

**Ontario Horticultural Association
Financial Statements
December 31, 2013**

Ontario Horticultural Association
December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Members of
Ontario Horticultural Association

We have audited the accompanying financial statements of Ontario Horticultural Association, which comprise the statement of financial position and fund balances as at December 31, 2013 and the statements of operations for the year then ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as explained in the paragraph below, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Qualified Opinion

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, 2013, and its operations for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

TAKALO & BURT

Goderich, Ontario
March 19, 2014

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS



Takalo & Burt

Ontario Horticultural Association
Statement of Operations
Year ended December 31, 2013

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2013</u>	<u>Total 2012</u>
Revenue				
Affiliation fees	\$ 88,113	\$ -	\$ 88,113	\$ 88,068
Convention (Schedule A)	59,571	-	59,571	101,137
Liability insurance premiums	49,946	-	49,946	50,058
Gain on investments (Note 4)	9,624	10,881	20,505	1,734
Receipts from fundraising	14,907	-	14,907	2,078
Donations	13,742	-	13,742	15,324
Sale of OHA supplies	7,518	-	7,518	6,554
Dividend and interest income (Note 4)	2,570	647	3,217	1,085
Premium - net	-	1,468	1,468	7,324
Advertising	500	-	500	683
Newsletter subscriptions	169	-	169	289
Associate memberships	-	-	-	150
	<u>246,660</u>	<u>12,996</u>	<u>259,656</u>	<u>274,484</u>
Expenses				
Convention (Schedule A)	76,855	-	76,855	93,867
Liability insurance	51,628	-	51,628	51,320
Meetings and committee projects	31,431	-	31,431	31,052
District and executive	13,440	-	13,440	15,526
Fundraising	10,039	-	10,039	989
Treasurer honourarium and office	8,545	-	8,545	8,559
Awards, bursaries and donations	8,532	-	8,532	8,154
Education, promotion and publicity	7,112	-	7,112	2,641
OHA supplies and youth manuals	6,574	-	6,574	5,645
Professional fees	5,249	-	5,249	5,145
Secretary honourarium and office	5,142	-	5,142	4,908
Memoriam	4,596	-	4,596	1,251
Annual Report	2,828	-	2,828	2,431
Printing, stationary and mailing	2,805	-	2,805	2,405
Exhibitions	2,380	-	2,380	2,401
Special projects - community benefit grants	1,744	-	1,744	7,822
Newsletter	1,633	-	1,633	1,386
Awards Co-ordinator honourarium and office	1,500	-	1,500	1,500
STBI Administration	-	900	900	900
Bad debts	584	-	584	107
Loss on disposal of property, plant and equipment	340	-	340	-
Amortization of property, plant and equipment	337	-	337	256
Bank charges	194	-	194	184
Miscellaneous	187	-	187	-
Internet and web site	-	-	-	540
	<u>243,675</u>	<u>900</u>	<u>244,575</u>	<u>248,989</u>
Excess of revenue over expenses	<u>\$ 2,985</u>	<u>\$ 12,096</u>	<u>\$ 15,081</u>	<u>\$ 25,495</u>

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association
Statement of Financial Position and Fund Balances
December 31, 2013

	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2013</u>	<u>Total 2012</u>
ASSETS				
Current				
Cash	\$ 130,254	\$ 12,950	\$ 143,204	\$ 113,193
Receivables	38,361	526	38,887	30,687
Inventory	2,221	-	2,221	4,287
Prepays	1,562	-	1,562	4,257
Interfund receivable (payable)	<u>1,314</u>	<u>(1,314)</u>	<u>-</u>	<u>-</u>
	173,712	12,162	185,874	152,424
Investments (Note 3)	205,961	130,900	336,861	363,562
Property, plant and equipment (Note 5)	<u>917</u>	<u>-</u>	<u>917</u>	<u>761</u>
	<u>\$ 380,590</u>	<u>\$ 143,062</u>	<u>\$ 523,652</u>	<u>\$ 516,747</u>
LIABILITIES				
Current				
Payables and accruals	\$ 6,979	\$ -	\$ 6,979	\$ 12,969
Deferred revenue (Note 6)	<u>31,950</u>	<u>-</u>	<u>31,950</u>	<u>34,136</u>
	<u>38,929</u>	<u>-</u>	<u>38,929</u>	<u>47,105</u>
FUND BALANCES				
Fund balances, beginning of year	338,676	130,966	469,642	444,147
Excess of revenue over expenses for the year	<u>2,985</u>	<u>12,096</u>	<u>15,081</u>	<u>25,495</u>
Fund balances, end of year	<u>341,661</u>	<u>143,062</u>	<u>484,723</u>	<u>469,642</u>
	<u>\$ 380,590</u>	<u>\$ 143,062</u>	<u>\$ 523,652</u>	<u>\$ 516,747</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director _____ Director

_____ Date _____ Date

The accompanying notes are an integral part of these financial statements

Ontario Horticultural Association

Notes to the Financial Statements

December 31, 2013

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

These financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

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 these local branches' Boards 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 to which it relates and during which it becomes available and measurable.

Dividend and interest income are recorded on the Statement of Operations in the period in which they are earned on the accrual basis. Restricted unrealized gains and losses are recorded as gains (losses) on the Statement of Operations.

