

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2020

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
Association of Registered Interior Designers of Ontario

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Association of Registered Interior Designers of Ontario, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 the Association of Registered Interior Designers of Ontario as at December 31, 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 the Association of Registered Interior Designers of Ontario 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 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 Association or to cease operations, or has no realistic alternative but to do so.

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

See accompanying notes to the financial statements

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 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 the Association'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 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.

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 8, 2021

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

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	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	226,787	159,188
Investments (Note 2)	1,196,316	1,194,720
Accounts receivable	34,607	2,310
Prepaid expenses	2,325	33,166
	1,460,035	1,389,384
PROPERTY AND EQUIPMENT (Note 3)	1,537,552	1,657,190
	2,997,587	3,046,574

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

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	2020 \$	2019 \$
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	79,817	117,684
Government remittances payable	32,395	14,023
Deferred revenue (Note 4)	226,106	266,031
	338,318	397,738
Canadian Emergency Business Account (CEBA) (Note 5)	30,000	-
NET ASSETS		
UNRESTRICTED NET ASSETS	1,098,103	996,542
INVESTED IN PROPERTY		
AND EQUIPMENT (Note 6)	1,451,222	1,570,860
RESTRICTED NET ASSETS		
- BUILDING (Note 6)	79,944	81,434
	2,629,269	2,648,836
	2,997,587	3,046,574

Approved on behalf of the Board
of Management:

President

VP of Finance

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF NET ASSETS
AS AT DECEMBER 31, 2020

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	Unrestricted Net Assets \$	Invested in Property and Equipment \$	Restricted Net Assets Building \$	Total 2020 \$	Total 2019 \$
Balance, beginning of year	996,542	1,570,860	81,434	2,648,836	2,917,699
(Deficiency) of revenues over expenses for the year	(18,077)	-	(1,490)	(19,567)	(268,863)
Amortization	119,638	(119,638)		-	-
Balance, end of year	1,098,103	1,451,222	79,944	2,629,269	2,648,836

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

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	2020 Actual \$	2019 Actual \$	2021 Budget \$ (Note 9)
REVENUES			
Membership fees	756,803	716,238	696,537
Government assistance (Note 8)	195,027	-	-
Rental income	92,589	76,146	36,500
Investment income (Note 7)	50,786	118,185	40,000
Sponsorship	35,690	66,656	27,000
Communications	6,919	2,073	-
Awards and honours	-	216,850	61,500
	1,137,814	1,196,148	861,537
OPERATING EXPENSES			
Wage, benefits and training	492,510	481,149	511,750
Property	143,150	155,169	128,082
Competency development	140,000	155,000	-
Office administration	130,717	143,179	115,591
Amortization	119,638	107,328	119,638
Membership retention	41,166	30,848	19,600
Professional fees	22,082	24,443	19,300
Brokerage fee	16,816	16,822	17,000
Governance - reporting	14,123	30,764	8,000
Marketing and promotion	10,015	50,152	1,000
Stakeholder relations	9,575	7,657	5,100
Governance - Board	9,352	30,752	8,000
Scholarships	3,300	3,424	2,500
Chapters	2,687	2,836	-
Practice Act	2,250	27,000	2,500
Regulatory contingency fund	-	896	-
Membership recruitment	-	865	-
D & I Committee	-	-	46,500
Awards and honours	-	196,727	25,000
	1,157,381	1,465,011	1,029,561
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	(19,567)	(268,863)	(168,024)
ALLOCATED TO:			
GENERAL FUND	(18,077)	(262,210)	(168,024)
BUILDING FUND (Note 5)	(1,490)	(6,653)	-
	(19,567)	(268,863)	(168,024)

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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	2020 \$	2019 \$
CASH FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	716,878	840,671
Cash receipts from awards and honors	-	216,850
Rental income received	92,589	76,146
Other cash receipts	44,919	101,439
Interest income	57,620	45,399
Government assistance received	160,420	-
Cash paid to suppliers and employees	(1,026,397)	(1,324,773)
	46,029	(44,268)
CASH FROM INVESTING ACTIVITIES		
Net (purchase) redemption of investments	(8,430)	94,518
CEBA loan	30,000	-
(Purchase) of equipment	-	(86,331)
	21,570	8,187
Change in cash	67,599	(36,081)
Cash, beginning of year	159,188	195,269
Cash, end of year	226,787	159,188

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

The Association of Registered Interior Designers of Ontario is a not-for-profit association incorporated in 1984 by an Act of the Legislature of Ontario. The Association is the self-regulatory professional organization for Interior Designers in Ontario.

ARIDO represents the interior design profession to the general public and at the municipal and provincial levels of government. Most importantly, ARIDO protects the rights to the title “Interior Designer” as authorized by Bill Pr6. ARIDO also educates the public in regards to interior design and lobbies for legislation that would grant ARIDO the authority to regulate the practice of Interior Design in Ontario.

