

**Ontario Horticultural Association  
Financial Statements  
December 31, 2018**

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**Ontario Horticultural Association**  
**December 31, 2018**

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**CONTENTS**

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Statement of Operations	4
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Changes in Cash Flows	7
Notes to Financial Statements	8 - 12
Schedule A-Schedule of Convention Income and Expenses	13



**Takalo & Burt**

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## **INDEPENDENT AUDITORS' REPORT**

To the members of  
Ontario Horticultural Association

### **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, 2018 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.

### **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.

### **Emphasis of Matter - Amended Financial Statements**

We draw attention to Note 3 to the financial statements, which describes a matter regarding an error in the prepaid convention expenses in the 2017 financial statements in the amount of \$3,000. Previously issued financial statements recorded a deposit related to the 2018 convention as a 2017 convention expense. Subsequent to the issue of the audited financial statements it was learned that the \$3,000 should have been set up as a prepaid deposit on the 2017 financial statements. The correction of the error has been retroactively restated on these financial statements to remove the \$3,000 from 2017 expenses and record the \$3,000 deposit as a 2017 asset on the statement of financial position. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance 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.



In preparing the financial statements, management is responsible for assessing the Ontario Horticultural Association'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 Ontario Horticultural Association or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Ontario Horticultural Association's financial reporting process.

#### **Auditors' 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 Auditors' 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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Ontario Horticultural Association 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 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 Ontario Horticultural Association'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 Ontario Horticultural Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' Report. However, future events or conditions may cause the Ontario Horticultural Association 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.



Takalo & Burt

**Ontario Horticultural Association**  
**Statement of Operations**  
Year ended December 31, 2018

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Revenue</b>				
Convention (Schedule A)	\$ 102,162	\$ -	\$ 102,162	\$ 88,520
Affiliation fees	82,440	-	82,440	83,282
Liability insurance premiums	46,937	-	46,937	47,401
Sale of OHA supplies	7,442	-	7,442	6,090
Donations	3,205	-	3,205	8,638
Dividend and interest income (Note 5)	3,097	-	3,097	3,536
Newsletter subscriptions	499	-	499	371
Miscellaneous	497	-	497	-
Judges registry	335	-	335	1,060
Receipts from fundraising	-	-	-	4,415
STBI management fee	-	-	-	1,350
	<u>246,614</u>	<u>-</u>	<u>246,614</u>	<u>244,663</u>
<b>Expenses</b>				
Payout of STBI funds (Note 2)	-	149,547	149,547	-
Convention (Schedule A) (Note 4)	88,664	-	88,664	76,968
Liability insurance	45,752	-	45,752	44,454
Meetings and committee projects	45,047	-	45,047	31,044
Employee wages	22,006	-	22,006	17,645
District and executive	15,592	-	15,592	16,873
Software and website	15,397	-	15,397	17,390
Professional fees	6,783	-	6,783	7,158
Awards and bursaries	4,930	-	4,930	5,120
In Memoriam Trees	2,968	-	2,968	6,011
OHA supplies	2,800	-	2,800	1,480
Printing, stationary and mailing	2,561	-	2,561	2,733
Newsletter and reports	2,441	-	2,441	1,348
Storage	2,222	-	2,222	2,033
Bursaries and donations	2,000	-	2,000	2,000
Fundraising	1,396	-	1,396	3,221
Education, promotion and publicity	1,062	-	1,062	-
Amortization of property, plant and equipment	687	-	687	760
Loss on disposal of property, plant and equipment	501	-	501	-
Equipment rental	399	-	399	-
Bank charges	234	-	234	27
Special projects	15	-	15	8,423
Bad debts	5	-	5	-
STBI administration	-	-	-	3,529
Awards Co-ordinator honorarium and office	-	-	-	1,500
Miscellaneous (recovery)	(61)	-	(61)	-
	<u>263,401</u>	<u>149,547</u>	<u>412,948</u>	<u>249,717</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (16,787)</u>	<u>\$ (149,547)</u>	<u>\$ (166,334)</u>	<u>\$ (5,054)</u>

The accompanying notes are an integral part of these financial statements



**Ontario Horticultural Association**  
**Statement of Financial Position**  
December 31, 2018

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 138,282	\$ -	\$ 138,282	\$ 358,607
Investments (Note 4)	105,541	-	105,541	72,532
Receivables	1,287	-	1,287	1,623
Inventory	12,473	-	12,473	5,484
Government remittance receivable	10,381	-	10,381	9,651
Prepaid meetings and convention	47,227	-	47,227	45,752
Prepaid insurance	23,750	-	23,750	4,565
	338,941	-	338,941	498,214
Investments (Note 4)	81,261	-	81,261	76,979
Property, plant and equipment (Note 6)	1,684	-	1,684	2,094
	<u>\$ 421,886</u>	<u>\$ -</u>	<u>\$ 421,886</u>	<u>\$ 577,287</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Payables and accruals	\$ 14,545	\$ -	\$ 14,545	\$ 9,553
Deferred revenue (Note 7)	34,714	-	34,714	28,773
	49,259	-	49,259	38,326
<b>NET ASSETS</b>	<u>372,627</u>	<u>-</u>	<u>372,627</u>	<u>538,961</u>
	<u>\$ 421,886</u>	<u>\$ -</u>	<u>\$ 421,886</u>	<u>\$ 577,287</u>