Financial Instruments

The organization has designated its cash as held for trading, its accounts receivable as loans and receivables and its accounts payable and accruals as other financial liabilities.

Investments are classified as held for trading and are reflected at their fair value. Fair value estimates are made based on published price quotation in an active market at the Statement of Financial Position date. Realized and unrealized gains and losses are reported on the statement of revenue and expenditure in the period in which they occur.

The carrying value of the organization's short-term financial assets and liabilities including cash, receivables, accounts payable and accruals approximates their fair value due to their immediate, or short-term, maturity.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2013

Investments

Investments are valued at fair market value.

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.

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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2013

3. INVESTMENTS	<u>2013</u>	<u>2012</u>
As at December 31, 2013, the Organization holds the following restricted and unrestricted investments:		
<u>Unrestricted</u>		
Cashable GIC bearing interest at 1.55% per annum until maturity in June 2014	\$ 20,065	\$ 20,000
Cashable GIC bearing interest at 1.65% per annum until maturity in March 2015	25,453	25,250
GIC bearing compound interest at 1.45% per annum until maturity in October 2015	25,747	25,287
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	63,015	53,391
GIC bearing compound interest at 1.60% per annum until maturity in April 2016	20,268	20,067
GIC bearing compound interest at 1.75% per annum until maturity in December 2016	25,758	25,000
GIC bearing interest at 2.00% per annum until maturity in December 2017	25,655	25,000
GIC	<u>-</u>	<u>50,000</u>
Total unrestricted investments	<u>205,961</u>	<u>243,995</u>
<u>Internally Restricted - STBI Fund</u>		
GIC bearing compound interest at 1.55% per annum until maturity in July 2014	20,602	-
GIC bearing interest at 1.60% per annum until April 2016	25,000	-
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	85,298	74,416
GIC	<u>-</u>	<u>45,151</u>
Total internally restricted investments	<u>130,900</u>	<u>119,567</u>
Total all investments	<u>\$ 336,861</u>	<u>\$ 363,562</u>

Management intends to renew investments that have maturity dates prior to January 2015. As a result, all investments are treated as long-term on the Statement of Financial Position.

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2013

4. INVESTMENT INCOME	General Fund	STBI Restricted Fund	Total 2013	Total 2012
Investment income				
Dividends and interest earned on unrestricted investments	\$ 2,570	\$ -	\$ 2,570	\$ 755
Dividends and interest earned on restricted investments	<u>-</u>	<u>647</u>	<u>647</u>	<u>330</u>
	<u>2,570</u>	<u>647</u>	<u>3,217</u>	<u>1,085</u>
Gain on investments				
Unrealized gains on unrestricted investments	9,624	-	9,624	1,734
Unrealized gains on restricted investments	<u>-</u>	<u>10,881</u>	<u>10,881</u>	<u>-</u>
	<u>9,624</u>	<u>10,881</u>	<u>20,505</u>	<u>1,734</u>
Total investment income recognized in revenues	\$ <u>12,194</u>	\$ <u>11,528</u>	\$ <u>23,722</u>	\$ <u>2,819</u>

5. PROPERTY, PLANT AND EQUIPMENT

<u>2013</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Exhibition display panels	\$ 3,579	\$ 3,559	\$ 20
Office equipment	3,410	3,097	313
Computer	<u>834</u>	<u>250</u>	<u>584</u>
	<u>\$ 7,823</u>	<u>\$ 6,906</u>	<u>\$ 917</u>
<u>2012</u>			
Exhibition display panels	\$ 3,579	\$ 3,550	\$ 29
Office equipment	3,410	3,018	392
Computer	<u>2,621</u>	<u>2,281</u>	<u>340</u>
	<u>\$ 9,610</u>	<u>\$ 8,849</u>	<u>\$ 761</u>

6. DEFERRED REVENUE

Deferred revenue consists of the following 2014 revenue:

	<u>2013</u>	<u>2012</u>
Membership fee	\$ 31,472	\$ 30,576
Convention	342	3,391
Newsletter subscription	<u>136</u>	<u>169</u>
	\$ <u>31,950</u>	\$ <u>34,136</u>

7. STATEMENT OF CASH FLOWS

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

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

Schedule A

	<u>2013</u>	<u>2012</u>
Convention Income		
Registration	\$ 25,005	\$ 45,242
Banquet and meals	17,852	36,092
Sponsorships	11,844	10,783
Tours	3,870	8,045
Concessions	<u>1,000</u>	<u>975</u>
	<u>59,571</u>	<u>101,137</u>
Convention Expenses		
Banquet and meals	24,946	47,423
Board Convention	21,035	13,206
Space, signage and security	16,567	13,440
Program	4,432	7,440
Tours	2,927	7,919
Registrar's honourarium and expenses	2,893	1,570
Administration	2,317	707
Prizes	<u>1,738</u>	<u>2,162</u>
	<u>76,855</u>	<u>93,867</u>
Excess (deficiency) of income over expenses for Convention	(17,284)	7,270
Budgeted transfer of surpluses from prior years' Convention surpluses	<u>35,000</u>	<u>-</u>
	<u>\$ 17,716</u>	<u>\$ 7,270</u>