

**Ontario Horticultural Association
Financial Statements
December 31, 2010**

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, 2010, and its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

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, 2010 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, 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.

Goderich, Ontario
March 2, 2011

TAKALO & BURT
LICENCED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

Ontario Horticultural Association
Statement of Operations
Year ended December 31, 2010

	STBI		Total 2010	Total 2009
	General Fund	Restricted Fund		
Revenue				
Affiliation fees	\$ 92,109	\$ -	\$ 92,109	\$ 95,230
Convention (Schedule A)	68,681	-	68,681	51,555
Liability insurance premiums	51,204	-	51,204	52,264
Donations	13,973	-	13,973	24,425
Gain on investments (Note 4)	8,550	2,302	10,852	-
Sale of OHA supplies	5,895	-	5,895	5,632
Premium - net	-	3,768	3,768	4,012
Receipts from fundraising	1,720	-	1,720	3,386
Investment income (Note 4)	333	1,145	1,478	811
Newsletter subscriptions	713	-	713	865
Advertising	336	-	336	288
Associate memberships	221	-	221	200
Trillium projects	-	-	-	14,952
Receipts from supporters	-	-	-	275
	<u>243,735</u>	<u>7,215</u>	<u>250,950</u>	<u>253,895</u>
Expenses				
Convention (Schedule A)	62,959	-	62,959	50,133
Liability insurance	48,737	-	48,737	47,410
Meetings and Committee Projects	31,824	-	31,824	51,213
District and executive	12,957	-	12,957	13,525
Treasurer honourarium and office	8,209	-	8,209	7,824
Secretary honourarium and office	7,332	-	7,332	7,335
Special projects - community benefit grants	6,500	-	6,500	2,819
OHA supplies and youth manuals	6,134	-	6,134	6,577
Awards, bursaries and donations	6,077	-	6,077	9,359
Professional fees	5,258	-	5,258	5,351
Newsletter	3,005	-	3,005	4,039
Printing, stationary and mailing	2,818	-	2,818	3,639
Exhibitions	1,859	-	1,859	2,672
Education, promotion and publicity	1,712	-	1,712	8,077
STBI Administration	-	1,521	1,521	9,380
Memoriam	893	-	893	997
Amortization of capital assets	382	-	382	535
Bank charges	190	-	190	154
Fundraising	132	-	132	175
Bad debts	30	-	30	34
Trillium projects	-	-	-	14,950
Loss on investments (Note 4)	-	-	-	2,635
Annual Report	-	-	-	1,384
Internet and web site	-	-	-	845
Miscellaneous	-	-	-	283
	<u>207,008</u>	<u>1,521</u>	<u>208,529</u>	<u>251,345</u>
Excess of revenue over expenses	\$ 36,727	\$ 5,694	\$ 42,421	\$ 2,550

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, 2010

	STBI		Total 2010	Total 2009
	General Fund	Restricted Fund		
ASSETS				
Current				
Cash	\$ 84,064	\$ 20,221	\$ 104,285	\$ 198,979
Receivables	29,454	591	30,045	15,744
Inventory	2,461	-	2,461	-
Prepays	33,628	-	33,628	2,611
Interfund receivable(payable)	2,498	(2,498)	-	-
	152,105	18,314	170,419	217,334
Investments (Note 3)	166,735	104,718	271,453	183,435
Property, plant and equipment (Note 5)	988	-	988	1,370
	<u>\$ 319,828</u>	<u>\$ 123,032</u>	<u>\$ 442,860</u>	<u>\$ 402,139</u>
LIABILITIES				
Current				
Payables and accruals	\$ 8,409	\$ -	\$ 8,409	\$ 15,836
Deferred revenue	37,295	-	37,295	31,568
	45,704	-	45,704	47,404
FUND BALANCES				
Fund balances, beginning of year	237,397	117,338	354,735	352,185
Excess of revenue over expenses for the year	36,727	5,694	42,421	2,550
Fund balances, end of year	<u>274,124</u>	<u>123,032</u>	<u>397,156</u>	<u>354,735</u>
	<u>\$ 319,828</u>	<u>\$ 123,032</u>	<u>\$ 442,860</u>	<u>\$ 402,139</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director _____ Director

_____ Date _____ Date

The accompanying notes are an integral part of these financial statements

Takalo & Burt
CHARTERED ACCOUNTANTS

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 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,

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 payables and accruals approximates their fair value due to their immediate or short-term maturity.