APPROVED ON BEHALF OF THE BOARD:

Arthur McNeil DB Director      Barb O'Malley, DIS Director  
June 8, 2019 Date      June 11, 2019 Date

The accompanying notes are an integral part of these financial statements

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**Ontario Horticultural Association**  
**Statement of Changes in Net Assets**  
Year ended December 31, 2018

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	<b>General Fund</b>	<b>STBI Restricted Fund</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Net assets</b> , beginning of year	\$ 389,414	\$ 149,547	\$ 538,961	\$ 544,015
<b>Deficiency of revenue over expenses</b>	<u>(16,787)</u>	<u>(149,547)</u>	<u>(166,334)</u>	<u>(5,054)</u>
<b>Net assets</b> , end of year	\$ <u>372,627</u>	\$ <u>-</u>	\$ <u>372,627</u>	\$ <u>538,961</u>

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The accompanying notes are an integral part of these financial statements

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

	2018	2017
Cash derived from (applied to)		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (166,334)	\$ (5,054)
Amortization	687	760
Loss on disposal of property, plant and equipment	501	-
Change in non-cash operating working capital		
Receivables	336	4,771
Inventory	(6,989)	(3,589)
Government remittance receivable	(730)	166
Prepays	(19,185)	46,235
Payables and accruals	4,992	(1,316)
Income taxes payable/recoverable	(1,475)	(45,752)
Deferred revenue	<u>5,941</u>	<u>889</u>
	<u>(182,256)</u>	<u>(2,890)</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(853)	(1,313)
Proceeds on disposal of property, plant and equipment	75	-
(Increase) decrease in investments - net	<u>(37,291)</u>	<u>145,531</u>
	<u>(38,069)</u>	<u>144,218</u>
<b>Increase (decrease) in cash</b>	<b>(220,325)</b>	<b>141,328</b>
<b>Cash, beginning of year</b>	<b><u>358,607</u></b>	<b><u>217,279</u></b>
<b>Cash, end of year</b>	<b>\$ <u>138,282</u></b>	<b>\$ <u>358,607</u></b>

The accompanying notes are an integral part of these financial statements



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**Ontario Horticultural Association**  
**Notes to the Financial Statements**  
**December 31, 2018**

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**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.

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**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 proceeded with plan to close the STBI fund in 2018. The assets in the STBI fund were disbursed to member societies and shown as an expense on the Statement of Operations in 2018.

**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.

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**Ontario Horticultural Association**  
**Notes to the Financial Statements**  
**December 31, 2018**

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**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.

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**3. AMENDED FINANCIAL STATEMENTS**

During the year, the Association discovered that there was an error on the 2017 financial statements. Expenses related to the 2018 convention in the amount of \$3,000 were recorded as an expense on the 2017 financial statements. Management has directed that the error be corrected. As a result, the 2017 financial statements have been amended to show an increase of prepaid expenses by \$3,000 and a decrease in convention expenses by \$3,000. Additional disclosures related to the correction are as follows:

	<b>2017 as</b>		<b>2017</b>
<b>Consolidated Statement of Operations</b>	<b>Previously Reported</b>	<b>Adjustments</b>	<b>Restated</b>
<b>Revenue</b>			
Total revenue for the year	\$ 244,663	\$ -	\$ 244,663
<b>Expenses</b>			
Convention expenses	79,968	(3,000)	76,968
All other expenses	172,749	-	172,749
<b>Total expenditures for the year</b>	<u>252,717</u>	<u>(3,000)</u>	<u>249,717</u>
<b>Excess (deficiency) of revenue over expenses</b>	(8,054)	(3,000)	(5,054)
<b>Surplus, beginning of year</b>	544,015	-	544,015
<b>Surplus, end of year</b>	<u>\$ 535,961</u>	<u>\$ 3,000</u>	<u>\$ 538,961</u>

The restatement increases the surplus at the end of the 2017 fiscal year by \$3,000. The 2017 deficiency of revenue over expense is reduced by \$3,000.

