

INTERIOR DESIGNERS OF CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

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FOR THE YEAR ENDED
JUNE 30, 2023

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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, 2023, 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, 2023, 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.



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

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
July 26, 2023

INTERIOR DESIGNERS OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

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| | 2023 | 2022 |
|---|-----------|----------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 250,291 | 270,142 |
| Investments (Note 3) | 287,494 | 437,494 |
| Accounts receivable | 16,513 | 18,249 |
| Prepaid expenses | 30,380 | 35,485 |
| | 584,678 | 761,370 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 4) | 261,646 | 267,435 |
| HST payable | 12,733 | 3,674 |
| Deferred revenue (Note 5) | 433,346 | 317,940 |
| CEBA loan (Note 6) | 40,000 | 40,000 |
| | 747,725 | 629,049 |
| NET ASSETS (DEFICIT) | | |
| UNRESTRICTED - GENERAL FUND | (384,927) | (89,559) |
| RESTRICTED - ADVOCACY INITIATIVES (Note 7) | 221,880 | 221,880 |
| | (163,047) | 132,321 |
| | 584,678 | 761,370 |

APPROVED ON BEHALF OF THE BOARD:

_____, Director, _____, Director

INTERIOR DESIGNERS OF CANADA
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
AS AT JUNE 30, 2023

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| | Unrestricted \$ | Restricted \$ | Total 2023 \$ | Total 2022 \$ |
|---|--------------------|------------------|---------------------|---------------------|
| Balance, beginning of year | (89,559) | 221,880 | 132,321 | 276,173 |
| Excess (deficiency) of revenues over expenses for the year | (295,368) | - | (295,368) | (143,852) |
| Balance, end of year | (384,927) | 221,880 | (163,047) | 132,321 |

INTERIOR DESIGNERS OF CANADA
STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

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| | 2023 | 2022 |
|---|------------------|-----------------|
| | \$ | \$ |
| REVENUES | | |
| Membership dues | 334,890 | 352,279 |
| Industry membership dues | 275,924 | 236,958 |
| Member professional development | 132,704 | 55,048 |
| Conferences | 94,655 | 23,170 |
| Member services | 9,440 | 22,000 |
| Government assistance (Note 8) | - | 32,739 |
| | 847,613 | 722,194 |
| OPERATING EXPENSES | | |
| Staffing/honorarium | 750,194 | 641,278 |
| Conferences | 111,419 | 47,634 |
| Member professional development | 99,321 | 22,126 |
| Operations/administration | 62,791 | 74,891 |
| Governance/Board | 48,360 | 21,642 |
| Stakeholders/memberships | 29,370 | 7,238 |
| Technology | 27,105 | 31,724 |
| Communications and marketing | 14,421 | 19,513 |
| | 1,142,981 | 866,046 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR | | |
| | (295,368) | (143,852) |
| NET ASSETS, BEGINNING OF YEAR | (89,559) | 54,293 |
| NET ASSETS (DEFICIT), END OF YEAR | (384,927) | (89,559) |

INTERIOR DESIGNERS OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

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| | 2023 | 2022 |
|---|-------------|-----------|
| | \$ | \$ |
| CASH FROM OPERATING ACTIVITIES | | |
| Cash receipts from membership fees | 645,575 | 591,025 |
| Cash receipts - sponsorships, conference, grants and awards | 175,300 | 20,170 |
| Cash receipts from professional development | 132,704 | 55,048 |
| Cash receipts from members services | 9,440 | 22,000 |
| Cash receipts from the Federal Government | 1,736 | 35,400 |
| Cash paid to suppliers and employees | (1,134,606) | (882,508) |
| Change in cash | (169,851) | (158,865) |
| Cash, beginning of year | 707,636 | 866,501 |
| Cash, end of year | 537,785 | 707,636 |
| Cash consist of: | | |
| Cash | 250,291 | 270,142 |
| Investments | 287,494 | 437,494 |
| | 537,785 | 707,636 |

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. OPERATIONS

The Organization's financial results over the past few fiscal years has reduced the total net asset balance to a deficit of \$163,047 as at June 30, 2023. The fiscal year losses and deficit suggest the Organization may have cashflow difficulties in realizing its assets and discharging its liabilities in the normal course of business.

The ability of the Organization to repay all or a portion of its liabilities is dependent on the Organization's capability to will achieve a balanced or surplus budget and be able to realize its assets and satisfy its liabilities in the normal course of it obligations.

The financial statements have been prepared based on achieving a positive 2024 budget, and using accounting principles applicable to a going concern, which assume that the Organization will achieve a balanced or surplus budget and be able to realize its assets and satisfy its liabilities in the normal course of it obligations.

Continued...

2. 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.

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.

Continued...

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. INVESTMENTS

Investments are summarized as follows:

| | 2023 | 2022 |
|-------------------------------|---------|---------|
| | \$ | \$ |
| Scotiabank investment account | 287,494 | 437,494 |

Continued...

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes \$214,681 (2022: \$29,431) which is allocated to fund the Provincial Institutes expenditures for practice and protection initiatives.

5. DEFERRED REVENUE

Deferred revenue represents the following:

| | 2023 | 2022 |
|--------------------------------------|---------|---------|
| | \$ | \$ |
| Membership fees and seminar revenues | 311,701 | 276,940 |
| National conference | 121,645 | 41,000 |
| | <hr/> | <hr/> |
| | 433,346 | 317,940 |
| | <hr/> | <hr/> |

6. 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, 2023. Any balance owing after December 31, 2023 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, 2023 and therefore the forgivable portion of \$20,000 was recognized as government assistance revenue. The remaining amount of \$40,000 remains payable.

Continued...

7. ADVOCACY INITIATIVES

The Advocacy Initiatives Fund was established from a portion of the funds on the sale of IIDE 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 2023 fiscal year.

8. GOVERNMENT ASSISTANCE

During the fiscal year, the Organization received Canada Emergency Wage Subsidy (CEWS) of \$0 (2022: \$26,663) and Canada Emergency Rent Subsidy (CERS) of \$0 (2022: \$6,076).

9. 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, 2023.

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 (2022: \$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.

Continued...

9. FINANCIAL INSTRUMENTS (Continued)

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.