

**Ontario Horticultural Association
Financial Statements
December 31, 2020**

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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, 2020 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. We 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 19, 2021



Takalo & Burt

Ontario Horticultural Association
Statement of Operations
Year ended December 31

	2020	2019
Revenue		
Affiliation fees	\$ 83,742	\$ 81,684
Liability insurance premiums	48,038	46,886
Sale of OHA supplies	5,084	27,718
Receipts from fundraising	4,176	1,972
Dividend and interest (Note 4)	2,307	4,292
Donations	1,275	4,188
Judges registry	820	210
Newsletter subscriptions	563	653
Miscellaneous	138	-
Convention (Schedule A)	-	74,215
	<u>146,143</u>	<u>241,818</u>
Expenses		
Liability insurance	47,885	47,290
Employee wages	24,561	20,809
Software and website	6,676	8,334
Professional fees	6,444	6,249
OHA supplies	6,014	10,429
District and executive	4,061	14,774
Meetings and committee projects	3,835	47,609
Newsletter and reports	2,627	1,586
Awards and grants	2,552	4,106
Storage	2,121	2,349
Bursaries	2,000	1,000
In Memoriam Trees	1,788	4,601
Bad debts (Note 5)	1,075	-
Printing, stationary and mailing	1,055	2,438
Amortization of property, plant and equipment	841	486
Education, promotion and publicity	608	163
Fundraising	403	86
Special projects	367	649
Retirement gifts	362	192
Bank charges	259	440
Youth committee	51	21
Convention (Schedule A)	(566)	75,800
Miscellaneous (recovery)	(2,756)	-
	<u>112,263</u>	<u>249,411</u>
Surplus (deficiency) of revenue over expenses	\$ 33,880	\$ (7,593)

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position
as at December 31

	2020	2019
ASSETS		
Current		
Cash	\$ 217,493	\$ 111,430
Investments (Note 3)	103,955	31,261
Receivables (Note 5)	966	3,538
Inventory	23,996	18,752
Government remittance receivable	841	7,178
Prepaid meetings and convention	41,287	29,668
Prepaid insurance	-	47,886
	<u>388,538</u>	<u>249,713</u>
Investments (Note 3)	56,606	157,057
Property, plant and equipment (Note 6)	<u>560</u>	<u>1,198</u>
	<u>\$ 445,704</u>	<u>\$ 407,968</u>
LIABILITIES		
Current		
Payables and accruals	\$ 18,902	\$ 15,234
Deferred revenue - insurance (Note 7)	<u>27,600</u>	<u>27,600</u>
Deferred revenue - newsletter (Note 7)	<u>289</u>	<u>101</u>
	<u>46,791</u>	<u>42,935</u>
NET ASSETS	<u>398,913</u>	<u>365,033</u>
	<u>\$ 445,704</u>	<u>\$ 407,968</u>

APPROVED ON BEHALF OF THE BOARD:

Colin McNeill Director

Christy L. L. L. Director

March 22/2021 Date

March 25/2021 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

	2020	2019
Net assets , beginning of year	\$ 365,033	\$ 372,626
Excess (deficiency) of revenue over expenses	<u>33,880</u>	<u>(7,593)</u>
Net assets , end of year	\$ <u>398,913</u>	\$ <u>365,033</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Cash Flows
Year ended December 31

	2020	2019
Cash derived from (applied to)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 33,880	\$ (7,593)
Amortization	841	486
Change in non-cash operating working capital		
Receivables	2,572	(2,251)
Inventory	(5,244)	(6,279)
Government remittance receivable	6,337	3,203
Prepaid insurance	47,886	(659)
Payables and accruals	3,668	688
Prepaid meetings and convention	(11,619)	(5,918)
Deferred revenue	188	(7,013)
	<u>78,509</u>	<u>(25,336)</u>
Investing activities		
Acquisition of property, plant and equipment	(203)	-
(Increase) decrease in investments - net	<u>27,757</u>	<u>(1,516)</u>
	<u>27,554</u>	<u>(1,516)</u>
Increase (decrease) in cash	106,063	(26,852)
Cash, beginning of year	<u>111,430</u>	<u>138,282</u>
Cash, end of year	\$ <u>217,493</u>	\$ <u>111,430</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association

Notes to the Financial Statements

December 31, 2020

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.

