

**Ontario Horticultural Association
Financial Statements
December 31, 2021**

Ontario Horticultural Association

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the members of
Ontario Horticultural Association

Qualified Opinion

We have audited the financial statements of the Ontario Horticultural Association, which comprises the statement of financial position as at December 31, 2021, the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, and noted to the financial statements, including a summary of significant accounting policies.

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, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many charitable organizations, Ontario Horticultural Association derives revenue from donations and fundraising activities, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, cash flows from operations for the year ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020 and fund balances as at December 31, 2021 and 2020.

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 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 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.

Goderich, Ontario
March 26, 2022

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS



Takalo & Burt

Ontario Horticultural Association
Statement of Revenue and Expenditures
Year ended December 31

	2021	2020
Revenue		
Affiliation fees	\$ 67,311	\$ 83,742
Liability insurance premiums	46,413	48,038
Convention (Schedule A)	33,535	-
Donations	6,093	1,275
Sale of OHA supplies	3,594	5,084
Investment interest (Note 4)	1,634	1,907
Miscellaneous	982	538
Newsletter subscriptions	705	563
Judges registry	530	820
Receipts from fundraising	457	4,176
	<u>161,254</u>	<u>146,143</u>
Expenses		
Liability insurance	46,212	47,885
Employee wages and expenses	30,750	24,561
Convention (Schedule A)	28,891	(566)
Meetings and committee projects	21,960	3,835
Awards and grants	9,910	2,327
Professional fees	7,250	6,444
Software and website	5,699	6,676
District and executive	5,668	4,061
In Memoriam Trees	5,484	1,788
OHA supplies	4,301	6,014
Newsletter and reports	2,986	2,627
Storage	2,263	2,121
Amortization of property, plant and equipment	1,156	841
Education, promotion and publicity	1,132	608
Bursaries	1,000	2,000
Youth grants and camps	572	276
Retirement gifts	468	362
Printing, stationery and mailing	410	1,055
Bad debts (Note 5)	176	1,075
Special projects	60	367
Bank charges	60	259
Fundraising	-	403
Miscellaneous (recovery)	-	(2,756)
	<u>176,408</u>	<u>112,263</u>
Excess (deficiency) of revenue over expenses	\$ (15,154)	\$ 33,880

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position
As at December 31

	2021	2020
ASSETS		
Current		
Cash	\$ 118,444	\$ 217,493
Investments (Note 3)	81,791	103,955
Receivables (Note 5)	356	966
Inventory	22,855	23,996
Government remittance receivable	5,504	841
Prepaid meetings and convention	<u>34,169</u>	<u>41,287</u>
	263,119	388,538
Investments (Note 3)	133,690	56,606
Property, plant and equipment (Note 6)	1,223	560
Intangible Assets (Note 7)	<u>1,514</u>	<u>-</u>
	<u>\$ 399,546</u>	<u>\$ 445,704</u>
LIABILITIES		
Current		
Payables and accruals	\$ 15,536	\$ 18,902
Deferred revenue - newsletter (Note 8)	251	289
Deferred revenue - insurance (Note 8)	<u>-</u>	<u>27,600</u>
	15,787	46,791
FUND BALANCE	<u>383,759</u>	<u>398,913</u>
	<u>\$ 399,546</u>	<u>\$ 445,704</u>

APPROVED ON BEHALF OF THE BOARD:

Catherine Malin D6 Director

Vicki Culbert Director

April 5 2022 Date

April 12 / 2022 Date

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Changes in Fund Balances
Year ended December 31

	2021	2020
General fund balance, beginning of year	\$ 398,913	\$ 365,033
Excess (deficiency) of revenue over expenses	<u>(15,154)</u>	<u>33,880</u>
General fund balance, end of year	\$ <u>383,759</u>	\$ <u>398,913</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Cash Flows
Year ended December 31

	2021	2020
Cash derived from (applied to)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (15,154)	\$ 33,880
Amortization	1,156	841
Change in non-cash operating working capital		
Receivables	610	2,572
Inventory	1,141	(5,244)
Government remittance receivable	(4,663)	6,337
Prepaid insurance	-	47,886
Prepaid meetings and convention	7,118	(11,619)
Payables and accruals	(3,366)	3,668
Deferred revenue	(27,638)	188
	<u>(40,796)</u>	<u>78,509</u>
Investing activities		
Acquisition of property, plant and equipment	(1,819)	(203)
(Increase) decrease in investments - net	(54,920)	27,757
Acquisition of Intangible Assets - Trademark	(1,514)	-
	<u>(58,253)</u>	<u>27,554</u>
Increase (decrease) in cash	(99,049)	106,063
Cash, beginning of year	<u>217,493</u>	<u>111,430</u>
Cash, end of year	\$ <u>118,444</u>	\$ <u>217,493</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2021

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

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 the period received or receivable, if the amount to be received can be reasonably estimated and collection is reasonable assured.