**Ontario Horticultural Association**  
**Notes to the Financial Statements**  
December 31, 2018

**Consolidated Balance Sheet**

	<b>2017 as Previously Stated</b>	<b>Adjustments</b>	<b>2017 Restated</b>
<b>ASSETS</b>			
Prepaid	\$ 47,317	\$ 3,000	\$ 50,317
Other Current Assets	447,897	-	447,897
Investments	76,979	-	76,979
Property, plant and equipment	<u>2,094</u>	<u>-</u>	<u>2,094</u>
	<u>\$ 574,287</u>	<u>\$ 3,000</u>	<u>\$ 577,287</u>
<b>LIABILITIES</b>			
Payables and accruals	\$ 9,553	\$ -	\$ 9,553
Deferred revenue	<u>28,773</u>	<u>-</u>	<u>28,773</u>
	38,326	-	38,326
<b>NET ASSETS</b>	<u>535,961</u>	<u>3,000</u>	<u>538,961</u>
	<u>\$ 574,287</u>	<u>\$ 3,000</u>	<u>\$ 577,287</u>

The restatement increases the prepaid expenses by \$3,000, and increases net assets by \$3,000.

**4. INVESTMENTS**

**2018**

**2017**

As at December 31, 2018, the organization holds the following restricted and unrestricted investments:

**Unrestricted**

**Current**

Tangerine GIC	\$ -	\$ 30,000
Tangerine GIC	-	20,842
TD GIC bearing simple interest at 0.9% per annum until maturity on January 3, 2019	50,450	-
TD GIC bearing interest at 1.73% per annum until maturity on July 17, 2019	27,775	-
TD GIC bearing compound interest at 1.25% per annum until maturity on October 30, 2019	<u>27,316</u>	<u>-</u>
	<u>105,541</u>	<u>50,842</u>

**Unrestricted**

**Long-term**

TD GIC	-	50,000
TD GIC	-	26,979
Tangerine GIC bearing interest at 1.2% per annum until maturity on November 26, 2020	31,261	-
Tangerine GIC bearing interest at 1.4% per annum until maturity on August 8, 2021	<u>50,000</u>	<u>-</u>
	<u>81,261</u>	<u>76,979</u>
<b>Total unrestricted investments</b>	<u>186,802</u>	<u>127,821</u>



**Ontario Horticultural Association**  
**Notes to the Financial Statements**  
December 31, 2018

**Internally Restricted - STBI Fund**

**Current**

TD GIC	-	21,690
<b>Total internally restricted investments</b>	-	21,690
<b>Total all investments</b>	<b>\$ 186,802</b>	<b>\$ 149,511</b>

<b>5. INVESTMENT INCOME</b>	<b>General Fund</b>	<b>STBI Restricted Fund</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Investment income</b>				
Dividends and interest earned on unrestricted investments	\$ 3,097	\$ -	\$ 3,097	\$ 2,383
Dividends and interest earned on restricted investments	-	-	-	1,153
<b>Total investment income</b>	<b>\$ 3,097</b>	<b>\$ -</b>	<b>\$ 3,097</b>	<b>\$ 3,536</b>

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>2018</b>			
Office equipment	\$ 480	\$ 284	\$ 196
Computer	3,435	1,947	1,488
	<b>\$ 3,915</b>	<b>\$ 2,231</b>	<b>\$ 1,684</b>
<b>2017</b>			
Office equipment	\$ 4,026	\$ 3,596	\$ 430
Computer	3,382	1,718	1,664
	<b>\$ 7,408</b>	<b>\$ 5,314</b>	<b>\$ 2,094</b>

<b>7. DEFERRED REVENUE</b>	<b>2018</b>	<b>2017</b>
Deferred revenue consists of the following:		
Membership fee	\$ 27,600	\$ 27,600
Abuse Liability Insurance	6,900	-
Newsletter subscription	214	173
Convention	-	1,000
	<b>\$ 34,714</b>	<b>\$ 28,773</b>

**8. 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.



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**Ontario Horticultural Association**  
**Notes to the Financial Statements**  
**December 31, 2018**

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**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 ladder 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.

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

**Schedule A**

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	<u>2018</u>	<u>2017</u>
<b>Convention income</b>		
Registration	\$ 45,290	\$ 39,885
Banquet and meals	35,025	33,847
Tours	15,320	5,975
Concessions	3,368	900
Sponsorships and donations	<u>3,159</u>	<u>7,913</u>
	<u>102,162</u>	<u>88,520</u>
<b>Convention expenses</b>		
Banquet and meals	39,565	35,335
Space, signage and security	14,259	9,877
Tours	11,730	5,493
Board Convention	10,105	15,089
Program	5,604	5,908
Administration	3,319	1,004
Prizes	2,482	2,662
Registrar's honorarium and expenses	<u>1,600</u>	<u>1,600</u>
	<u>88,664</u>	<u>76,968</u>
<b>Excess of income over expenses for Convention</b>	<u>\$ 13,498</u>	<u>\$ 11,552</u>