Inventory

Inventory is valued at the lower of cost and net realizable value and consists of items available for sale to members. 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.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2020

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, 2020, the organization holds the following unrestricted investments:

Unrestricted

Current

TD GIC bearing interest at 1.6% per annum until maturity on January 2021	\$ 52,541	\$ -
Tangerine GIC bearing interest at 1.4% per annum until maturity on August 2021	51,414	-
Tangerine GIC	-	31,261
	<u>103,955</u>	<u>31,261</u>

Unrestricted

Long-term

TD GIC bearing interest at 0.55% per annum until maturity on October 2024	27,834	27,657
TD GIC bearing interest at 0.66% per annum until maturity on July 2022	28,772	28,496
TD GIC	-	50,904
TD GIC	-	50,000
	<u>56,606</u>	<u>157,057</u>
Total unrestricted investments	\$ 160,561	\$ 188,318

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2020

4. INVESTMENT INCOME	<u>2020</u>	<u>2019</u>
Dividends and interest earned on unrestricted investments	\$ <u>2,307</u>	\$ <u>4,292</u>

5. ACCOUNTS RECEIVABLE	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 966	\$ 909
Accrued interest on investments	<u>-</u>	<u>2,629</u>
	\$ <u>966</u>	\$ <u>3,538</u>

During the year, a total of **\$1,075** (2019 - \$nil) was approved as a bad debt expense. This is related to the Cambridge Area Horticultural Society insurance receivable of \$1,068 and other receivables of \$7.

6. PROPERTY, PLANT AND EQUIPMENT

<u>2020</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office equipment	\$ 480	\$ 355	\$ 125
Computer	<u>1,056</u>	<u>621</u>	<u>435</u>
	\$ <u>1,536</u>	\$ <u>976</u>	\$ <u>560</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>

7. DEFERRED REVENUE	<u>2020</u>	<u>2019</u>
Deferred revenue consists of the following:		
Prepaid membership insurance fee	\$ 27,600	\$ 27,600
Newsletter	<u>289</u>	<u>101</u>
	\$ <u>27,889</u>	\$ <u>27,701</u>

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.

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.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2020

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.

9. ON GOING MATTERS - COVID-19

Since December 31, 2019, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries businesses have been forced to cease or limit operations for a long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic downturn. Global stock markets have also experienced great volatility, and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Ontario Horticultural Association has experienced limited adverse financial affects to the Statement of Financial Position as a result of the spread of Covid-19. However, the Association decided to cancel the 2020 annual conference which reduced revenues from the conference to \$nil (see Schedule A). Management was able to eliminate the expenses related to the conference. In addition, management reduced expenditures for meetings and committee projects by either cancelling events or meeting virtually. The Association has made a deposit on the 2021 convention. The 2021 convention situation is being closely monitored and the deposit is expected to be fully refundable in the event of a cancellation. Management has worked closely with the board of directors to mitigate the effects of the pandemic on Ontario Horticultural Association.

Any changes to the fair market value of investments have not been material, and management anticipates that there will be no long-term effect on the value of investments and other assets of the organization due to the economic downturn from the Covid-19 pandemic. Management has determined that there has been no impairment on the net realizable value of the organizations assets.

This disclosure assumes that there is no significant doubt about the Ontario Horticultural Association's ability to continue as a going concern at the present time.

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

Schedule A

	2020	2019
Convention income		
Registration	\$ -	\$ 29,958
Banquet and meals	-	26,864
Sponsorships and donations	-	8,853
Tours	-	7,540
Concessions	<u>-</u>	<u>1,000</u>
	<u>-</u>	<u>74,215</u>
Convention expenses		
Banquet and meals	-	29,617
Space, signage and security	-	15,928
Board convention	-	10,800
Tours	-	6,221
Program	-	5,279
Prizes	-	2,519
Convention honorariums	-	2,142
Administration (recovery)	<u>(566)</u>	<u>3,294</u>
	<u>(566)</u>	<u>75,800</u>
Excess (deficiency) of income over expenses for Convention	\$ <u>566</u>	\$ <u>(1,585)</u>