

**Northwest Territories Association of Architects**

**Financial Statements**

**December 31, 2023**

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# Northwest Territories Association of Architects

## Financial Statements

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December 31, 2023

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## Independent Auditors' Report

### To the members of Northwest Territories Association of Architects

#### *Opinion*

We have audited the financial statements of Northwest Territories Association of Architects, which comprise the statement of financial position as at December 31, 2023, 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, 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 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 12, 2024**

**Chartered Professional Accountants**

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## Northwest Territories Association of Architects

### Statement of Operations

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For the year ended December 31,	2023	2022
<b>Revenues</b>		
Application fees	\$ 4,000	\$ 2,700
Continuing education	555	-
ExAC fees	2,160	990
Interest income	6,771	2,724
Membership fees	197,467	188,236
	<b>210,953</b>	<b>194,650</b>
<b>Expenses</b>		
Accounting and legal	30,166	30,097
Administration and employment	100,174	68,939
Advertising and promotion	3,433	4,983
Amortization	443	1,027
Annual general meeting	525	-
Computer/website	196	151
Continuing education	1,454	557
Council/committees	1,010	763
ExAC	1,680	2,833
Insurance	2,500	2,260
Interest and bank charges	5,080	5,698
National governance levies	6,225	6,394
Office supplies and subscriptions	4,496	6,616
Rent	9,600	10,581
Scholarship	7,500	2,500
Social events	1,861	2,190
Telephone and internet	2,183	2,346
Travel	9,637	7,318
	<b>188,163</b>	<b>155,253</b>
<b>Excess of revenues over expenses before other item</b>	<b>22,790</b>	<b>39,397</b>
<b>Other income</b>		
Reimbursement of legal fees	-	25,000
<b>Excess of revenues over expenses</b>	<b>\$ 22,790</b>	<b>\$ 64,397</b>

## Northwest Territories Association of Architects

### Statement of Changes in Members' Equity

For the year ended December 31, 2023

	Unrestricted Fund	Investment in Tangible Capital Assets Fund	Legal Fund	Operating Fund	Scholarship Fund	Anniversary Fund	Total 2023	Total 2022
<b>Balance, beginning of year</b>	\$ 117,269	\$ 749	\$ 156,889	\$ 80,354	\$ 13,462	\$ -	\$ 368,723	\$ 304,326
Excess of revenues over expenses	22,790	-	-	-	-	-	22,790	64,397
Acquisition of tangible capital assets	(1,050)	1,050	-	-	-	-	-	-
Amortization	443	(443)	-	-	-	-	-	-
Interest income on Legal Fund	(3,408)	-	3,408	-	-	-	-	-
Transfer to Legal Fund	(25,000)	-	25,000	-	-	-	-	-
Interest income on Operating Fund	(2,450)	-	-	2,450	-	-	-	-
Transfer to Operating Fund	(20,000)	-	-	20,000	-	-	-	-
Interest income on Scholarship Fund	(288)	-	-	-	288	-	-	-
Interest income on Anniversary Fund	(891)	-	-	-	-	891	-	-
Transfer to Anniversary Fund	(25,000)	-	-	-	-	25,000	-	-
<b>Balance, end of year</b>	\$ 62,415	\$ 1,356	\$ 185,297	\$ 102,804	\$ 13,750	\$ 25,891	\$ 391,513	\$ 368,723

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# Northwest Territories Association of Architects

## Statement of Financial Position

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December 31, 2023 2022

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### Assets

#### Current

Cash	\$ 176,225	\$ 203,770
Accounts receivable	2,868	342
Prepaid expenses	2,534	716

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181,627 204,828

Restricted interest receivable	8,864	5,406
Restricted investments (note 3)	324,899	251,586
Tangible capital assets (note 4)	1,356	749

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\$ 516,746 \$ 462,569

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### Liabilities

#### Current

Accounts payable and accrued liabilities (note 5)	\$ 36,863	\$ 25,554
Unearned membership fees	88,370	68,292

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125,233 93,846

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### Members' Equity

Unrestricted Fund	62,415	117,269
Investment in Tangible Capital Assets Fund	1,356	749
Legal Fund	185,297	156,889
Operating Fund	102,804	80,354
Scholarship Fund	13,750	13,462
Anniversary Fund	25,891	-

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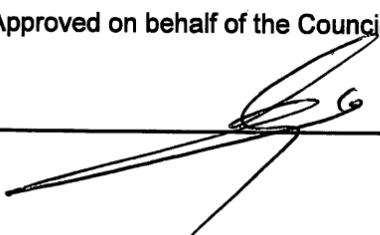
391,513 368,723

