

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2023

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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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 financial statements of the Association of Registered Interior Designers of Ontario, which comprise the statement of financial position as at December 31, 2023, 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, 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 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.

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

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 4, 2024

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

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	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	221,346	171,201
Investments (Note 2)	1,126,298	1,380,263
Prepaid expenses	12,242	27,325
	1,359,886	1,578,789
PROPERTY AND EQUIPMENT (Note 3)	1,183,959	1,301,597
	2,543,845	2,880,386

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

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	2023 \$	2022 \$
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	119,662	85,506
Government remittances payable	18,516	24,903
Deferred revenue (Note 4)	240,440	221,327
Canadian Emergency Business Account (CEBA) (Note 5)	-	20,000
	378,618	351,736
NET ASSETS		
UNRESTRICTED NET ASSETS	975,189	1,229,719
INVESTED IN PROPERTY AND EQUIPMENT (Note 6)	1,097,628	1,215,266
RESTRICTED NET ASSETS - BUILDING (Note 6)	92,410	83,665
	2,165,227	2,528,650
	2,543,845	2,880,386

Approved on behalf of the Board of Management:



President



VP of Finance

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF NET ASSETS
AS AT DECEMBER 31, 2023

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	Unrestricted Net Assets	Invested in Property and Equipment (Note 6)	Restricted Net Assets Building (Note 6)	Total 2023	Total 2022
	\$	\$	\$	\$	\$
Balance, beginning of year	1,229,719	1,215,266	83,665	2,528,650	2,777,278
Excess (deficiency) of revenues over expenses for the year	(372,168)	-	8,745	(363,423)	(248,628)
Amortization	117,638	(117,638)		-	-
Balance, end of year	975,189	1,097,628	92,410	2,165,227	2,528,650

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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	2023 Actual \$	2022 Actual \$	2024 Budget \$ (Note 7)
REVENUES			
Membership fees	848,851	804,909	880,601
Awards and honours	165,870	24,910	163,500
Sponsorship	150,701	42,500	243,500
Investment (loss)/income (Note 9)	111,006	(65,046)	110,000
Rental income	87,452	78,005	84,200
Communications	6,590	8,651	6,500
Government assistance (Note 8)	-	40,649	-
Interior Design Week	-	2,565	-
Scholarships	-	-	5,500
	1,370,470	937,143	1,493,801
OPERATING EXPENSES			
Wage, benefits and training	710,571	591,481	766,087
Competency development	204,328	-	170,000
Awards and honours	202,969	32,917	201,500
Property	161,740	144,802	166,081
Office administration	151,532	144,473	161,500
Amortization	117,638	117,638	117,638
Governance - reporting	66,469	23,847	81,522
Professional fees	31,912	14,571	21,200
D & I Committee	31,679	56,500	35,000
Brokerage fee	18,366	18,173	18,000
Governance - Board	14,589	17,914	20,300
Interior Design Week	8,864	11,012	-
Stakeholder relations	7,225	6,501	8,600
Scholarships	2,400	1,900	-
Membership retention	1,848	4,054	9,000
ARIDO Chapters	1,734	-	-
Foreign exchange (gain)/loss	16	(12)	-
COVID-19 Relief Program	13	-	-
Regulatory Contingency	-	-	25,000
	1,733,893	1,185,771	1,801,428
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	(363,423)	(248,628)	(307,627)
ALLOCATED TO:			
GENERAL FUND	(372,168)	(252,229)	(307,627)
BUILDING FUND (Note 6)	8,745	3,601	-
	(363,423)	(248,628)	(307,627)

See accompanying notes to the financial statements

ASSOCIATION OF REGISTERED INTERIOR DESIGNERS OF ONTARIO
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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	2023 \$	2022 \$
CASH FROM OPERATING ACTIVITIES		
Cash receipts from membership fees	867,964	866,649
Cash receipts from awards and honours	165,870	24,910
Rental income received	87,452	78,005
Other cash receipts	157,291	53,716
Investment income received	42,184	5,434
Government assistance received	-	51,598
Cash paid to suppliers and employees	(1,573,403)	(1,101,821)
	(252,642)	(21,509)
CASH FROM INVESTING ACTIVITIES		
Net redemption/(purchase) of investments	322,787	15,879
CASH FROM FINANCING ACTIVITIES		
CEBA loan (repayment)/proceeds	(20,000)	(20,000)
Change in cash	50,145	(25,630)
Cash, beginning of year	171,201	196,831
Cash, end of year	221,346	171,201

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

The Association of Registered Interior Designers of Ontario ("the Association") 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.

The Association represents the interior design profession to the general public and at the municipal and provincial levels of government. Most importantly, the Association protects the rights to the title "Interior Designer" as authorized by Bill Pr6. the Association also educates the public in regards to interior design and lobbies for legislation that would grant the Association 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, 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. 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.

Rent Subsidies

Rent subsidies are recognized as revenue in the year the related rent are incurred.

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:

	2023 \$	2022 \$
Quadrus Money Market Fund	1,123,705	1,154,244
RBC Investment Savings Account	2,593	226,019
	1,126,298	1,380,263

The Association'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

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Building	2,509,297	(1,338,288)	2,509,297	(1,237,916)
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	(344,329)	357,279	(327,063)
	3,039,157	(1,855,198)	3,039,157	(1,737,560)
Net book value	1,183,959		1,301,597	

4. DEFERRED REVENUE

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

5. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)

In previous fiscal years, the Association received \$60,000 in Government assistance from the Canada Emergency Business Account (CEBA). The CEBA loan is interest free with \$20,000 forgivable if repaid by December 31, 2023. Management determined that the loan will be fully repaid by December 31, 2023. Consequently, the forgivable portion of \$20,000 has been recognized as Government assistance revenue in earlier fiscal periods. In the fiscal year 2022, the Association repaid \$20,000 of the loan, with the remaining amount of \$20,000 being settled in the fiscal year 2023.

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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:

	2023	2022
	\$	\$
10% of rental income	8,745	7,801
Building repairs	-	(4,200)
Income transfer	8,745	3,601
Total transfer	8,745	3,601

Invested in Property and Equipment

The invested in property and equipment is calculated as follows:

	\$
Opening balance	1,215,266
Equipment purchases	-
Amortization	(117,638)
Total	1,097,628

7. BUDGET

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

Continued...

8. GOVERNMENT ASSISTANCE

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

	2023	2022
	\$	\$
Tourism and Hospitality Recovery Program (THRP) - wage	-	32,162
Tourism and Hospitality Recovery Program (THRP) - rent	-	8,487
	-	40,649

The THRP provided wage and rent subsidies (similar to the CEWS/CERS) to eligible businesses that have experienced challenges related to the COVID-19 pandemic. The THRP was temporary and ran from October 24, 2021 to May 7, 2022.

9. INVESTMENT INCOME

The investment income consist of the following:

	2023	2022
	\$	\$
Interest and dividends	51,063	5,434
Realized gains/(losses)	(8,879)	-
Unrealized (losses)/gains	68,822	(70,480)
	111,006	(65,046)

10. COMMITMENT

The Association entered into a consulting services agreement for the provision of competency assessment, credentialing project, and program management services for the ARIDO examination alternative project. This agreement is set to expire in February 2025. As of fiscal December 31, 2023, the total remaining commitment stands at \$176,400, with \$151,200 allocated for the fiscal year 2024 and \$25,200 for the fiscal year 2025.

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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, 2023.

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 \$nil (2022: \$nil).

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 and accrued liabilities. 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.

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.