

**INTERIOR DESIGNERS OF CANADA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2020**

**INTERIOR DESIGNERS OF CANADA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of  
**Interior Designers of Canada**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of Interior Designers of Canada, which comprise the statement of financial position as at June 30, 2020, and the statements of changes in net assets (deficit), operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interior Designers of Canada as at June 30, 2020, 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 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 Interior Designers of Canada 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 for our opinion.

#### *Emphasis of Matter*

We draw attention to Note 1 of the financial statements, which describes the situation in the context of the novel Coronavirus ("COVID-19") global pandemic declared by the World Health Organization. Our opinion is not modified in respect of this matter.

## INDEPENDENT AUDITORS' REPORT (Continued)

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### *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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

### INDEPENDENT AUDITORS' REPORT (Continued)

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- 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 Organization'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 Organization'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 Organization 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.

KRIENS~LAROSE, LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
July 24, 2020

INTERIOR DESIGNERS OF CANADA  
**STATEMENT OF FINANCIAL POSITION**  
AS AT JUNE 30, 2020

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	433,211	708,907
Investments (Note 3)	433,668	426,168
Accounts receivable	16,892	23,581
HST receivable	8,064	-
Prepaid expenses	27,655	39,506
	919,490	1,198,162
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	300,509	379,516
HST payable	-	30,563
Deferred revenue (Note 4)	402,879	565,723
CEBA loan (Note 5)	40,000	-
	743,388	975,802
<b>NET ASSETS (DEFICIT)</b>		
<b>UNRESTRICTED - GENERAL FUND</b>	(45,778)	480
<b>RESTRICTED - ADVOCACY INITIATIVES (Note 6)</b>	221,880	221,880
	176,102	222,360
	919,490	1,198,162

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director, \_\_\_\_\_, Director

INTERIOR DESIGNERS OF CANADA  
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)  
AS AT JUNE 30, 2020

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	Unrestricted \$	Restricted \$	Total 2020 \$	Total 2019 \$
Balance, beginning of year	480	221,880	222,360	231,242
(Deficiency) of revenues over expenses for the year	(46,258)	-	(46,258)	(8,882)
Balance, end of year	(45,778)	221,880	176,102	222,360

See accompanying notes to the financial statements

INTERIOR DESIGNERS OF CANADA  
**STATEMENT OF OPERATIONS - GENERAL FUND**  
 FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
<b>REVENUES</b>		
Membership dues	513,974	486,046
Industry membership dues	316,430	358,668
Conferences	246,623	259,014
Federal government wage subsidies (Note 1)	86,365	-
Member professional development	66,492	119,132
Member services	17,561	33,142
Communications and marketing	-	2,514
	1,247,445	1,258,516
<b>OPERATING EXPENSES</b>		
Staffing/honorarium	706,649	631,054
Conferences	245,056	228,391
Operations/administration	148,615	133,097
Governance/Board	51,188	74,947
Member professional development	47,402	59,302
Technology	45,373	62,511
Stakeholders/memberships	30,799	46,890
Communications and marketing	18,621	31,206
	1,293,703	1,267,398
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	(46,258)	(8,882)
<b>NET ASSETS, BEGINNING OF YEAR</b>	480	480
<b>TRANSFER FROM RESTRICTED FUND</b>	-	8,882
<b>NET ASSETS, END OF YEAR</b>	(45,778)	480



INTERIOR DESIGNERS OF CANADA  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED JUNE 30, 2020

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	2020	2019
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from membership fees	756,512	856,756
Cash receipts - sponsorships, conference, grants and awards	164,360	258,006
Cash receipts from professional development	66,492	119,132
Cash receipts from members services	17,561	33,142
Cash receipts from the Federal Government	126,365	-
Other cash receipts	-	2,514
Cash paid to suppliers and employees	(1,399,486)	(1,270,687)
Cash paid to ARIDO	-	(100,000)
Change in cash	(268,196)	(101,137)
Cash, beginning of year	1,135,075	1,236,212
Cash, end of year	866,879	1,135,075
Cash consist of:		
Cash	433,211	708,907
GICs	433,668	426,168
	866,879	1,135,075

See accompanying notes to the financial statements

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## PURPOSE OF THE ORGANIZATION

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The Organization is incorporated as a not-for-profit organization under the Canada Not-for-profit Corporations Act. The purpose of the Organization is to act as a national advocacy body working to advance the profession of interior designers across Canada.

