

**Ontario Horticultural Association
Financial Statements
December 31, 2019**

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December 31, 2019

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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, 2019 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.

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.



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

We also provide those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this Independent Auditors' Report is Ronald F. Burt.

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Goderich, Ontario
March 20, 2020



Takalo & Burt

Ontario Horticultural Association
Statement of Operations
Year ended December 31

	2019	2018
Revenue		
Affiliation fees	\$ 81,684	\$ 82,440
Convention (Schedule A)	74,215	102,162
Liability insurance premiums	46,886	46,937
Sale of OHA supplies	27,718	7,442
Dividend and interest (Note 4)	4,292	3,097
Donations	4,188	3,205
Receipts from fundraising	1,972	-
Newsletter subscriptions	653	499
Judges registry	210	335
Miscellaneous	-	497
	<u>241,818</u>	<u>246,614</u>
Expenses		
Convention (Schedule A)	75,800	88,664
Liability insurance	47,290	45,752
Meetings and committee projects	47,609	45,047
Employee wages	20,809	22,006
District and executive	14,774	15,592
OHA supplies	10,429	2,800
Software and website	8,334	15,397
Professional fees	6,249	6,783
In Memoriam Trees	4,601	2,968
Awards and bursaries	4,106	4,930
Printing, stationary and mailing	2,630	2,561
Storage	2,349	2,222
Newsletter and reports	1,586	2,441
Bursaries and donations	1,000	2,000
Special projects	649	15
Amortization of property, plant and equipment	486	687
Bank charges	440	234
Education, promotion and publicity	163	1,062
Fundraising	86	1,396
Youth committee	21	-
Payout of STBI funds	-	149,486
Loss on disposal of property, plant and equipment	-	501
Equipment rental	-	399
Bad debts	-	5
	<u>249,411</u>	<u>412,948</u>
Deficiency of revenue over expenses	\$ (7,593)	\$ (166,334)

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position
December 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 111,430	\$ 138,282
Investments (Note 3)	31,261	105,541
Receivables	3,538	1,287
Inventory	18,752	12,473
Government remittance receivable	7,178	10,381
Prepaid meetings and convention	29,668	23,750
Prepaid insurance	<u>47,886</u>	<u>47,227</u>
	249,713	338,941
Investments (Note 3)	157,057	81,261
Property, plant and equipment (Note 5)	<u>1,198</u>	<u>1,684</u>
	\$ <u>407,968</u>	\$ <u>421,886</u>
LIABILITIES		
Current		
Payables and accruals	\$ 15,234	\$ 14,545
Deferred revenue (Note 6)	<u>27,701</u>	<u>34,714</u>
	42,935	49,259
NET ASSETS	<u>365,033</u>	<u>372,627</u>
	\$ <u>407,968</u>	\$ <u>421,886</u>

APPROVED ON BEHALF OF THE BOARD:

Barbara O'Malley Director Arthur McCall 176 Director
March 29, 2020 Date March 29, 2020 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

	2019	2018
Net assets , beginning of year	\$ 372,627	\$ 538,961
Deficiency of revenue over expenses	<u>(7,593)</u>	<u>(166,334)</u>
Net assets , end of year	<u>\$ 365,034</u>	<u>\$ 372,627</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Cash Flows
Year ended December 31

2019 2018

Cash derived from (applied to)

Operating activities

Deficiency of revenue over expenses	\$ (7,593)	\$ (166,334)
Amortization	486	687
Loss on disposal of property, plant and equipment	-	501
Change in non-cash operating working capital		
Receivables	(2,251)	336
Inventory	(6,279)	(6,989)
Government remittance receivable	3,203	(730)
Prepaid insurance	(659)	(19,185)
Payables and accruals	688	4,992
Prepaid meetings and convention	(5,918)	(1,475)
Deferred revenue	<u>(7,013)</u>	<u>5,941</u>
	<u>(25,336)</u>	<u>(182,256)</u>

Investing activities

Acquisition of property, plant and equipment	-	(853)
Proceeds on disposal of property, plant and equipment	-	75
(Increase) decrease in investments - net	<u>(1,516)</u>	<u>(37,291)</u>
	<u>(1,516)</u>	<u>(38,069)</u>

Decrease in cash	(26,852)	(220,325)
Cash, beginning of year	<u>138,282</u>	<u>358,607</u>
Cash, end of year	\$ <u>111,430</u>	\$ <u>138,282</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association

Notes to the Financial Statements

December 31, 2019

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.

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, 2019

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

As at December 31, 2019, the organization holds the following restricted and unrestricted investments:

Unrestricted

Current

	<u>2019</u>	<u>2018</u>
Tangerine GIC bearing interest at 1.2% per annum until maturity on November 26, 2020	\$ 31,261	\$ -
TD GIC bearing simple interest at 0.9%	-	50,450
TD GIC bearing interest at 1.73%	-	27,775
TD GIC bearing compound interest at 1.25%	-	27,316
	<u>31,261</u>	<u>105,541</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2019

Unrestricted

Long-term

TD GIC bearing interest at 0.55% per annum until maturity on October 30, 2024	27,657	-
TD GIC bearing interest at 1.6% per annum until maturity on January 3, 2021	50,904	-
TD GIC bearing interest at 0.66% per annum until maturity on July 19, 2022	28,496	-
TD GIC bearing interest at 1.2%	-	31,261
Tangerine GIC bearing interest at 1.4% per annum until maturity on August 8, 2021	<u>50,000</u>	<u>50,000</u>
	<u>157,057</u>	<u>81,261</u>
Total unrestricted investments	<u>188,318</u>	<u>186,802</u>
Total all investments	<u>\$ 188,318</u>	<u>\$ 186,802</u>

4. INVESTMENT INCOME

	Total <u>2019</u>	Total <u>2018</u>
Investment income		
Dividends and interest earned on unrestricted investments	<u>\$ 4,292</u>	<u>\$ 3,097</u>

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2019</u>			
Office equipment	\$ 480	\$ 323	\$ 157
Computer	<u>3,435</u>	<u>2,394</u>	<u>1,041</u>
	<u>\$ 3,915</u>	<u>\$ 2,717</u>	<u>\$ 1,198</u>
<u>2018</u>			
Office equipment	\$ 480	\$ 284	\$ 196
Computer	<u>3,435</u>	<u>1,947</u>	<u>1,488</u>
	<u>\$ 3,915</u>	<u>\$ 2,231</u>	<u>\$ 1,684</u>

6. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Deferred revenue consists of the following:		
Membership fee	\$ 27,600	\$ 27,600
Newsletter subscription	101	214
Abuse Liability Insurance	<u>-</u>	<u>6,900</u>
	<u>\$ 27,701</u>	<u>\$ 34,714</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2019

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

	2019	2018
Convention income		
Registration	\$ 29,958	\$ 45,290
Banquet and meals	26,864	35,025
Sponsorships and donations	8,853	3,159
Tours	7,540	15,320
Concessions	<u>1,000</u>	<u>3,368</u>
	<u>74,215</u>	<u>102,162</u>
Convention expenses		
Banquet and meals	29,617	39,565
Space, signage and security	15,928	14,259
Board convention	10,800	10,105
Tours	6,221	11,730
Program	5,279	5,604
Administration	3,294	3,319
Prizes	2,519	2,482
Convention honorariums	<u>2,142</u>	<u>1,600</u>
	<u>75,800</u>	<u>88,664</u>
Excess of income over expenses for Convention	<u>\$ (1,585)</u>	<u>\$ 13,498</u>