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\$ 516,746 \$ 462,569

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Approved on behalf of the Council:

  
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President

  
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Treasurer

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## Northwest Territories Association of Architects

### Statement of Cash Flows

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For the year ended December 31,	2023	2022
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 22,790	\$ 64,397
Item not affecting cash		
Amortization	443	1,027
	<b>23,233</b>	65,424
Change in non-cash working capital items		
Accounts receivable	(2,526)	2,081
Prepaid expenses	(1,818)	(75)
Accounts payable and accrued liabilities	11,309	11,732
Unearned membership fees	20,078	53,892
	<b>50,276</b>	133,054
<b>Investing activities</b>		
Increase in restricted interest receivable	(3,458)	(1,664)
Purchase of restricted investments	(113,313)	(182,057)
Purchase of tangible capital assets	(1,050)	-
Proceeds from disposal of restricted investments	40,000	9,000
	<b>(77,821)</b>	(174,721)
<b>Decrease in cash</b>	<b>(27,545)</b>	(41,667)
<b>Cash, beginning of year</b>	<b>203,770</b>	245,437
<b>Cash, end of year</b>	<b>\$ 176,225</b>	\$ 203,770

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 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.

Continuing education revenue is recognized when the course is delivered.

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) Cash

Cash consists of cash on hand and bank deposits.

#### (c) 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.

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 2. Significant accounting policies (continued)

#### (d) 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 Anniversary Fund is an internally restricted fund established to be used for the 25th anniversary of the Association.

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

#### (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.

#### (f) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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.

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 2. Significant accounting policies (continued)

#### (g) 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.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Association in the transaction.

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, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

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 costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. 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.

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 2. Significant accounting policies (continued)

#### 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.

### 3. Restricted investments

	2023	2022
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 0.75% (2022 - 0.50%), maturing on December 22, 2026. Total interest accrued is \$96 (2022 - \$48).	\$ 9,529	\$ 9,529
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 2.25% (2022 - 1.00%), maturing on May 12, 2027. Total interest accrued is \$1,759 (2022 - \$431).	73,954	73,954
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of nil% (2022 - 4.00%), matured on December 28, 2023. Total interest accrued is \$nil (2022 - \$48).	-	10,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of nil% (2022 - 2.30%), matured on December 27, 2023. Total interest accrued is \$nil (2022 - \$2,084).	-	30,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.50% (2022 - 2.50%), maturing on December 23, 2024. Total interest accrued is \$3,074 (2022 - \$2,266).	30,000	30,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 5.00% (2022 - nil%), maturing on December 27, 2024. Total interest accrued is \$18 (2022 - \$nil).	32,865	-
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 5.00% (2022 - nil%), maturing on December 30, 2024. Total interest accrued is \$4 (2022 - \$nil).	10,448	-
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 4.45% (2022 - nil%), maturing on June 20, 2024. Total interest accrued is \$603 (2022 - \$nil).	25,000	-

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 3. Restricted investments (continued)

Scholarship Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 2.25% (2022 - 1.00%), maturing on May 12, 2027. Total interest accrued is \$382 (2022 - \$94).	<b>16,044</b>	16,044
Anniversary Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 4.50% (2022 - nil%), maturing on March 8, 2024. Total interest accrued is \$891 (2022 - \$nil).	<b>25,000</b>	-
Operating Fund CIBC Guaranteed Income Certificate with an interest rate of 5.15%, maturing on December 4, 2024. Total interest accrued is \$84.	<b>20,000</b>	-
Operating Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 2.25% (2022 - 1.00%), maturing on May 12, 2027. Total interest accrued is \$1,952 (2022 - \$479).	<b>82,059</b>	82,059
	<b>\$ 324,899</b>	\$ 251,586

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### 4. Tangible capital assets

			2023		2022
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	20%	\$ 3,049	\$ 2,104	\$ 945	\$ -
Computer equipment	45%	3,825	3,414	411	749
		\$ 6,874	\$ 5,518	\$ 1,356	\$ 749

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### 5. Accounts payable and accrued liabilities

	2023	2022
Accounts payable and accrued liabilities	\$ 29,740	\$ 16,698
Government remittances	5,055	2,662
Bank indebtedness (note 6)	2,068	6,194
	<b>\$ 36,863</b>	<b>\$ 25,554</b>

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2023

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### 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 \$2,068 (2022 - \$6,194).

### 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.

#### (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 which are insured up to the limits of the Canada Deposit Insurance. 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 and variable rate restricted investments. Fixed and variable rate financial instruments subject the Association to a fair value risk. This risk has not changed from the prior year.