The Organization is a not-for-profit organization under the Income Tax Act (Canada) and as such is exempt from the payment of corporate income taxes under section 149(1)(l) of the Income Tax Act (Canada).

### 1. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

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In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe. As at July 24, 2020, the Organization is aware of the changes in its operations as a result of the COVID-19 pandemic, including staff working from home, the cancellation of scheduled events, the offering of virtual events (free of charge) and the postponement of the 2020 Design Symposium to the next fiscal year. The Organization continues to receive financial support from the federal government through the Temporary Wage Subsidy for Employers (TWSE) and the Canada Emergency Wage Subsidy (CEWS) programs.

The Organization is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses thereon to mitigate the spread. Management is closely monitoring the situation, and as at July 24, 2020, estimates the impact on future operations to be dependent on the Organization's ability to cancel the lease agreement with WorkplaceOne, which would result in \$50,000 of cost savings. By canceling the lease, management estimates to achieve a \$800 surplus for the 2021 fiscal year. The realized financial impact will be accounted for when it is known and may be assessed.

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## 2. SIGNIFICANT ACCOUNTING POLICIES

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The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

### **Financial Instruments**

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### **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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

### **Prepaid Expenses**

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

### **Deferred Revenue**

Deferred revenue represents membership fees received in advance of the year of membership, and conference fees, and sponsorships received in advance of the conference.

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2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**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.

Membership fees are recognized as revenue in the year to which they relate. Membership fees received in advance of the year of membership are deferred to the year of membership.

All other revenues, with the exception of interest, are recognized as revenue when the service or event takes place.

Interest income is recognized as revenue when received.

**Donated Property and Services**

During the year, voluntary services were provided. Because these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

3. **INVESTMENTS**

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Investments are summarized as follows:

	2020	2019
	\$	\$
GICs, 1.07%-0.60% maturing from October 1, 2020 to November 6, 2020	433,668	426,168

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**4. DEFERRED REVENUE**

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Deferred revenue represents the following:

	2020	2019
	\$	\$
Membership fees and seminar revenues	358,879	439,460
National conference	44,000	126,263
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	402,879	565,723

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**5. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)**

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The Organization applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges and better position them to return to providing services and creating employment. The loan is unsecured.

The loan is interest free to December 31, 2022. If the loan is paid back by December 31, 2022, \$10,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2022 the full \$40,000 loan will be converted to loan repayable over three years with a 5% interest rate.

**6. ADVOCACY INITIATIVES**

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The Advocacy Initiatives Fund was established from a portion of the funds on the sale of IIDEX in the 2013 fiscal year. The purpose of the fund is to support National Advocacy Initiatives.

There were no transactions in the fund in the 2020 fiscal year

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7. **COMMITMENTS**

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**Premises Lease**

The Organization is committed to a premises lease for the period of April 1, 2019 to March 31, 2022. The future minimum lease commitments excluding HST are as follow:

2021	55,835
2022	42,501

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98,336

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The Organization is also responsible for its share of common area cost .which are estimated at \$6,000 per year.

8. **FINANCIAL INSTRUMENTS**

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The Organization is exposed to various risks through its financial instruments. The following presents the Organization's risk exposure and concentrations at June 30, 2020.

**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 relate to accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$0 (2019: \$0).

**Liquidity Risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior period.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

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**8. FINANCIAL INSTRUMENTS (Continued)**

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**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 exchange rates. The Organization has a low currency risk as they have nominal transactions in United States dollars.

**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 has a low interest rate risk.

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to other price risk.