

**Ontario Horticultural Association
Financial Statements
December 31, 2008**

Auditors' Report

To the Members of
Ontario Horticultural Association

We have audited the statement of Financial Position and Fund Balances of Ontario Horticultural Association as at December 31, 2008 and the statements of Operations for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Ontario Horticultural Association as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Goderich, Ontario
February 26, 2009

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

Ontario Horticultural Association
Statement of Operations
Year ended December 31, 2008

	General Fund	STBI Restricted Fund	Total 2008	Total 2007
Revenue				
Affiliation fees	\$ 95,154	\$ -	\$ 95,154	\$ 100,464
Convention (Schedule A)	87,628	-	87,628	74,427
Liability insurance premiums	53,170	-	53,170	58,152
Trillium projects (Note 6)	31,843	-	31,843	55,031
Donations	8,393	-	8,393	6,540
Sale of OHA supplies	6,284	-	6,284	6,770
Premium - net	-	5,488	5,488	9,575
Receipts from supporters	4,500	-	4,500	2,300
Investment income (losses)	1,919	1,882	3,801	2,968
Receipts from fundraising	2,656	-	2,656	5,264
Newsletter subscriptions	1,073	-	1,073	1,399
Advertising	50	-	50	863
	<u>292,670</u>	<u>7,370</u>	<u>300,040</u>	<u>323,753</u>
Expenses				
Convention (Schedule A)	94,409	-	94,409	69,224
Insurance	50,751	-	50,751	52,034
Meetings	42,149	-	42,149	46,723
Trillium projects (Note 6)	31,842	-	31,842	55,031
District and executive	14,917	-	14,917	16,361
Awards, bursaries and donations	7,546	-	7,546	2,221
Treasurer honourarium office	6,945	-	6,945	6,854
Secretary salary	5,757	-	5,757	5,500
Professional fees	5,136	-	5,136	5,674
OHA supplies and youth manuals	4,330	-	4,330	3,921
Newsletter	3,164	-	3,164	4,571
Education, promotion and publicity	3,066	-	3,066	2,372
Special projects	3,000	-	3,000	4,000
Printing, stationary and mailing	1,955	-	1,955	1,826
Development officer - non-trillium	1,324	-	1,324	896
Fundraising	601	-	601	810
Memoriam	1,227	-	1,227	737
Bad debts	1,008	-	1,008	1,892
Yearbook	933	-	933	1,107
STBI Administration	-	933	933	1,141
Exhibitions	735	-	735	4,246
Amortization	308	-	308	423
Internet and web site	207	-	207	1,550
Bank charges	126	-	126	489
Miscellaneous	1,156	-	1,156	427
	<u>282,592</u>	<u>933</u>	<u>283,525</u>	<u>290,030</u>
Excess of revenues over expenses	<u>\$ 10,078</u>	<u>\$ 6,437</u>	<u>\$ 16,515</u>	<u>\$ 33,723</u>

The accompanying notes are an integral part of these financial statements

Takalo & Burt
CHARTERED ACCOUNTANTS

Ontario Horticultural Association
Statement of Financial Position and Fund Balances
December 31, 2008

	General Fund	STBI Restricted Fund	Total 2008	Total 2007
ASSETS				
Current				
Cash	\$ 75,387	\$ 13,073	\$ 88,460	\$ 94,753
Receivables	27,093	1,566	28,659	16,633
Inventory	1,254	-	1,254	2,331
Prepays	4,861	-	4,861	6,910
Due to reserve fund from operating	901	(901)	-	-
	109,496	13,738	123,234	120,627
Investments (Note 3)	172,654	108,416	281,070	271,362
Property, plant and equipment (Note 5)	871	-	871	1,178
	<u>\$ 283,021</u>	<u>\$ 122,154</u>	<u>\$ 405,175</u>	<u>\$ 393,167</u>
LIABILITIES				
Current				
Payables and accruals	\$ 10,488	\$ -	\$ 10,488	\$ 17,663
Deferred revenue	42,502	-	42,502	39,834
	<u>52,990</u>	<u>-</u>	<u>52,990</u>	<u>57,497</u>
FUND BALANCES				
Fund balances, beginning of year	219,953	115,717	335,670	301,947
Excess of revenues over expenses for the year	10,078	6,437	16,515	33,723
Fund balances, end of year	<u>230,031</u>	<u>122,154</u>	<u>352,185</u>	<u>335,670</u>
	<u>\$ 283,021</u>	<u>\$ 122,154</u>	<u>\$ 405,175</u>	<u>\$ 393,167</u>

APPROVED ON BEHALF OF THE BOARD:

Director

Date

Director

Date

The accompanying notes are an integral part of these financial statements

Takalo & Burt
CHARTERED ACCOUNTANTS

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2008

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

Since precise determination of many assets and liabilities are dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made by management using careful judgement.

Method of Accounting

The organization uses the restricted fund method of accounting. Sources of revenue and expenditures are reported using the accrual basis of accounting. The accrual basis of accounting recognizes expenditures as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

The general fund records all of the transactions of the normal day to day operations of the association. The STBI restricted fund provides funds to reimburse local branches for losses related to the activities of local branches Board's of Directors and Treasurers.