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 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, 2010

3. INVESTMENTS	<u>2010</u>	<u>2009</u>
As at December 31, 2010, the Organization holds the following restricted and unrestricted investments:		
<u>Unrestricted</u>		
GIC rate riser account bearing interest at .75% per annum to maturity in October 2011	\$ 2,800	\$ 2,654
GIC bearing interest at .50% per annum until maturity in January 2011	10,021	10,000
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.	55,914	47,365
GIC bearing interest at 1.55% per annum until maturity in October 2011	18,000	-
GIC bearing interest at .30% per annum until maturity in January 2011	50,000	-
GIC bearing interest at .95% per annum until maturity in February 2011	30,000	-
Total unrestricted investments	<u>166,735</u>	<u>60,019</u>
<u>Internally Restricted - STBI Fund</u>		
GIC bearing interest at 1.0% per annum until maturity in February 2011	28,000	-
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.	76,718	74,416
GIC	-	14,000
GIC	-	35,000
Total internally restricted investments	<u>104,718</u>	<u>123,416</u>
Total all investments	<u>\$ 271,453</u>	<u>\$ 183,435</u>

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2010

4. INVESTMENT INCOME	<u>General Fund</u>	<u>STBI Restricted Fund</u>	<u>Total 2010</u>	<u>Total 2009</u>
Investment income				
Dividends and interest earned on unrestricted investments	\$ 333	\$ -	\$ 333	259
Dividends and interest earned on restricted investments	-	1,145	1,145	552
	<u>333</u>	<u>1,145</u>	<u>1,478</u>	<u>811</u>
Gain on investments				
Unrealized gains (losses) on unrestricted investments	8,550	-	8,550	(2,635)
Unrealized gains on restricted investments	-	2,302	2,302	-
	<u>8,550</u>	<u>2,302</u>	<u>10,852</u>	<u>(2,635)</u>
Total investment income (loss) recognized in revenues	<u>\$ 8,883</u>	<u>\$ 3,447</u>	<u>\$ 12,330</u>	<u>\$ (1,824)</u>
5. PROPERTY, PLANT AND EQUIPMENT				
<u>2010</u>				
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
Exhibition display panels	\$ 3,579	\$ 3,519	\$ 60	
Office equipment	3,033	2,798	235	
Computer	2,621	1,928	693	
	<u>\$ 9,233</u>	<u>\$ 8,245</u>	<u>\$ 988</u>	
<u>2009</u>				
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
Exhibition display panels	\$ 3,579	\$ 3,493	\$ 86	
Office equipment	3,033	2,740	293	
Computer	2,621	1,630	991	
	<u>\$ 9,233</u>	<u>\$ 7,863</u>	<u>\$ 1,370</u>	

Ontario Horticultural Association
Notes to the Financial Statements
December 31, 2010

6. STATEMENT OF CASH FLOWS

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

7. NEW ACCOUNTING PRONOUNCEMENT

Recent accounting pronouncements that have been issued but are not yet effective, and have potential implications for the company are as follows:

General Standards on Financial Statement Presentation

Effective January 1, 2012, Canadian private sector not-for-profit organizations will have a new financial reporting framework. These organizations may apply accounting standards for not-for-profit organizations in the CICA Handbook – Accounting (Part III) or International Financial Reporting Standards in the Handbook (Part 1). Earlier application is permitted. Management is currently assessing the impact of adopting these standards

Ontario Horticultural Association
Schedule of Convention Income
Year ended December 31

Schedule A

	<u>2010</u>	<u>2009</u>
Registration	\$ 36,470	\$ 34,560
Banquet and meals	26,115	7,385
Tours	3,298	4,710
Sponsorships	2,537	4,100
Concessions	<u>261</u>	<u>800</u>
	\$ 68,681	\$ 51,555

Schedule of Convention Expenses
Year ended December 31

	<u>2010</u>	<u>2009</u>
Banquet and meals	\$ 23,154	\$ 7,781
Space, signage and security	14,018	14,474
Board Convention Expense	10,483	-
Program	7,763	16,369
Tours	2,203	2,472
Administration	1,981	5,643
Prizes	1,862	1,905
Registrar's honourarium and expenses	<u>1,495</u>	<u>1,489</u>
	\$ 62,959	\$ 50,133