

# Ontario Good Roads Association



## Annual General Meeting

Date: February 26, 2019

Time: 8:45 a.m.

Location: Grand Ballroom East and Central, Sheraton Centre Hotel, Toronto

### AGENDA

Item #		Page #
1.	Call to Order – Rick Harms, 2 <sup>nd</sup> Vice President	-----
2.	Approval of Minutes – February 27, 2018	2
3.	President's Report – Chris Traini, OGRA President	-----
4.	2018 Audited Financial Report	4
5.	Appointment of Auditors – 2019	-----
6.	Resolution - OGRA/ROMA Combined Conference	20
7.	Other Business	-----
8.	Adjournment	-----

# Ontario Good Roads Association

## 2018 Annual General Meeting

Tuesday, February 28, 2017

Canadian Room, Fairmont Royal York Hotel



### 1. Call to Order

Rick Kester, OGRA 2<sup>nd</sup> Vice President CAO, City of Belleville, City of Timmins, called the meeting to order at 8:45 a.m.

He introduced the Board of Directors present:

Ken Laupé, OGRA President and Senior Manager, Road Operations, Public Works & Engineering, City of Brampton

Chris Traini, OGRA 2<sup>nd</sup> Vice-President and County Engineer, County of Middlesex

Rick Harms, OGRA 3<sup>rd</sup> Vice-President and Project Engineer, City of Thunder Bay

Robert Burlie, OGRA Immediate Past President and Manager of Road Operations, Toronto & East York District, City of Toronto

Paul Ainslie, Councillor, City of Toronto

Antoine Boucher, Director of Public Works & Engineering, Municipality of East Ferris

Andy Bruziewicz, Councillor, City of Sarnia

Yolaine Kirlew, Councillor, Municipality of Sioux Lookout

Bryan Lewis, Councillor, Town of Halton Hills

John McKean, Mayor, Town of the Blue Mountains

Virginia Ridley, Councillor, City of London

Paul Shoppman, Mayor, Municipality of St.-Charles

Michael Touw, Director of Public Works, Township of Leeds and the Thousand Islands

Joe Tiernay, OGRA Executive Director

### 2. Approval of Minutes – February 28, 2017

It was duly moved and seconded that the minutes of the Annual General Meeting of February 28, 2017 be approved.

CARRIED

3. President's Report

Ken Lauppé presented his report.

It was duly moved and seconded that the report of the President be received for information.

CARRIED

4. Approval of Auditors Report

Rick Kester referred the delegates to the Auditor's Report contain within the Annual Report.

It was duly moved and seconded that the audited financial statements be approved.

CARRIED

5. Appointment of Auditors - 2018

It was duly moved and seconded that the accounting firm of Cowperthwaite Mehta be appointed as the auditors for OGRA for the fiscal year 2018.

CARRIED

6. New/Other Business

There was no other business brought before the membership.

7. Adjournment

The 2018 OGRA Annual General Meeting was adjourned at 9:00 a.m.



President



Secretary Treasurer

---

**ONTARIO GOOD ROADS ASSOCIATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

---

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Ontario Good Roads Association:

### Opinion

We have audited the consolidated financial statements of Ontario Good Roads Association which comprise the consolidated balance sheet as at December 31, 2018, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ontario Good Roads Association as at December 31, 2018 and the 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 Opinion

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 of our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is responsible for assessing Ontario Good Roads Association'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 Ontario Good Roads Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Good Roads Association's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements.

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Auditor's Responsibilities

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 risk, 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 the 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 Ontario Good Roads Association'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 Ontario Good Roads Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 Ontario Good Roads Association 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

