

ONTARIO HORTICULTURAL ASSOCIATION

Financial Statements
For the year ended December 31, 2023
and Independent Auditor's Report to the Board of Directors

ONTARIO HORTICULTURAL ASSOCIATION

FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ontario Horticultural Association:

Qualified Opinion

We have audited the financial statements of Ontario Horticultural Association (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in fund balance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its results of 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

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's 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 auditor's 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 for 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Hamilton, Ontario
March 20, 2024

ONTARIO HORTICULTURAL ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2023

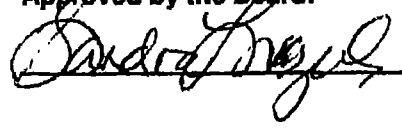
	2023	2022
REVENUE		
Affiliation fees	\$ 99,656	\$ 94,216
Convention (Page 11)	101,575	-
Donations	3,915	15,978
Fundraising	1,066	17,329
Investment interest	7,134	8,085
Liability insurance premiums	51,272	51,526
Miscellaneous	2,641	2,318
Raffle lottery (Page 12)	29,700	22,100
Supplies sales	12,121	7,954
	309,080	219,506
EXPENSES		
Amortization of trademark	282	151
Awards and grants	17,415	15,186
Bad debts	-	485
Bank charges and interest	508	171
Bursaries	2,000	1,000
Committees	1,589	1,865
Convention (Page 11)	113,449	1,600
Depreciation	824	1,166
District and officers	20,330	15,681
Education, promotion and publicity	2,651	873
In-memoriam trees	-	2,908
Liability insurance	51,106	50,995
Meetings	61,215	42,697
Newsletter and reports	4,070	4,882
Office	1,604	1,525
Professional fees	9,018	10,714
Raffle lottery (Page 12)	18,944	14,301
Salaries and benefits	42,446	32,321
Software and website	13,486	12,016
Storage	3,132	2,839
Supplies	9,139	9,452
Youth grants and camps	821	877
	374,029	223,705
DEFICIENCY OF REVENUE OVER EXPENSES	(64,949)	(4,199)
GENERAL FUND BALANCE, BEGINNING OF YEAR	379,566	383,765
GENERAL FUND BALANCE, END OF YEAR	\$ 314,617	\$ 379,566

The accompanying notes are an integral part of these financial statements.

ONTARIO HORTICULTURAL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash	\$ 67,398	\$ 132,027
Investments (Note 2)	103,580	126,884
Accounts receivable	427	179
Sales tax recoverable	6,944	3,135
Inventory	18,718	24,201
Prepaid expenses and deposits	27,268	27,512
	<u>224,335</u>	<u>313,938</u>
Investments (Note 2)	107,657	79,038
Capital assets (Note 3)	2,484	1,703
Trademarks, at net book value	3,449	1,363
	<u>\$ 337,925</u>	<u>\$ 396,042</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liability (Note 4)	\$ 20,908	\$ 15,836
Deferred revenue	2,400	640
	<u>23,308</u>	<u>16,476</u>
GENERAL FUND BALANCE	<u>314,617</u>	<u>379,566</u>
	<u>\$ 337,925</u>	<u>\$ 396,042</u>

Approved by the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

ONTARIO HORTICULTURAL ASSOCIATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (64,949)	\$ (4,199)
Items not affecting cash		
Amortization of trademark	282	151
Depreciation	824	1,166
Software write-down	-	369
	(63,843)	(2,513)
Changes in non-cash operating assets and liabilities		
Accounts receivable	(248)	177
Sales tax recoverable	(3,809)	2,369
Inventory	5,483	(1,346)
Prepaid expenses and deposits	244	(3,343)
Accounts payable and accrued liability	5,072	10,306
Deferred revenue	1,760	389
	(55,341)	6,039
INVESTING ACTIVITIES		
Investments redeemed	-	111,942
Investments acquired	-	(102,383)
Income on investments reinvested	(5,315)	-
Purchase of capital assets	(1,605)	(2,015)
Purchase of trademarks	(2,368)	-
	(9,288)	7,544
INCREASE (DECREASE) IN CASH	(64,629)	13,583
CASH, BEGINNING OF YEAR	132,027	118,444
CASH, END OF YEAR	\$ 67,398	\$ 132,027

The accompanying notes are an integral part of these financial statements.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of business

Ontario Horticultural Association is a non-profit established to promote horticultural education and preservation of the environment. The Organization was incorporated without share capital, under the laws of the province of Ontario and is a registered charity under the Income Tax Act.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in an appropriate restricted fund or if no specific restricted fund is set up then recognized on a deferral basis as related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Affiliation fees and liability insurance premiums revenue are recorded in the period in which the revenue is earned and billed to the affiliated clubs and societies. During the year, a total of \$Nil (2022 - \$485) was approved as a bad debts expense.