All other revenue is recognized in the period when the 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. Inventory includes prepaid gifts that under special circumstances inventory may be given to volunteers at no charge and expensed on the statement of operations.

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, 2021

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%
Software	55%

Intangible Assets

Intangible assets including trademarks are measured at cost less impairment. Intangible assets are tested for impairment when indicators of impairment exist. When a significant change in the value of the intangible asset is identified, the carrying amount of the intangible asset is reduced and the amount of the write-down is recognized in net income.

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, 2021, the organization holds the following unrestricted investments:

Unrestricted

Current

TD GIC bearing interest at 0.7% per annum until maturity on March 2022

	<u>2021</u>	<u>2020</u>
TD GIC bearing interest at 0.7% per annum until maturity on March 2022	\$ 52,916	\$ -
TD GIC bearing interest at 0.66% per annum until maturity on July 2022	28,875	28,772
TD GIC	-	52,541
Tangerine GIC	-	51,414
	<u>81,791</u>	<u>132,727</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2021

Unrestricted

Long-term

TD GIC bearing interest at 0.55% per annum until maturity on October 2024	27,960	27,834
Tangerine GIC bearing interest at 0.75% per annum until maturity on October 2023	52,865	-
Tangerine GIC bearing interest at 0.75% per annum until maturity on October 2023	<u>52,865</u>	<u>-</u>
	<u>133,690</u>	<u>27,834</u>
Total unrestricted investments	\$ <u>215,481</u>	\$ <u>160,561</u>

4. INVESTMENT INCOME	<u>2021</u>	<u>2020</u>
Interest earned on unrestricted investments	\$ <u>1,634</u>	\$ <u>1,907</u>

5. ACCOUNTS RECEIVABLE	<u>2021</u>	<u>2020</u>
Trade receivables	\$ <u>356</u>	\$ <u>966</u>

During the year, a total of \$176 (2020 - \$1,075) was approved as a bad debt expense. This is related to the Coldwater Horticultural Society annual affiliation and insurance fees.

6. PROPERTY, PLANT AND EQUIPMENT

<u>2021</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office equipment	\$ 480	\$ 380	\$ 100
Computer	1,056	752	304
Software	<u>1,819</u>	<u>1,000</u>	<u>819</u>
	<u>\$ 3,355</u>	<u>\$ 2,132</u>	<u>\$ 1,223</u>
<u>2020</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>

7. INTANGIBLE ASSETS	<u>2021</u>	<u>2020</u>
Trademarks	\$ <u>1,514</u>	\$ <u>-</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2021

8. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Newsletter	\$ 251	\$ 289
Prepaid membership insurance fee	<u>-</u>	<u>27,600</u>
	<u>\$ 251</u>	<u>\$ 27,889</u>

9. 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
Notes to the Financial Statements
December 31, 2021

10. ON GOING MATTERS - COVID-19

Since January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus Covid-19. In March 2020, the WHO classified the Covid-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Ontario Horticultural Association has experienced limited adverse affects as a result of the spread of Covid-19. Management has worked closely with the board of directors to mitigate the effects of the pandemic on Ontario Horticultural Association. Actions have included hosting a virtual annual convention, virtual board of director meetings and other cost cutting efforts.

Any changes to the fair market value of the organizations assets and investments have not been material, and management anticipates that there will be no long-term effect on the value of the 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.

Given the daily evolution of the Covid-19 outbreak and the global responses to curb its spread, the Ontario Horticultural Association is not able to fully estimate the effects of the Covid-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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 Revenue and Expenditures
Year ended December 31

Schedule A

2021

2020

Convention income

Registration	\$ 25,435	\$ -
Sponsorships and donations	7,200	-
Concessions	<u>900</u>	<u>-</u>
	<u>33,535</u>	<u>-</u>

Convention expenses

Space, signage and security	15,114	-
Tours	8,822	-
Program	3,426	-
Convention honorariums	1,300	-
Administration (recovery)	<u>229</u>	<u>(566)</u>
	<u>28,891</u>	<u>(566)</u>

Excess (deficiency) of income over expenses for Convention \$ 4,644 \$ (566)