

INTERIOR DESIGNERS OF CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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, 2021, 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, 2021, 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 9 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)

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)

- 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
September 8, 2021

INTERIOR DESIGNERS OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

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	2021	2020
	\$	\$
ASSETS		
CURRENT		
Cash	430,636	433,211
Investments (Note 2)	435,865	433,668
Accounts receivable (Note 6)	20,910	16,892
HST receivable	-	8,064
Prepaid expenses	27,090	27,655
	914,501	919,490
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	275,723	300,509
HST payable	3,453	-
Deferred revenue (Note 3)	319,152	402,879
CEBA loan (Note 4)	40,000	40,000
	638,328	743,388
NET ASSETS (DEFICIT)		
UNRESTRICTED - GENERAL FUND	54,293	(45,778)
RESTRICTED - ADVOCACY INITIATIVES (Note 5)	221,880	221,880
	276,173	176,102
	914,501	919,490

APPROVED ON BEHALF OF THE BOARD:

_____, Director, _____, Director

INTERIOR DESIGNERS OF CANADA
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
AS AT JUNE 30, 2021

	Unrestricted \$	Restricted \$	Total 2021 \$	Total 2020 \$
Balance, beginning of year	(45,778)	221,880	176,102	222,360
Excess (deficiency) of revenues over expenses for the year	100,071	-	100,071	(46,258)
Balance, end of year	54,293	221,880	276,173	176,102

INTERIOR DESIGNERS OF CANADA
STATEMENT OF OPERATIONS - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	\$	\$
REVENUES		
Membership dues	425,406	513,974
Industry membership dues	224,874	316,430
Government assistance (Note 6)	209,389	86,365
Conferences	23,330	246,623
Member professional development	22,832	66,492
Member services	19,034	17,561
	924,865	1,247,445
OPERATING EXPENSES		
Staffing/honorarium	616,374	706,649
Operations/administration	92,000	148,615
Conferences	32,540	245,056
Technology	28,448	45,373
Member professional development	21,688	47,402
Communications and marketing	10,892	18,621
Governance/Board	18,269	51,188
Stakeholders/memberships	4,583	30,799
	824,794	1,293,703
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	100,071	(46,258)
NET ASSETS, BEGINNING OF YEAR	(45,778)	480
NET ASSETS, END OF YEAR	54,293	(45,778)

	2021	2020
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	566,553	756,512
Cash receipts - sponsorships, conference, grants and awards	23,330	164,360
Cash receipts from professional development	22,832	66,492
Cash receipts from members services	19,034	17,561
Cash receipts from the Federal Government	205,371	126,365
Cash paid to suppliers and employees	(837,498)	(1,399,486)
Change in cash	(378)	(268,196)
Cash, beginning of year	866,879	1,135,075
Cash, end of year	866,501	866,879
Cash consist of:		
Cash	430,636	433,211
GICs	435,865	433,668
	866,501	866,879

PURPOSE OF THE ORGANIZATION

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. SIGNIFICANT ACCOUNTING POLICIES

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.

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

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.

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.

Government Assistance

Government assistance is a restricted contribution and is accounted for when the assistance is received.

Wage Subsidies

Wage subsidies are recognized as revenue in the year the related wages are incurred.

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.

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2. INVESTMENTS

Investments are summarized as follows:

	2021	2020
	\$	\$
GICs, 0.31% and 0.32% maturing from October 1, 2021 to November 8, 2021	435,865	433,668

3. DEFERRED REVENUE

Deferred revenue represents the following:

	2021	2020
	\$	\$
Membership fees and seminar revenues	275,152	358,879
National conference	44,000	44,000
	319,152	402,879

4. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)

In the 2020 fiscal year the Association received \$40,000 in Government assistance from the Canada Emergency Business Account, in the 2021 fiscal year the Association received an additional \$20,000. The CEBA loan is interest free with 33% forgivable if repaid by December 31, 2022. Any balance owing after December 31, 2022 will be converted to a three-year term loan with a fixed interest rate of 5% per annum. The full balance must be repaid by no later than December 31, 2025.

Management concluded that the loan will be repaid by December 31, 2022 and therefore the forgivable portion of \$20,000 has been recognized as government assistance revenue in the fiscal year. The remaining amount of \$40,000 remains payable.

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5. ADVOCACY INITIATIVES

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 2021 fiscal year.

6. GOVERNMENT ASSISTANCE

During the fiscal year, the Organization received Canada Emergency Wage Subsidy (CEWS) of \$184,028 and Canada Emergency Rent Subsidy (CERS) of \$5,361. \$20,910 of the subsidies is included in the year-end accounts receivable.

7. COMMITMENTS

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 is \$42,501, which is all due in the 2022 fiscal year.

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

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8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following presents the Organization's risk exposure and concentrations at June 30, 2021.

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.

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.

Continued...

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

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 September 8, 2021, 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 2021 Design Symposium to the next fiscal year. The Organization continues to receive financial support from the federal government through 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. The realized financial impact will be accounted for when it is known and may be assessed.