Revenue Recognition

Grant revenue is recorded in the period the revenue is considered earned. Grant revenue is considered earned when eligible expenses are incurred. Membership revenue and general liability insurance revenue are recorded in the period in which the revenue is billed to the members and societies. All other revenue is recognized in the period which it relates and becomes available and measurable.

Investment income includes dividend and interest income, realized and unrealized investment gains or losses. Unrealized gains and losses are included in investment income and recognized as revenue in the statement of operations.

Investments

Investments are valued at the lower of cost and market value. Investments are reduced to market value if a permanent impairment in value is expected.

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.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2008

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 their estimated useful lives are as follows:

Exhibition display panels	30%
Office equipment	20%
Computer	30%

Property, plant and equipment acquisitions that are funded by government grants are expensed in the year of acquisition as an offset against the corresponding grant revenue.

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.

3. INVESTMENTS	2008	2007
As at December 31, 2008, the Organization holds the following restricted and unrestricted investments:		
<u>Unrestricted</u>		
GIC rate riser account bearing interest at 3% per annum to March 2009 then 7% per annum to maturity in March 2010	\$ 2,654	\$ 2,654
GIC bearing interest at 2.4% per annum until maturity in January 2009	60,000	-
London Life Segregated Fund. The investment has a guarantee rider which guarantees the redemption amount of 75% of the \$50,000 originally invested as long as the investment is held to January 2016. The fair market value of the investment at December 31, 2008 is \$37,923	50,000	50,000
GIC bearing interest at 2.4% per annum until maturity in January 2009	60,000	-
GIC	-	30,000
GIC	-	20,000
GIC	-	53,000
	<u>172,654</u>	<u>155,654</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2008

Internally Restricted - STBI Fund

GIC bearing interest at 5.07% per annum until June 2010	14,000	14,000
GIC bearing interest at 2.79% per annum until February 2009	20,000	-
Great West Life Segregated Fund. The investment has a guarantee rider which guarantees the redemption amount of the original investment of \$74,416 as long as the investment is held to January 2016. The fair market value of investment at December 31, 2008 is \$52,720	74,416	74,416
GIC	-	10,292
GIC	-	17,000
	<u>108,416</u>	<u>115,708</u>
	<u>\$ 281,070</u>	<u>\$ 271,362</u>

The investments in GIC's approximate their fair market value. The investments in segregated mutual funds are recorded at cost.

4. INVESTMENT INCOME

	General Fund	STBI Restricted Fund	Total 2008	Total 2007
Investment income is reported as follows:				
Dividends and interest earned on unrestricted investments	\$ 1,919	\$ -	\$ 1,919	1,736
Dividends and interest earned on restricted investments	-	1,882	1,882	1,232
Realized investment income	\$ 1,919	\$ 1,882	\$ 3,801	\$ 2,968

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value 2008	Net Book Value 2007
Exhibition display panels	\$ 3,580	\$ 3,456	\$ 124	\$ 176
Office equipment	3,033	2,666	367	458
Computer	1,586	1,206	380	544
	<u>\$ 8,199</u>	<u>\$ 7,328</u>	<u>\$ 871</u>	<u>\$ 1,178</u>

Ontario Horticultural Association
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December 31, 2008

6. TRILLIUM PROJECTS

The Association has a three year contract with the Trillium Foundation which began in June 2006 to provide up to \$229,000 in grant funding to offset qualified expenditures of up to \$229,000.

The purpose of the program is to build fundraising, outreach, volunteer recruitment and membership building capacities through the hiring of a development officer to further strengthen their environmental stewardship and community education programs, and to coordinate Ontario horticultural societies, affiliates and their volunteers.

In 2008, the Association recorded \$31,843 (2007 - \$55,031) in grant revenue related to the Trillium grant. \$31,843 (2007 - \$55,031) of the grant revenue was shown on the statement of operations and \$Nil (2007 - \$Nil) was shown on Schedule A as grant revenue on the Schedule of Convention Income. Future revenues on the project will be recognized as qualified expenditures are incurred.

7. STATEMENT OF CASH FLOWS

The statement of cash flows is not considered meaningful and consequently has been omitted from these financial statements.

8. FINANCIAL INSTRUMENTS

Fair Value

The Organization's financial instruments include cash, accounts receivable, accounts payable, accruals and deferred revenue. The carrying value of these instruments approximates their fair value due to their immediate or short-term maturity.

Investments are also financial instruments. The carrying value of these investments are the lower of cost and fair market value. Investments in segregated mutual funds are valued at the lower of cost and guaranteed amounts.

Ontario Horticultural Association
Schedule of Convention Income
Year ended December 31

Schedule A

	<u>2008</u>	<u>2007</u>
Banquet and meals	\$ 33,329	\$ 27,773
Registration	30,360	34,225
Sponsorships	13,390	9,874
Concessions	5,444	1,450
Tours	<u>5,105</u>	<u>1,105</u>
	\$ 87,628	\$ 74,427

Schedule of Convention Expenses
Year ended December 31

2008 2007

Banquet and meals	\$ 41,546	\$ 31,570
Space, signage and security	24,764	16,234
Program	15,607	9,629
Tours	4,569	3,573
Administration	4,504	3,657
Prizes	2,258	2,008
Registrar's honourarium	<u>1,161</u>	<u>2,553</u>
	\$ 94,409	\$ 69,224