*Cowperthwaite Mehta*

Chartered Professional Accountants  
Licensed Public Accountants

February 11, 2019  
Toronto, Ontario

# ONTARIO GOOD ROADS ASSOCIATION

## CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2018

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash (note 2)	\$ 315,602	\$ 636,435
Short-term investments (note 3)	533,419	620,487
Accounts receivable	139,999	142,248
Inventory	5,120	12,484
Prepaid expenses	<u>138,692</u>	<u>77,329</u>
	<u>1,132,832</u>	<u>1,488,983</u>
Other assets		
Investments (note 3)	<u>1,449,501</u>	<u>948,552</u>
Capital assets (note 4)		
Tangible assets	1,471,075	1,504,744
Intangible assets	<u>84,083</u>	<u>62,140</u>
	<u>1,555,158</u>	<u>1,566,884</u>
	<u>\$ 4,137,491</u>	<u>\$ 4,004,419</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 259,248	\$ 217,454
Government remittances payable	76,435	69,952
Mortgage payable (note 5)	234,960	422,708
Deferred revenue (note 6)	<u>960,103</u>	<u>988,776</u>
	<u>1,530,746</u>	<u>1,698,890</u>
Net assets		
Unrestricted	794,295	795,668
Invested in capital assets	1,297,176	1,118,404
Board-designated funds (note 9)		
Advocacy and special projects	19,599	32,782
Education development	102,780	65,780
Building reserve	19,121	19,121
Winter maintenance	73,774	73,774
Chair in Asset Management	<u>300,000</u>	<u>200,000</u>
	<u>2,606,745</u>	<u>2,305,529</u>
	<u>\$ 4,137,491</u>	<u>\$ 4,004,419</u>

see accompanying notes

**ONTARIO GOOD ROADS ASSOCIATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Unrestricted Net Assets	Invested in Capital Assets	Advocacy	Education Development	Building Reserve	Winter Maintenance	Chair in Asset Management	TOTAL 2018	TOTAL 2017
Opening balance	\$ 795,668	\$ 1,118,404	\$ 32,782	\$ 65,780	\$ 19,121	\$ 73,774	\$ 200,000	\$ 2,305,529	\$ 2,382,709
Excess of revenue over expenses for the year	301,216							301,216	(77,180)
Appropriations (note 9)	(123,817)		(13,183)	37,000			100,000		
Intangible asset purchases	(38,575)	38,575							
Amortization of tangible capital assets	33,669	(33,669)							
Amortization of intangible assets	16,632	(16,632)							
Mortgage principal repayments	(187,748)	187,748							
Repayment of capital funding	(2,750)	2,750							
	<u>\$ 794,295</u>	<u>\$ 1,297,176</u>	<u>\$ 19,599</u>	<u>\$ 102,780</u>	<u>\$ 19,121</u>	<u>\$ 73,774</u>	<u>\$ 300,000</u>	<u>\$ 2,606,745</u>	<u>\$ 2,305,529</u>



**ONTARIO GOOD ROADS ASSOCIATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>REVENUE</b>		
Education	\$ 2,271,478	\$ 1,956,564
Member services	1,111,316	897,285
Conference	890,770	867,055
Administration	<u>52,050</u>	<u>74,731</u>
	<u>4,325,614</u>	<u>3,795,635</u>
<b>EXPENSES</b> (note 10)		
Education	1,514,658	1,460,026
Member services	905,229	815,914
Conference	731,345	710,554
Administration	621,080	642,008
Advocacy	<u>252,086</u>	<u>244,313</u>
	<u>4,024,398</u>	<u>3,872,815</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 301,216</u>	<u>\$ (77,180)</u>

see accompanying notes

**ONTARIO GOOD ROADS ASSOCIATION****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>CASH INFLOW (OUTFLOWS)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 301,216	\$ (77,180)
Non-cash items		
Repayable capital funding (note 7)		(25,772)
Amortization of deferred capital contributions (note 7)		(19,679)
Amortization of tangible capital assets	33,669	42,665
Amortization of intangible assets	16,632	10,644
Write down of value of intangible assets		208,835
Net change in non-cash working capital items (below)	<u>(32,146)</u>	<u>53,454</u>
Cash provided from operations	<u>319,371</u>	<u>192,967</u>
<b>FINANCING ACTIVITIES</b>		
Decrease (increase) in investments	(413,881)	343,391
Mortgage principal repayments	<u>(187,748)</u>	<u>(35,575)</u>
Cash provided from (used in) financing activities	<u>(601,629)</u>	<u>307,816</u>
<b>INVESTING ACTIVITIES</b>		
Intangible asset purchases	<u>(38,575)</u>	<u>(61,645)</u>
<b>NET CASH ACTIVITY FOR THE YEAR</b>	(320,833)	439,138
<b>CASH, BEGINNING OF YEAR</b>	<u>636,435</u>	<u>197,297</u>
<b>CASH, END OF YEAR</b>	<u>\$ 315,602</u>	<u>\$ 636,435</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 2,249	\$ (11,293)
Inventory	7,364	12,648
Prepaid expenses	(61,363)	(35,215)
Accounts payable	41,794	(56,827)
Government remittances payable	6,483	12,734
Deferred revenue	<u>(28,673)</u>	<u>131,407</u>
	<u>\$ (32,146)</u>	<u>\$ 53,454</u>

see accompanying notes

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

The Ontario Good Roads Association (the organization) is one of Canada's largest municipal associations. The mandate of the organization is to represent the infrastructure interests of municipalities through advocacy, consultation, training and the delivery of identified services. It represents the transportation and public works-related concerns of 444 municipalities and many First Nation communities of Ontario. Since 1894, the organization has aided municipalities in their efforts to provide efficient and effective transportation systems.

