

If you would like to discuss these matters or have any questions, please contact our office.

Thank you for doing business with Crowe MacKay LLP.

Yours very truly,

Crowe MacKay LLP
Chartered Professional Accountants

Fred Deschenes

Per: Frederick Deschenes Accounting P.C.
Engagement Incorporated Partner

Encl.

Northwest Territories Association of Architects

Financial Statements

December 31, 2022

Northwest Territories Association of Architects

Financial Statements

December 31, 2022

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Independent Auditors' Report

To the members of Northwest Territories Association of Architects

Opinion

We have audited the financial statements of the Northwest Territories Association of Architects (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in members' equity 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 as at December 31, 2022, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.



Independent Auditors' Report (continued)

Auditors' 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 auditors' 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.
- ◆ 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 auditors' 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 auditors' 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.

Crowe MacKay LLP

**Yellowknife, Canada
March 14, 2023**

Chartered Professional Accountants

Northwest Territories Association of Architects

Statement of Operations

For the year ended December 31,	2022	2021
Revenues		
Application fees	\$ 2,700	\$ 2,600
ExAC fees	990	4,370
Interest income	2,724	2,832
Membership fees	188,236	173,033
	194,650	182,835
Expenses		
Accounting and legal	30,097	46,712
Administration and employment	68,939	75,630
Advertising and promotion	4,983	172
Amortization	1,027	1,452
Annual general meeting	-	93
Awards gala	-	2,456
Computer/website	151	324
Continuing education	557	1,233
Council/committees	763	756
ExAC	2,833	920
Insurance	2,260	2,181
Interest and bank charges	5,698	4,451
National governance levies	6,394	3,904
Office supplies and subscriptions	6,616	1,865
Registrar	-	416
Rent	10,581	9,526
Scholarship	2,500	-
Social events	2,190	-
Telephone and internet	2,346	1,988
Travel	7,318	-
	155,253	154,079
Excess of revenues over expenses before other item	39,397	28,756
Other income		
Reimbursement of legal fees	25,000	-
Excess of revenues over expenses	\$ 64,397	\$ 28,756

Northwest Territories Association of Architects

Statement of Changes in Members' Equity

For the year ended December 31, 2022

	Unrestricted Fund	Investment in Tangible Capital Assets Fund	Legal Fund	Operating Fund	Scholarship Fund	Total 2022	Total 2021
Balance, beginning of year	\$ 52,069	\$ 1,776	\$ 154,738	\$ 79,875	\$ 15,868	\$ 304,326	\$ 275,570
Excess of revenues over expenses	66,897	-	-	-	(2,500)	64,397	28,756
Amortization	1,027	(1,027)	-	-	-	-	-
Interest income on Legal Fund	(2,151)	-	2,151	-	-	-	-
Interest income on Operating Fund	(479)	-	-	479	-	-	-
Interest income on Scholarship Fund	(94)	-	-	-	94	-	-
Balance, end of year	\$ 117,269	\$ 749	\$ 156,889	\$ 80,354	\$ 13,462	\$ 368,723	\$ 304,326

Northwest Territories Association of Architects

Statement of Financial Position

December 31,	2022	2021
Assets		
Current		
Cash	\$ 203,770	\$ 245,437
Accounts receivable	342	2,423
Prepaid expenses	716	641
	204,828	248,501
Restricted interest receivable	5,406	3,742
Restricted investments (note 3)	251,586	78,529
Tangible capital assets (note 4)	749	1,776
	\$ 462,569	\$ 332,548

Liabilities

Current		
Accounts payable and accrued liabilities (note 5)	\$ 25,554	\$ 13,822
Unearned membership fees	68,292	14,400
	93,846	28,222

Members' Equity

Unrestricted Fund	117,269	52,069
Investment in Tangible Capital Assets Fund	749	1,776
Legal Fund	156,889	154,738
Operating Fund	80,354	79,875
Scholarship Fund	13,462	15,868
	368,723	304,326
	\$ 462,569	\$ 332,548

Approved on behalf of the Council:

_____ President

_____ Treasurer

Northwest Territories Association of Architects

Statement of Cash Flows

For the year ended December 31,	2022	2021
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenses	\$ 64,397	\$ 28,756
Item not affecting cash		
Amortization	1,027	1,452
	65,424	30,208
Change in non-cash working capital items		
Accounts receivable	2,081	(1,198)
Prepaid expenses	(75)	(35)
Accounts payable and accrued liabilities	11,732	(1,831)
Unearned membership fees	53,892	(17,270)
	133,054	9,874
Investing activities		
Increase in restricted interest receivable	(1,664)	(1,277)
Purchase of restricted investments	(182,057)	(9,529)
Proceeds from disposal of restricted investments	9,000	180,030
	(174,721)	169,224
Increase (decrease) in cash	(41,667)	179,098
Cash, beginning of year	245,437	66,339
Cash, end of year	\$ 203,770	\$ 245,437

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

1. Nature of operations

Northwest Territories Association of Architects (the "Association") is a self-regulating, self-governing professional organization for architects in the Northwest Territories. The *Architects Act* of the Northwest Territories, which came in force November 6, 2001, gives the Association the authority to govern its members. As a not-for-profit organization under paragraph 149(1)(l) of the *Income Tax Act*, the Association is not subject to income taxes.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

Membership fees are the annual fees for membership in the Association. Fees paid by members cover the fiscal year; therefore, there are no deferred fees unless members pay next year's membership fees before the end of the current fiscal year, in which case they are recorded as a liability in unearned membership fees.

