April 6, 2016	25,000	25,000
Great West Life Segregated Fund. The investment has a guarantee rider which guarantees the redemption amount of the original investment of \$74,416 as long as the investment is held to January, 2016	<u>87,848</u>	<u>92,587</u>
	112,848	138,589
Long-term		
GIC bearing compounded interest at 1.1000% per annum until maturity on January 4, 2017	<u>21,396</u>	<u>-</u>
Total internally restricted investments	<u>134,244</u>	<u>138,589</u>
Total all investments	<u>\$ 348,974</u>	<u>\$ 350,796</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2015

4. INVESTMENT INCOME	General Fund	STBI Restricted Fund	Total 2015	Total 2014
Investment income				
Dividends and interest earned on unrestricted investments	\$ 3,012	\$ -	\$ 3,012	\$ 1,482
Dividends and interest earned on restricted investments	<u>-</u>	<u>697</u>	<u>697</u>	<u>318</u>
	<u>3,012</u>	<u>697</u>	<u>3,709</u>	<u>1,800</u>
Gain on investments				
Unrealized gains (losses) on unrestricted investments	(3,162)	-	(3,162)	5,857
Unrealized gains (loses) on restricted investments	<u>-</u>	<u>(4,738)</u>	<u>(4,738)</u>	<u>7,289</u>
	<u>(3,162)</u>	<u>(4,738)</u>	<u>(7,900)</u>	<u>13,146</u>
Total investment income	\$ <u>(150)</u>	\$ <u>(4,041)</u>	\$ <u>(4,191)</u>	\$ <u>14,946</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
2015			
Exhibition display panels	\$ 3,579	\$ 3,569	\$ 10
Office equipment	3,545	3,258	287
Computer	<u>1,314</u>	<u>721</u>	<u>593</u>
	<u>\$ 8,438</u>	<u>\$ 7,548</u>	<u>\$ 890</u>
2014			
Exhibition display panels	\$ 3,579	\$ 3,566	\$ 13
Office equipment	3,545	3,186	359
Computer	<u>1,314</u>	<u>521</u>	<u>793</u>
	<u>\$ 8,438</u>	<u>\$ 7,273</u>	<u>\$ 1,165</u>

6. DEFERRED REVENUE	2015	2014
Deferred revenue consists of the following:		
Membership fee	\$ 27,601	\$ 24,365
Convention	-	1,235
Newsletter subscription	<u>-</u>	<u>94</u>
	<u>\$ 27,601</u>	<u>\$ 25,694</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2015

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>2015</u>	<u>2014</u>
Convention income		
Registration	\$ 40,865	\$ 36,665
Banquet and meals	31,690	5,932
Tours	13,038	12,906
Sponsorships	9,771	6,469
Concessions	<u>2,190</u>	<u>1,080</u>
	<u>97,554</u>	<u>63,052</u>
Convention expenses		
Banquet and meals	27,338	9,059
Board Convention	11,264	23,651
Space, signage and security	11,036	991
Tours	10,156	11,257
Program	8,399	4,790
Administration	2,170	2,139
Prizes	1,959	2,074
Registrar's honorarium and expenses	<u>1,625</u>	<u>3,158</u>
	<u>73,947</u>	<u>57,119</u>
Excess of income over expenses for Convention	<u>\$ 23,607</u>	<u>\$ 5,933</u>