The Ontario Good Roads Association is incorporated as a not-for-profit organization in Ontario, and is exempt from income tax in Canada under Section 149(1)(l) of the Income Tax Act (Canada).

The consolidated financial statements include the financial statements of Ontario Good Roads Association and those of Ontario 1894 Inc., a wholly-owned for-profit subsidiary of Ontario Good Roads Association. Ontario 1894 Inc. was incorporated in 2017 under the Ontario Business Corporations Act. It was established to provide companies and municipalities with software and programs to help minimize the challenges and streamline outdated processes with innovative solutions to complicated problems. It provides products to create easy, cost effective and proactive solutions for municipalities and their interests in North America.

### 1. SIGNIFICANT ACCOUNTING POLICIES

In preparing its consolidated financial statements, the organization follows Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The significant accounting policies used are as follows:

#### **Financial instruments**

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at 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 the statement of operations.

#### **Prepaid expenses**

Prepaid expenses are recorded for goods and services being received in the next fiscal year but paid for in the current fiscal year.

#### **Inventory**

Inventory consists of supplies that are consumed in the delivery of the organization's courses, workshops and operations. They are recorded at the lower of cost and replacement cost.

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### **Tangible capital assets**

The organization records capital assets for expenditures that will be used in the delivery of services for a continuous period. Tangible capital assets are initially recorded at cost and are amortized over their useful lives. If the asset no longer has any long-term service potential, it is written off.

Amortization is provided annually at rates calculated to write off the tangible assets over their estimated useful lives, as follows:

Building	- 40 year straight-line basis
Furniture	- 5 year straight-line basis
Equipment	- 3 year straight-line basis

### **Intangible assets**

The organization has internally-generated software which is defined as an intangible asset. The cost of developing software modules is capitalized until the module is implemented. Amortization is provided annually at rates calculated to write off the assets over their estimated useful life, which is five years on a straight line basis. Amortization is first charged in the year of implementation. Any further enhancements to a module are expensed as incurred, unless they are betterments which extend the service potential of the software.

When the software no longer has any long-term service potential to the organization, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

Patents, which are considered to have an indefinite life, are recorded at cost. Their value is tested for impairment whenever events or changes in circumstances indicate that their carrying amount may exceed their fair value. When the carrying amount of the patents exceed their fair value, an impairment loss is recognized in an amount equal to the excess.

### **Investment in subsidiary**

The assets, liabilities, revenues and expenses of the organization's wholly-owned for-profit subsidiary, Ontario 1894 Inc., are consolidated in these financial statements.

### **Mortgage payable**

The mortgage payable is carried at amortized cost.

### **Income taxes**

The organization follows the taxes payable method for its subsidiary in which only current income tax assets and liabilities are recognized. Current income taxes, to the extent unpaid or recoverable, are recorded as a liability or asset. The benefit, if any, related to a loss arising in the current period that will be carried back to recover income taxes of a previous period is recorded as a current asset.

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference and education revenue is recognized in the year in which the course or conference is presented. Membership revenue is recognized in the year in which the membership relates. The portion of membership dues received that relates to a subsequent year is recorded as deferred revenue. Revenue from advertising is recognized in the year in which the advertisement is published. Realized and unrealized gains and losses on investments are recorded in the statement of operations in the year.

Externally restricted contributions, such as government grants, are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase or development of capital or intangible assets are recognized on the same basis the related assets.

### **Expense allocation**

The organization allocates staff salaries, benefits and overhead costs to five cost centres based on the estimated percentage of staff time spent on each program area. The allocation of staff time is reviewed and adjusted as needed each year as part of the budgeting process (see note 10).

### **Deferred capital contributions**

Contributions received for capital assets are deferred in the accounts and amortized over the same terms and on the same basis as the related capital assets.

### **Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the reporting period. Examples of estimates are the allocation of salaries, benefits and overhead expenses to the the cost centres based on the estimated percentage of staff time spent on each program area, the allocation of a portion of the purchase price of the property to land value, the expected useful life of capital and intangible assets, and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### **Contributed services**

Volunteers contribute many hours per year to assist the organization in carrying out its objectives. These voluntary efforts represent a major contribution, which are not recognized in these financial statements.

Sponsors also provide services at no charge to the organization. The value of these contributions is not recognized in these financial statements.

