
**INTERNATIONAL DESIGN CONTINUING
EDUCATION COUNCIL INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Members
International Design Continuing Education Council Inc.
TORONTO
Ontario

Opinion

We have audited the accompanying financial statements of International Design Continuing Education Council Inc. which comprise the statement of financial position as at December 31, 2021 and the statement of operations, statement of changes in net assets and statement of 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 entity as at December 31, 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 the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

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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.
- 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 entity'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 entity'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 entity 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.

Anton McMullen CPA

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

February 25, 2022

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
STATEMENT OF FINANCIAL POSITION

As at December 31,

2021

2020

ASSETS

Current

Cash	\$ 341,336	\$ 245,194
Investments (Note 2)	1,310,483	1,102,796
Accounts receivable	2,467	2,089
Prepaid expenses	36,625	28,018

\$ 1,690,911 \$ 1,378,097

Capital Assets (Note 3)

1,036 3,142

Intangible Assets (Note 4)

230,782 344,045

\$ 1,922,729 \$ 1,725,284

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 27,355	\$ 41,530
HST payable	9,156	1,715
Deferred revenue (Note 5)	4,972	6,975

\$ 41,483 \$ 50,220

NET ASSETS

1,881,246 1,675,064

\$ 1,922,729 \$ 1,725,284

Commitments (Note 6)

Approved by the Board:



Director



Director

See accompanying notes

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INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31,	2021	2020
NET ASSETS - Beginning	\$ 1,675,064	\$ 1,399,621
Excess of revenues over expenses	<u>206,182</u>	<u>275,443</u>
NET ASSETS - Ending	<u>\$ 1,881,246</u>	<u>\$ 1,675,064</u>

See accompanying notes

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INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.**STATEMENT OF OPERATIONS**

For the year ended December 31,	2021	2020
REVENUES		
Course submission fees	\$ 324,462	\$ 342,280
Annual course provider fee	275,623	286,721
Class code fees	120,587	152,930
Investment revenue (Note 7)	103,950	52,941
Core member system user fees	76,763	79,868
Conference	45,889	43,653
Non-member user fees	34,963	33,316
Organization member fees	1,048	998
Gain on disposal of capital assets	18	-
	<u>\$ 983,303</u>	<u>\$ 992,707</u>
EXPENSES		
Salaries	\$ 332,872	\$ 325,984
Amortization of intangible assets	113,264	12,740
Website	93,286	115,938
Computer support	72,020	70,122
Administration	68,908	83,279
Bank charges	49,272	49,221
Volunteer expenses	13,953	19,474
Telephone	11,143	9,023
Foreign exchange	9,203	4,591
Professional fees	6,126	7,937
Insurance	4,097	3,280
Amortization of capital assets	2,107	8,833
Postage and courier	572	264
Supplies	298	1,038
Travel - staff	-	4,698
Scholarships	-	842
	<u>\$ 777,121</u>	<u>\$ 717,264</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 206,182</u>	<u>\$ 275,443</u>

See accompanying notes

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INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.**STATEMENT OF CASH FLOWS**

For the year ended December 31,

2021

2020

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess of revenues over expenses	\$ 206,182	\$ 275,443
Items not affecting cash:		
Amortization of capital assets	2,107	8,833
Amortization of intangible assets	113,264	12,740
Interest revenue accrued	(384)	(356)
Change in fair value of investments	(71,519)	(29,421)
Realized losses	-	10,410
	<u>\$ 249,650</u>	<u>\$ 277,649</u>
Net change in non-cash working capital balances:		
Accounts receivable	(378)	(710)
Prepaid expenses	(8,607)	(11,735)
Accounts payable and accrued liabilities	(14,177)	7,745
HST payable	7,441	(9,563)
Deferred revenue	(2,003)	1,245
	<u>\$ 231,926</u>	<u>\$ 264,631</u>