Interest income is recorded on the accrual basis.

Donation and fundraising revenue are recorded in the period received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

All other revenue is recognized in the period when the services have been provided or goods have been sold.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Inventory consists of items available for sale to members, and also includes prepaid awards that under special circumstances may be awarded to volunteers at no charge and expensed on the statement of operations. During the year, inventory in the amount of \$7,594 (2022 - \$8,007) was expensed through supplies expense.

Capital assets

Capital assets are recorded at cost. The Organization provides for depreciation using the declining balance method at rates designed to depreciate the cost of the capital assets over their estimated useful lives. The annual depreciation rates are as follows:

Computer hardware	30%
Computer software	55%
Convention equipment	20%
Office furniture and equipment	20%

Trademarks

Trademarks are stated at cost of \$3,882 and are being amortized on a straight-line basis over 10 years.

Long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

Contributed services

The Organization relies on the services of volunteers. The value of services contributed are only recognized if the services would otherwise have been purchased as described in Note 5.

Income taxes

No provision for income taxes is required as the Organization is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

Financial instruments

(a) *Measurement of financial instruments*

(i) *Initial measurement*

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

(ii) *Subsequent measurement*

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liability.

(b) *Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) *Impairment*

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

Use of estimates

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are revenue recognition, impairment of long-lived assets, determination of useful lives of capital assets and accrued liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many organizations. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

2. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Tangerine GIC - 2.75%	\$ -	\$ 10,136
Tangerine GIC - 0.75%	-	53,358
Tangerine GIC - 0.75%	-	53,358
Tangerine GIC - 5.70%, maturing October 2024	54,382	-
Tangerine GIC - 5.75%, maturing April 2025	54,388	-
Tangerine GIC - 4.60%, maturing August 2025	53,269	50,926
TD GIC - 3.75%	-	10,032
TD GIC - 0.55%, maturing October 2024	28,265	28,112
TD GIC - 4.00%, maturing January 2024	10,435	-
TD GIC - 4.20%, maturing January 2024	10,498	-
	211,237	205,922
Less amounts maturing within one year	(103,580)	(126,884)
	\$ 107,657	\$ 79,038

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

3. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Computer hardware	\$ 3,071	\$ 1,935	\$ 3,071	\$ 1,448
Computer software	1,819	1,819	1,819	1,819
Convention equipment	1,605	321	-	-
Office furniture and equipment	480	416	480	400
	6,975	4,491	5,370	3,667
Net book value		\$ 2,484		\$ 1,703

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITY

	2023	2022
Accounts payable	\$ 9,806	\$ 6,904
Government remittances payable	3,102	1,932
Accrued liability	8,000	7,000
	\$ 20,908	\$ 15,836

5. HONORARIUMS TO VOLUNTEERS

During the year, the Organization paid honorariums to certain volunteers for various services. The amounts paid have been included in the expense line related to the services performed as follows:

	2023	2022
Awards coordinator	\$ 2,000	\$ 625
Supplies coordinator	600	500
Website coordinator	6,960	-
Newsletter editor and distributor	2,515	2,000
Convention registrar and others	4,219	1,600
	\$ 16,294	\$ 4,725

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the parties.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include liquidity risk, credit risk, market (other price) risk, currency risk and interest rate risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Organization is not exposed to significant liquidity, credit, market, currency or interest rate risks arising from its financial instruments.

ONTARIO HORTICULTURAL ASSOCIATION

SCHEDULE OF CONVENTION
YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUE		
Activities	\$ 8,728	\$ -
Banquet and meals	23,406	-
Registration	62,146	-
Sponsorships and donations	7,295	-
	101,575	-
EXPENSES		
Administration	11,123	-
Banquet and meals	56,186	-
Competitions	4,601	-
Facilities and rentals	25,920	-
Honorariums	4,219	1,600
Programs	11,400	-
	113,449	1,600
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (11,874)	\$ (1,600)

ONTARIO HORTICULTURAL ASSOCIATION

SCHEDULE OF RAFFLE LOTTERY
YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUE		
Raffle sales	\$ 28,200	\$ 22,100
Sponsorship for early bird prizes	1,500	-
	29,700	22,100
EXPENSES		
Administration	3,344	3,251
Early bird prize payouts	1,500	-
Raffle prize payouts	14,100	11,050
	18,944	14,301
NET RAFFLE PROCEEDS	10,756	7,799
PROCEEDS USED FOR AND INCLUDED IN OPERATIONS		
Awards and grants	8,697	7,215
Bursaries	1,000	-
Convention programs	800	-
Youth grants	578	-
	11,075	7,215
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (319)	\$ 584