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### 2. CASH

Cash is composed of cash on deposit with financial institutions.

### 3. INVESTMENTS

Investments are held at RBC Dominion Securities. These investments are recorded at market value and both realized and unrealized gains or losses are recorded in the statement of operations. Short-term investment are composed of guaranteed investment certificates which mature within one year and funds held in the investment savings account. The composition of investments is as follows:

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificates with maturity dates from May 2019 to Oct 2022 and interest rates from 1.25% to 5.67% (Mar 2018 to Nov 2021 and 1.15% to 5.67% in 2017)	\$ 1,922,929	\$ 1,520,987
RBC investment savings account	18,930	732
Preferred shares	<u>41,061</u>	<u>47,320</u>
	1,982,920	1,569,039
Less short-term investments	<u>533,419</u>	<u>620,487</u>
Long-term investments	<u>\$ 1,449,501</u>	<u>\$ 948,552</u>

In 2018 the organization recognized investment income of \$12,920 (\$33,873 in 2017).

### 4. CAPITAL ASSETS

Tangible assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2018 Net</u>	<u>2017 Net</u>
Land	\$ 360,000		\$ 360,000	\$ 360,000
Building	1,361,758	\$ 250,683	1,111,075	1,144,744
Furniture & fixtures	<u>67,942</u>	<u>67,942</u>	<u>                    </u>	<u>                    </u>
	<u>\$ 1,789,700</u>	<u>\$ 318,625</u>	<u>\$ 1,471,075</u>	<u>\$ 1,504,744</u>

Intangible assets, recorded at cost, are as follows:

Computer software	<u>\$ 167,163</u>	<u>\$ 83,080</u>	<u>\$ 84,083</u>	<u>\$ 62,140</u>
-------------------	-------------------	------------------	------------------	------------------

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### 5. MORTGAGE PAYABLE

The organization has a credit facility with the Canadian Imperial Bank of Commerce regarding the purchase of the property at 1525 Cornwall Road, Oakville. It is a non-revolving demand instalment loan, with interest calculated at prime plus 0.25% per annum, and is secured by the property.

The facility is repayable upon demand and therefore is shown as a current liability on the statement of financial position. Until demanded, it is repayable in blended monthly payments of \$4,120. The mortgage agreement allows for annual lump sum repayments. An additional lump sum payment of \$150,000 was made in fiscal 2018.

The interest expense on this credit facility amounted to \$11,692 in 2018 (\$13,865 in 2017).

The estimated minimum principal repayments are as follows:

2019	\$	40,643
2020		42,326
2021		44,080
2022		45,906
2023		47,808
2024		<u>14,197</u>
	\$	<u>234,960</u>

### 6. DEFERRED REVENUE

Deferred revenue represents funds received in the current year for events or services to be provided in a subsequent year. The details of the balance at year end is as follows:

	<u>2018</u>	<u>2017</u>
Annual conference	\$ 412,330	\$ 406,940
Educational programs	306,898	297,829
Memberships	127,575	170,707
MMS litigation fund	<u>113,300</u>	<u>113,300</u>
	<u>\$ 960,103</u>	<u>\$ 988,776</u>

The continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 988,776	\$ 857,369
Add operating revenue received or receivable	4,296,941	3,907,363
Less operating revenue recognized	<u>(4,325,614)</u>	<u>(3,775,956)</u>
Deferred revenue, end of year	<u>\$ 960,103</u>	<u>\$ 988,776</u>

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions were comprised of externally restricted funding received for the development of software. The amortization of deferred capital contributions was recorded as revenue in the statement of operations. The continuity of the deferred capital contributions was as follows:

	<u>2017</u>
Deferred capital contributions, beginning of year	\$ 45,451
Portion repayable to the contributor	(25,772)
Less amortization of deferred capital contributions	<u>(19,679)</u>
Deferred capital contributions, end of year	<u>\$ NIL</u>

### 8. FINANCIAL INSTRUMENTS AND RISKS

#### Fair value

The organization's financial instruments consist of cash, investments, accounts receivable, accounts payable and mortgage payable. The carrying amounts for accounts receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments. The carrying amount of the mortgage payable represents its fair value as it is payable on demand. The investments are carried at market value, which approximates their fair value.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long-term debt and accounts payable. The organization expects to meet obligations as they come due primarily from cash flow from operations.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its accounts receivable. The organization provides credit to its members and customers in the normal course of its operations. To mitigate risk the company performs credit checks and imposes credit limits. The organization's losses due to credit historically have been minimal.