INVESTING ACTIVITIES

Purchase of equipment	\$ -	\$ (1,666)
Purchase of intangible assets	-	(356,784)
Purchase of investments	(135,784)	(80,000)
Redemption of investments	-	82,404
	<u>\$ (135,784)</u>	<u>\$ (356,046)</u>

INCREASE (DECREASE) IN CASH

\$ 96,142 \$ (91,415)

CASH - Beginning245,194 336,609**CASH - Ending**\$ 341,336 \$ 245,194

See accompanying notes

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INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NATURE OF OPERATIONS

The International Design Continuing Education Council Inc. ("IDCEC") seeks to serve as the premier advocate for continuing education in the advancement of the design profession, and to inspire and guide providers of continuing education programs to deliver high-quality, lifelong learning activities for design practitioners.

Continuing education strengthens the design profession by improving individual attitudes, competencies, knowledge and skills in subject areas essential to the growth and success of the industry. Because of this significance, IDCEC aims to streamline and centralize the support to learners, providers, reviewers and administrators as well as enhance the administration and approval process of professional continuing education units (CEUs) within the design industry.

The organization was incorporated as a not-for-profit entity, under Section 501C (6) of the Internal Revenue Code of 1986, in the State of Delaware on November 10, 2010. IDCEC is exempt from income taxes.

The commercial activities of the organization commenced in 2011 with funding provided by core member organizations, ASID, IIDA and IDC to set up operations of IDCEC. The funding ceased effective December 31, 2013 as per the agreement with ASID, IIDA and IDC. Core member organizations now pay a service fee for use of the online system.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital and intangible assets.

b) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the exchange rate on the transaction date.

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

c) **Cash and Cash Equivalents**

Cash and cash equivalents consists of bank balances and cash held in an investment account.

d) **Capital Assets**

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer equipment	3 years	straight-line

When IDCEC observes conditions that indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations. There were no impairment indicators in the current year.

e) **Intangible assets**

Intangible assets are recognized at cost and are amortized on the basis of their useful life using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Business Central	3 years	straight-line
Mobile APP	3 years	straight-line

An intangible asset subject to amortization is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. There are no impairment indicators in the current year.

f) **Revenue Recognition**

Revenue from fees for services is recognized when services are provided and collection is reasonably assured. Investment revenue is recognized as it is earned.

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) Contributed Services

Volunteers contribute significant hours per year to assist IDCEC in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

h) Financial Instruments

Measurement of Financial Instruments

IDCEC initially measures all of its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. IDCEC subsequently measures all of its financial assets and liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets measured at amortized cost includes cash, investments (other than those quoted in an active market) and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Other than investments quoted in an active market, IDCEC has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. INVESTMENTS

Investments consist of the following:

	2021	2020
Investments (at cost)		
Bank of Montreal Cashable GIC (maturing March 18, 2022)	\$ 26,106	\$ 25,914
Bank of Montreal Cashable GIC (maturing March 18, 2022)	<u>26,106</u>	<u>25,914</u>
	<u>\$ 52,212</u>	<u>\$ 51,828</u>
Investments (quoted in an active market, at fair value)		
iShares 1-5 Year Laddered Corporate Bond Index ETF (CBO)	\$ 199,954	\$ 207,203
iShares S&P/TSX Canadian Preferred Share Index ETF (CPD)	59,023	42,209
iShares S&P/TSX 60 Index ETF (XIU)	160,324	128,525
Vanguard Dividend Appreciation Index Fund ETF Shares (VIG)	131,281	108,786
Canoe Global Income Portfolio Class F (GOC1203)	379,025	391,321
Canoe Defensive International Equity Series F (GOC1093)	127,530	84,708
BMO Low Volatility Canadian Equity ETF (ZLB)	84,937	58,816
BMO MSCI USA High Quality Index ETF (ZUQ)	45,886	29,400
EdgePoint Monthly Income Portfolio Series F (EDG518)	70,311	-
	<u>\$ 1,258,271</u>	<u>\$ 1,050,968</u>
	<u>\$ 1,310,483</u>	<u>\$ 1,102,796</u>

The GIC's bear interest rates that fluctuate over the lifetime of the investment. The GIC's have a three year term which commenced in March 2019 with maturity in March 2022. These GIC's earn interest at 0.65% in year 1, 0.70% in year 2, and 0.75% in year 3.

