

INTERIOR DESIGNERS OF CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Interior Designers of Canada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Interior Designers of Canada, which comprise the statement of financial position as at June 30, 2019, and the statements of 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, 2019, 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 AUDITOR'S 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 AUDITOR'S 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
August 2, 2019

INTERIOR DESIGNERS OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	2019	2018
	\$	\$
ASSETS		
CURRENT		
Cash	708,907	1,010,041
Cash/investments (Note 2)	426,168	226,171
Accounts receivable	23,581	1,931
Prepaid expenses	39,506	33,539
	1,198,162	1,271,682
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	379,516	373,749
HST payable	30,563	33,652
Deferred revenue (Note 3)	565,723	533,039
Due to ARIDO (Note 4)	-	100,000
	975,802	1,040,440
NET ASSETS		
UNRESTRICTED NET ASSETS - GENERAL FUND	480	480
RESTRICTED NET ASSETS - ADVOCACY INITIATIVES (Note 5)	221,880	230,762
	222,360	231,242
	1,198,162	1,271,682

APPROVED ON BEHALF OF THE BOARD:

_____, Director, _____, Director

	2019	2018
	\$	\$
REVENUES		
Membership dues	486,046	387,542
Industry membership dues	358,668	338,434
Conferences	259,014	-
Member professional development	119,132	226,999
Member services	33,142	71,414
Communications and marketing	2,514	7,935
	1,258,516	1,032,324
OPERATING EXPENSES		
Staffing/honorarium	631,054	628,766
Conferences	228,391	-
Operations/administration	133,097	148,228
Governance/Board	74,947	65,807
Technology	62,511	45,001
Member professional development	59,302	24,735
Stakeholders/memberships	46,890	25,904
Communications and marketing	31,206	77,826
	1,267,398	1,016,267
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	(8,882)	16,057
NET ASSETS, BEGINNING OF YEAR	480	(15,577)
TRANSFER FROM PRACTICE AND PROTECTION FUND	8,882	-
NET ASSETS, END OF YEAR	480	480

INTERIOR DESIGNERS OF CANADA
**STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS - PRACTICE AND
PROTECTION FUND**
FOR THE YEAR ENDED JUNE 30, 2019

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	2019	2018
	\$	\$
REVENUES		
IIDEX/NeoCon Canada	-	60,000
Miscellaneous	-	3,200
Interest	-	1,073
	-	64,273
OPERATING EXPENSES		
Provincial funding	-	15,000
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	-	49,273
NET ASSETS, BEGINNING OF YEAR	230,762	181,489
TRANSFER TO GENERAL FUND	(8,882)	-
NET ASSETS, END OF YEAR	221,880	230,762

	2019	2018
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	856,756	899,082
Cash receipts - sponsorships, conference, grants and awards	258,006	127,271
Cash receipts from professional development	119,132	226,999
Cash receipts from members services	33,142	71,414
Other cash receipts	2,514	67,935
Interest income	-	1,073
Cash paid to suppliers and employees	(1,270,687)	(1,157,902)
Cash paid to ARIDO	(100,000)	(125,000)
	(101,137)	110,872
CASH FROM INVESTING ACTIVITIES		
Redemption of investments	-	222,267
Change in cash	(101,137)	333,139
Cash, beginning of year	1,236,212	903,073
Cash, end of year	1,135,075	1,236,212
Cash consist of:		
Cash	708,907	1,010,041
Cash - IDC investment	426,168	226,171
	1,135,075	1,236,212

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.

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.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Continued...

2. CASH/INVESTMENTS

Cash/investments are summarized as follows:

	2019	2018
	\$	\$
Cash	-	226,171
GICs, 2.01% maturing from October 1, 2019 to November 6, 2019	426,168	-
	426,168	226,171
Short-term	426,168	226,171
Long-term	-	-
	426,168	226,171

\$0 (2018: \$100,000) of the balance is restricted for the funding of the payable to ARIDO for their portion of the proceeds from the sale of IIDEX.

Continued...

3. DEFERRED REVENUE

Deferred revenue represents the following:

	2019	2018
	\$	\$
Membership fees and seminar revenues	439,460	405,768
National conference	126,263	127,271
	<hr/>	<hr/>
	565,723	533,039

4. DUE TO ARIDO

The due to ARIDO represents their 50% interest in the IIDEX sale proceeds.

	2019	2018
	\$	\$
Current portion	-	100,000

In response to a request from Informa, the Organization sold their interest in IIDEX in the 2013 fiscal year. The proceeds of the sale, less professional fees, are to be used exclusively for the purpose of advocacy for the interior design industry of Canada.

50% (\$600,000) of the funds will be used by Interior Designers of Canada for national practice and protection initiatives and 50% (\$600,000) will be transferred to ARIDO as per an agreement reached between the parties in recognition of ARIDO's investment in the show over the past 25+ years. The remaining balance was paid in the 2019 fiscal year.

Continued...

5. PRACTICE AND PROTECTION FUND - ADVOCACY INITIATIVES

The Practice and Protection Fund is fully expended, the remaining monies in the fund pertain to National Advocacy Initiatives and interest accrued on fund investments recognizing that the IDC National Initiatives fund was created through the sale of IIDEX in the 2013 fiscal year.

6. 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 are as follow:

2020	54,740
2021	55,835
2022	42,501

153,076

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

Continued...

7. 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, 2019.

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 (2018: \$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.