

ONTARIO HORTICULTURAL ASSOCIATION

Financial Statements
for the Year Ended December 31, 2022
and Independent Auditor's Report to the Board of Directors

ONTARIO HORTICULTURAL ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

570 Highland Road West
Unit 1
Hamilton, ON L8W 0C4
T. 905.525.9520
TF. 866.358.8240
F. 905.522.3113

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Ontario Horticultural Association:**

Qualified Opinion

We have audited the accompanying financial statements of Ontario Horticultural Association (the Entity), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in fund balance and 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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

In common with many not-for-profit organizations, the Entity 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 year ends. The audit opinion on the financial statements for the year ended December 31, 2021 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 Entity 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 in our audit 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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

March 3, 2023

ONTARIO HORTICULTURAL ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Affiliation fees	\$ 94,216	\$ 67,311
Convention	-	33,535
Donations	15,978	6,093
Fundraising	17,881	457
Investment interest	8,085	1,634
Judges registry	470	530
Liability insurance premiums	51,526	46,413
Miscellaneous	1,094	982
Newsletter subscriptions	754	705
Raffle lottery (Note 5)	22,100	-
Supplies sales	7,402	3,594
	219,506	161,254
EXPENSES		
Amortization of trademark	151	-
Awards and grants	15,186	9,910
Bad debts	485	176
Bank charges and interest	171	60
Bursaries	1,000	1,000
Committees	1,865	1,184
Convention	1,600	28,891
Depreciation	1,166	1,156
District and officers	15,681	5,668
Education, promotion and publicity	873	1,192
In-Memoriam trees	2,908	5,484
Liability insurance	50,995	46,212
Meetings	42,697	20,776
Newsletter and reports	4,882	2,986
Office	740	268
Professional fees	10,714	7,250
Raffle lottery (Note 5)	14,301	-
Retirement gifts	551	468
Salaries and benefits	37,937	30,750
Software and website	6,400	5,699
Storage	2,839	2,263
Supplies	9,686	4,440
Youth grants and camps	877	572
	223,705	176,405
DEFICIENCY OF REVENUE OVER EXPENSES	(4,199)	(15,151)
GENERAL FUND BALANCE, BEGINNING OF YEAR	383,765	398,916
GENERAL FUND BALANCE, END OF YEAR	\$ 379,566	\$ 383,765

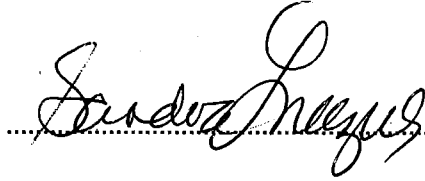
ONTARIO HORTICULTURAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash	\$ 132,027	\$ 118,444
Investments (Note 2)	126,884	81,791
Accounts receivable	179	356
Sales tax recoverable	3,135	5,504
Inventory	24,201	22,855
Prepaid expenses	27,512	24,169
	313,938	253,119
Investments (Note 2)	79,038	133,690
Capital assets (Note 3)	1,703	1,223
Trademark (Note 1)	1,363	1,514
	\$ 396,042	\$ 389,546
LIABILITIES		
Current liabilities		
Accounts payable and accrued liability (Note 4)	\$ 15,836	\$ 5,530
Deferred revenue	640	251
	16,476	5,781
GENERAL FUND BALANCE	379,566	383,765
	\$ 396,042	\$ 389,546

Approved by the Board:

..... Director

..... Director

ONTARIO HORTICULTURAL ASSOCIATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (4,199)	\$ (15,151)
Items not affecting cash		
Amortization of trademark	151	-
Depreciation	1,166	1,156
Software write-down	369	-
	(2,513)	(13,995)
Changes in non-cash operating assets and liabilities		
Accounts receivable	177	610
Sales tax recoverable	2,369	(4,663)
Inventory	(1,346)	1,141
Prepaid expenses	(3,343)	7,118
Accounts payable and accrued liability	10,306	(3,369)
Deferred revenue	389	(27,638)
	6,039	(40,796)
INVESTING ACTIVITIES		
Investments redeemed	111,942	-
Investments acquired	(102,383)	(54,920)
Purchase of capital assets	(2,015)	(1,819)
Purchase of trademark	-	(1,514)
	7,544	(58,253)
INCREASE (DECREASE) IN CASH	13,583	(99,049)
CASH, BEGINNING OF YEAR	118,444	217,493
CASH, END OF YEAR	\$ 132,027	\$ 118,444

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 organization

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 \$485 (2021 - \$176) was approved as a bad debts expense. The balance is related to Angus Horticultural Society and North Toronto Horticultural Society in the amounts of \$170 and \$315 respectively for unpaid affiliation fees and liability insurance premiums.

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 \$8,007 (2021 - \$3,805) was expensed through supplies expense.

Capital assets

Capital assets are recorded at acquisition cost and are depreciated using the diminishing-balance method over their estimated useful life at the following rates:

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

Trademark

Trademark is stated at cost and is amortized on a straight-line basis over 10 years.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Contributed services

The Organization relies on the services of volunteers but does not record the value of contributed services as the amounts are not readily determinable.

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

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.

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
DECEMBER 31, 2022

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of long lived assets, determination of useful lives of capital assets, revenue recognition, and accrued liabilities.

2. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Tangerine GIC - 2.75%, maturing January 2023	\$ 10,136	\$ -
Tangerine GIC - 0.75%, maturing October 2023	53,358	52,865
Tangerine GIC - 0.75%, maturing October 2023	53,358	52,865
Tangerine GIC - 4.60%, maturing August 2025	50,926	-
TD GIC - 0.70%, maturing March 2022	-	52,916
TD GIC - 0.66%, maturing July 2022	-	28,875
TD GIC - 3.75%, maturing March 2023	10,032	-
TD GIC - 0.54%, maturing October 2024	28,112	27,960
	205,922	215,481
Less amounts maturing within one year	126,884	81,791
	\$ 79,038	\$ 133,690

3. CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Computer hardware	\$ 3,071	\$ 1,448	\$ 1,056	\$ 752
Computer software	1,819	1,819	1,819	1,000
Office furniture and equipment	480	400	480	380
	\$ 5,370	3,667	\$ 3,355	2,132
Net book value		\$ 1,703		\$ 1,223

During the year, computer software in the amount of \$369 was written down and included in software and website expense.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITY

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 6,904	\$ 530
Government remittances payable	1,932	-
Accrued liability	7,000	5,000
	\$ 15,836	\$ 5,530

5. RAFFLE LOTTERY

	<u>2022</u>	<u>2021</u>
REVENUE	\$ 22,100	\$ -
EXPENSES		
Raffle lottery		
Administration	3,251	-
Prize payout	11,050	-
	14,301	-
Awards and grants	7,215	-
	21,516	-
EXCESS OF REVENUE OVER EXPENSES	\$ 584	\$ -

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 interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity 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 interest rate, market, currency, credit and liquidity risks arising from its financial instruments.

7. IMPACT OF COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an entity's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies and organizations in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

ONTARIO HORTICULTURAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

8. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation.

The comparative figures for the year ended December 31, 2021 were reported on by another auditor.