IDCEC's investment policy states that investments are made to control investment risk while striving to optimize investment returns. 50%-70% of the investments may be in equity (stocks or mutual funds), 30% to 50% in investment grade bonds and bond funds, and up to 5% in cash and cash equivalents.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$ 9,714</u>	<u>\$ 8,678</u>	<u>\$ 1,036</u>	<u>\$ 3,142</u>

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. INTANGIBLE ASSETS

Intangible assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Business Central	\$ 152,876	\$ 63,698	\$ 89,178	\$ 140,136
Mobile APP	<u>203,909</u>	<u>62,305</u>	<u>141,604</u>	<u>203,909</u>
	<u>\$ 356,785</u>	<u>\$ 126,003</u>	<u>\$ 230,782</u>	<u>\$ 344,045</u>

5. DEFERRED REVENUE

In a previous year, IDCEC provided credit of \$10,000 on account in exchange for services provided by its member organizations. The balance of deferred revenue represents the remaining value of services to be provided.

6. COMMITMENTS

IDCEC is committed to a hosting and support services agreement with Datavail Canada Corporation for the period December 2021 to December 2022. The annual commitment for hosting services is \$65,393, and the annual commitment for support services is \$59,520. Annual fees are scheduled to increase 5% on each anniversary date of the initial agreement.

IDCEC is committed to an office lease agreement until April 30, 2027. Future minimum annual rental payments (excluding property taxes, sales taxes, maintenance, and insurance) for each of the next five years and thereafter are as follows:

2022	\$ 25,317
2023	25,856
2024	27,203
2025	28,819
2026	29,088
Thereafter	<u>9,696</u>
	<u>\$ 145,979</u>

Operating costs and realty taxes, in addition to the base rent, are \$31,350 annually and are not expected to change significantly throughout the lease term.

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. INVESTMENT REVENUE

Revenue from investments consists of the following:

	2021	2020
Unrealized gains	\$ 71,519	\$ 29,421
Other investment income	29,883	31,258
Dividends	2,018	1,852
Interest income from GIC's and deposit accounts	530	820
Realized losses	-	(10,410)
	<u>\$ 103,950</u>	<u>\$ 52,941</u>

8. FINANCIAL INSTRUMENTS

Risks and Concentrations

IDCEC is exposed to various risks through its financial instruments. The following analysis provides a summary of IDCEC's exposure to and concentrations of risk at December 31, 2021:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. IDCEC's main credit risks relate to its accounts receivable. IDCEC is not exposed to significant credit risk as at December 31, 2021. There has been no change in the assessment of credit risk from the prior year.

b) **Liquidity Risk**

Liquidity risk is the risk that IDCEC will encounter difficulty in meeting obligations associated with financial liabilities. IDCEC is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. IDCEC manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) **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 risk: currency risk, interest rate risk, and price risk. IDCEC is exposed to market risk as follows:

INTERNATIONAL DESIGN CONTINUING EDUCATION COUNCIL INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. FINANCIAL INSTRUMENTS - Continued

c) Market Risk - Continued

i) 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. Approximately 83% (2020 - 88%) of IDCEC's revenues are in US dollars. As at December 31, 2021, cash of \$172,348 (2020 - \$89,800) is denominated in US dollars and has been converted into equivalent Canadian dollars at the exchange rate in effect at the year-end. The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates. The average \$US exchange rate for 2021 was 1.27 (2020 - 1.34).

ii) 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. IDCEC has a limited exposure to interest rate risk since a portion of their surplus funds are invested in guaranteed investment certificates. IDCEC has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of securities held. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.

iii) Price Risk

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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. IDCEC is exposed to price risk through its investments in quoted securities. The exposure to this risk fluctuates as IDCEC's investments change from year to year.