Periodically, the organization assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At December 31, 2018, the allowance for doubtful accounts was nil (nil in 2017).

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The organization is not exposed to this risk since there are negligible foreign currency transactions at this time.



# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its mortgage payable which has floating interest rates. This exposes the organization to a cash flow risk should rates increase.

### 9. BOARD-DESIGNATED FUNDS

Board-designated funds are internally-restricted reserves for special projects, as approved by the Board of Directors. During 2018, the Board approved net appropriations to these funds of \$123,817 (\$57,285 from the funds in 2017). The appropriations to the unrestricted net assets are made to fund expenditures incurred during the year on special projects, and the appropriations to the funds are to provide or increase a reserve for future projects.

### 10. EXPENSE ALLOCATION

The organization engages in various programs. The expenses that are directly related to each program, such as catering costs for the courses or conference, are allocated to the particular program. The organization also incurs a number of general overhead expenses that are common to the administration of the organization and each of its programs.

The organization allocates the staff salaries, benefits and other overhead costs to the program areas based on the estimated percentage of staff time spent in each area, as determined during the organization's budgeting process. The percentages applied are as follows:

	<u>2018</u>	<u>2017</u>
Education	32 %	34 %
Member services	26 %	23 %
Administration	19 %	20 %
Conference	12 %	12 %
Advocacy	<u>11 %</u>	<u>11 %</u>
	<u>100 %</u>	<u>100 %</u>

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### 11. RECONCILIATION OF INCOME TAX PROVISION

The impact of the difference between the organization's reported income tax expense on operating income and the expense that would otherwise result from the application of statutory rates to its for-profit subsidiary's results is as follows:

	<u>2018</u>	<u>2017</u>
Income tax expense (recovery) at combined basic federal and provincial tax rate of 13.5% on consolidated income for the year (15% in 2017)	\$ 40,664	\$ (11,577)
Less income attributable to not-for-profit parent company	(36,447)	10,688
Non-deductible expenses		813
Capital cost allowance claimed in excess of amortization	(6,311)	(2,735)
Available to be applied to future years	<u>2,094</u>	<u>2,811</u>
Effective income tax expense	<u>\$ NIL</u>	<u>\$ NIL</u>

### 12. INCOME TAXES

The subsidiary has non-capital losses, for income tax purposes, of \$34,255 that are available to reduce future taxable income; these losses expire in 2038. The subsidiary made no income tax payments in 2018 or 2017.

### 13. COMMITMENTS

The organization has commitments under operating leases for various office equipment, as follows:

December 31, 2019	\$ 18,462
2020	16,928
2021	12,324
2022	12,324
2023	<u>6,162</u>
	<u>\$ 66,200</u>

The organization has agreed to commit a total of \$100,000 over five years to support the establishment of a Research Chair position at the University of Waterloo.

### 14. EMPLOYEE FUTURE BENEFITS

The organization contributes to a multi-employer pension plan, with the expense for this plan equal to the organization's required contribution for the year.

The pension plan is a defined benefit plan to employees as retirement benefits are based on the employee's contributory service; however, the plan is considered to be a defined contribution plan to the organization since contributions are limited to amounts contractually agreed upon, and the organization is not required to fund actuarially determined funding deficiencies that may occur.

# ONTARIO GOOD ROADS ASSOCIATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

---

### 15. COMPARATIVE FIGURES

Certain of the organization's comparative figures have been restated to conform to the method of presentation adopted in 2018.

TO: OGRA Annual General Meeting  
FROM: J. W. Tiernay, Secretary-Treasurer  
DATE: February 26, 2019  
RE: OGRA/ROMA Combined Conference

---



### **Background**

For the years 2000 to 2016 the Ontario Good Roads Association (OGRA) and the Rural Ontario Municipal Association (ROMA) conferences were combined and held jointly. In 2016 ROMA decided to revert to running their own conference in late January.

### **Discussion**

The attached resolution was received from Mayor Steve Salonin, Municipality of Markstay-Warren. Mayor Salonin submitted the resolution on behalf of the area Mayors.

## Resolution

**WHEREAS** since the separation of the ROMA / OGRA annual combined conference in 2017 attending both events separately are becoming costly and unattainable to smaller communities.

**AND WHEREAS** the previous combined ROMA / OGRA Annual Conference provided the opportunity of member municipalities to participate and benefit from both organizations in an efficient and cost-effective manner to better serve their constituents.

**THEREFORE BE IT RESOLVED** that the OGRA Board approach the ROMA Board to establish a working relationship to organizing an Annual ROMA/OGRA Combined conference.