ExAC fees are recognized when the exam is written.

Interest income is recognized when it is earned.

Application fees are amounts collected from new members and are recognized when the membership applications are received.

(b) Fund accounting

The Association follows the restricted fund method of accounting. The Association uses the following funds:

The Unrestricted Fund is used for the ongoing operations of the Association. Membership fees, ExAC fees, application fees and interest income are recorded as revenues of the Unrestricted Fund.

The Investment in Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Association's tangible capital assets. Any contribution specified for the purpose of purchasing or maintaining the Association's tangible capital assets is recorded as revenue of the Investment in Tangible Capital Assets Fund when it is received.

The Legal Fund is an internally restricted fund established to be used for possible future legal expenses.

The Scholarship Fund is an internally restricted fund established to be used for scholarships for students.

The Operating Fund is an internally restricted fund established to cover any unforeseen expenses that may arise during weak economic conditions.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

2. Significant accounting policies (continued)

(c) Cash

Cash consists of cash on hand and bank deposits.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the declining balance method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 4.

When tangible capital assets are sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings in the period.

One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

(e) Donated services

The Association relies on volunteer time and donated services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated services are not recognized in these financial statements.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

2. Significant accounting policies (continued)

(f) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Transactions, with parties whose sole relationship with the Association is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, restricted interest receivable, and restricted investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association subsequently measures no financial assets and financial liabilities at fair value.

Transaction costs

Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

2. Significant accounting policies (continued)

(g) Use of estimates

The preparation of the financial statements in conformity 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include accrued liabilities. Actual results could differ from those estimates.

3. Restricted investments

	2022	2021
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 0.5% (2021 - 0.25%), maturing on December 22, 2026. Total interest accrued is \$4 (2021 - \$4).	\$ 9,529	\$ 9,529
Scholarship Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 1.0% (2021 - nil%), maturing on May 12, 2027. Total interest accrued is \$94 (2021 - \$nil).	16,044	-
Operating Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 1.0% (2021 - nil%), maturing on May 12, 2027. Total interest accrued is \$479 (2021 - \$nil).	82,059	-
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 1.0% (2021 - nil%), maturing on May 12, 2027. Total interest accrued is \$431 (2021 - \$nil).	73,954	-
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.25% (2021 - 2.25%), matured on December 28, 2022. Total interest accrued is \$nil (2021 - \$826).	-	9,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 4.0% (2021 - nil%), maturing on December 28, 2023. Total interest accrued is \$48 (2021 - \$nil).	10,000	-
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.3% (2021 - 2.3%), maturing on December 27, 2023. Total interest accrued is \$2,084 (2021 - \$1,396).	30,000	30,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.5% (2021 - 2.5%), maturing on December 23, 2024. Total interest accrued is \$2,266 (2021 - \$1,516).	30,000	30,000
	\$ 251,586	\$ 78,529

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

4. Tangible capital assets

			2022	2021	
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	20%	\$ 1,999	\$ 1,999	\$ -	\$ -
Computer equipment	45%	4,842	4,093	749	1,776
		\$ 6,841	\$ 6,092	\$ 749	\$ 1,776

5. Accounts payable and accrued liabilities

	2022	2021
Accounts payable and accrued liabilities	\$ 16,698	\$ 10,338
Government remittances	2,662	2,838
Bank indebtedness (note 6)	6,194	646
	\$ 25,554	\$ 13,822

6. Credit facility

The Association has a credit card for general business purposes with the Canadian Imperial Bank of Commerce. The limit of the credit card is \$10,000. The outstanding balance at year-end is \$6,194 (2021 - \$646).

7. Financial instruments

The Association is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Association's exposure to these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. This risk has not changed from the prior year.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2022

7. Financial instruments (continued)

(b) 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 Association's main credit risk relates to its cash, accounts receivable, restricted interest receivable and restricted investments. The Association reduces this risk by closely monitoring its outstanding receivable amounts from its members on a continuous basis. The Association's cash and restricted investments are maintained with a large federally regulated financial institution in Canada. This risk has not changed from the prior year.

(c) 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 is exposed to interest rate risk on its fixed-rate restricted investments. Fixed-rate financial instruments subject the Association to a fair value risk. This risk has not changed from the prior year.