The Association is a not for profit entity under section 149(1)(l) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

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

The financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

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. Significant financial statement items that require the use of estimates are allowance for doubtful accounts and accrued liabilities. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Property and Equipment and Amortization

Property and equipment is stated at acquisition cost. Amortization is provided on the following basis at the following annual rates:

Building	25 years, straight-line
Computer equipment	3 years, straight-line
Computer software	3 years, straight-line
Office furnishings and equipment	5 years, straight-line

Where equipment no longer has any long-term service potential to the Association, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

Revenue Recognition

The Association follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees, awards and honours, communications, and sponsorship revenue

Annual membership fees, awards and honours, communications, and sponsorships are recognized as revenue when invoiced except for amounts received in advance of the year of membership, or in advance of the event, which are deferred to the following membership year or the date of the event.

Rental Income

Rental income is recognized as revenue when received.

Investment Income

Unrestricted investment income and realized capital gains/losses on investments are recognized as revenue when earned. Unrealized gains/losses on investments, being the difference between the investment book value and fair value, are recognized on an annual basis.

Continued...

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

Government Assistance

Government assistance is a restricted contribution and is accounted for using the deferral method based on the assistance provided:

Wage Subsidies

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

Forgivable Loans

Forgivable loans are accounted for based on how the proceeds are utilized. If used for current operations, the amounts are recorded as revenue in the corresponding period. If used for operations in later periods, the amount is deferred until those periods. If used for the acquisition of an asset, the amount is deferred and is recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

Donated Property and Services

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

2. **INVESTMENTS**

Investments are summarized as follows:

	2020 \$	2019 \$
Quadrus Money Market Fund	1,095,488	1,154,194
RBC Investment Savings Account	100,828	40,526
	1,196,316	1,194,720

ARIDO's investment policy states that investments are limited to bank savings, money market funds and guaranteed investment certificates with high liquidity and low risk.

Continued...

3. PROPERTY AND EQUIPMENT

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Building	2,509,297	1,037,173)	2,509,297	(936,801)
Computer equipment	9,509	(9,509)	9,509	(9,509)
Computer software	163,072	(163,072)	163,072	(163,072)
Office furnishing and equipment	357,279	(291,851)	357,279	(272,585)
	3,039,157	(1,501,605)	3,039,157	(1,381,967)
Net book value	1,537,552		1,657,190	

4. DEFERRED REVENUE

The deferred revenue consist of membership fees received in advance of the membership year.

5. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)

The Association 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.

\$10,000 of the loan has been recorded as revenue in the 2020 fiscal year.

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6. RESTRICTED NET ASSETS

Building Fund

The Building Fund was established in the 2011 fiscal year for the purpose of funding future expenses related to the Association's building. 10% of rental income is transferred to the Building Fund each year.

The net transfer to the fund consist of the following:

	2020 \$	2019 \$
10% of rental income	9,259	7,615
Building repairs	(10,749)	(14,268)
Income transfer	(1,490)	(6,653)
2019 Boardroom renovation	-	(86,330)
Total transfer	(1,490)	(92,983)

Invested in Equipment

The invested in equipment is calculated as follows:

	\$
Opening balance	1,657,190
Equipment purchases	-
Amortization	(119,638)
Less 2019 boardroom renovations	1,537,552 (86,330)
Total	1,451,222

Continued...

7. INVESTMENT INCOME

The investment income consist of the following:

	2020	2019
	\$	\$
Interest and dividends	57,620	45,399
Unrealized gains/(losses)	(6,834)	72,786
	50,786	118,185

8. GOVERNMENT ASSISTANCE

During the fiscal year, the Association recorded government assistance as revenue as follows:

	2020	2019
	\$	\$
Canada Emergency Wage Subsidy (CEWS)	185,027	-
Canada Emergency Business Account (CEBA) loan forgiveness	10,000	-
	195,027	-

The CEWS serves as financial relief for a portion of employee wages. The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). The CEWS is temporary and is available from March 15, 2020 to June, 2021 to eligible employers.

\$34,607 of the assistance was recorded as accounts receivable as at December 31, 2020.

9. BUDGET

The budget figures as presented for comparison purposes are unaudited and approved by the Board of Directors.

Continued...

10. COMMITMENTS

The Association is committed to a photocopier lease for a term of 66 months at \$3,699 per quarter. As at December 31, 2020, the remaining commitment is \$6,201.

11. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following presents the Association's risk exposures and concentrations at December 31, 2020.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's credit risk would occur with their 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 the Association will encounter difficulties in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations, and from unrestricted net assets. 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 Association has a low currency risk.

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 Association has a moderate interest rate risk.

11. FINANCIAL INSTRUMENTS (Continued)

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 Association has a moderate exposure to this risk in its investment portfolio.

12. MATERIAL UNCERTAINTY - 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 March 8, 2021, management is aware of the changes in operations as a result of the pandemic including the transition of some operations to an online platform.

Assets and liabilities have been recorded using the best information available at the time of financial statement preparation. The uncertainty due to the pandemic may cause recorded amounts to be different than those realized, and those differences may be material. Estimates could be materially different than actual results.