

Northwest Territories Association of Architects

Financial Statements

December 31, 2021

Northwest Territories Association of Architects

Financial Statements

December 31, 2021

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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, 2021, 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, 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 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
April 25, 2022

Chartered Professional Accountants

Northwest Territories Association of Architects

Statement of Operations

For the year ended December 31,	2021	2020
Revenues		
ExAC fees	\$ 4,370	\$ -
Application fees	2,600	2,200
Membership fees	173,033	171,440
Interest income	2,832	5,309
Competition fees	-	2,360
	182,835	181,309
Expenses		
Accounting and legal	46,712	55,845
Administration and employment	75,630	76,187
Advertising and promotion	172	-
Amortization	1,452	886
Annual general meeting	93	20
Awards gala	2,456	-
Bad debts	-	252
Computer/website	324	175
Continuing education	1,233	361
Council/committees	756	718
ExAC	920	-
Insurance	2,181	2,061
Interest and bank charges	4,451	2,297
National governance levies and travel	3,904	1,462
Office supplies and subscriptions	1,865	2,037
Open house/reception	-	1,000
Registrar	416	285
Rent	9,526	9,526
Telephone and internet	1,988	2,255
	154,079	155,367
Excess of revenues over expenses	\$ 28,756	\$ 25,942

Northwest Territories Association of Architects

Statement of Changes in Members' Equity

For the year ended December 31, 2021

	Unrestricted Fund	Investment in Tangible Capital Assets Fund	Legal Fund	Operating Fund	Scholarship Fund	Total 2021	Total 2020
Balance, beginning of year	\$ 24,694	\$ 3,228	\$ 152,478	\$ 79,396	\$ 15,774	\$ 275,570	\$ 249,628
Excess of revenues over expenses	28,756	-	-	-	-	28,756	25,942
Amortization	1,452	(1,452)	-	-	-	-	-
Interest income on Legal Fund	(2,260)	-	2,260	-	-	-	-
Interest income on Operating Fund	(479)	-	-	479	-	-	-
Interest income on Scholarship Fund	(94)	-	-	-	94	-	-
Balance, end of year	\$ 52,069	\$ 1,776	\$ 154,738	\$ 79,875	\$ 15,868	\$ 304,326	\$ 275,570

See accompanying notes

Northwest Territories Association of Architects

Statement of Financial Position

December 31,	2021	2020
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Assets

Current

Cash	\$ 245,437	\$ 66,339
Accounts receivable	2,423	1,225
Prepaid expenses	641	606

248,501	68,170
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Restricted interest receivable	3,742	2,465
Restricted investments (note 5)	78,529	249,030
Tangible capital assets (note 6)	1,776	3,228

\$ 332,548	\$ 322,893
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Liabilities

Current

Accounts payable and accrued liabilities (note 7)	\$ 13,822	\$ 15,653
Unearned revenue (note 8)	14,400	31,670

28,222	47,323
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Members' Equity

Unrestricted Fund	52,069	24,694
Investment in Tangible Capital Assets Fund	1,776	3,228
Legal Fund	154,738	152,478
Operating Fund	79,875	79,396
Scholarship Fund	15,868	15,774

304,326	275,570
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\$ 332,548	\$ 322,893
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Commitments (note 9)

Approved on behalf of the Council:

_____ President

_____ Treasurer

Northwest Territories Association of Architects

Statement of Cash Flows

For the year ended December 31,	2021	2020
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenses	\$ 28,756	\$ 25,942
Item not affecting cash		
Amortization	1,452	886
	30,208	26,828
Change in non-cash working capital items		
Accounts receivable	(1,198)	5,693
Prepaid expenses	(35)	(16)
Accounts payable and accrued liabilities	(1,831)	(1,427)
Unearned revenue	(17,270)	(3,770)
	9,874	27,308
Investing activities		
Restricted interest receivable	(1,277)	2,771
Purchase of restricted investments	(9,529)	(171,030)
Purchase of tangible capital assets	-	(3,186)
Proceeds from disposal of restricted investments	180,030	143,951
	169,224	(27,494)
Increase (decrease) in cash	179,098	(186)
Cash, beginning of year	66,339	66,525
Cash, end of year	\$ 245,437	\$ 66,339

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

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. Change in accounting policy

The Association has adopted the amendments to CPA Handbook Section 3856, Financial Instruments. The amendments have been adopted effective January 1, 2021, the beginning of the earliest comparative period in these financial statements (the "transition date"). The amendments provide guidance on the accounting for financial instruments arising from transactions between both arms-length and related parties, and require disclosure of enterprise-specific information related to significant risks arising from financial instruments.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of the amendments had no impact on the Association's financial statements other than the enterprise-specific risk disclosures related to significant risks arising from the Association's financial instruments (see Note 10).

3. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a global pandemic. The potential economic effects within the Association's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Association's operations.

This outbreak and related containment measures have prevented the Association from incurring certain expenses, such as on conferences, travels and hosting other events for the profession. This has led to an accumulation of surpluses. The Association does not expect to incur large expenses related to addressing the pandemic in the upcoming fiscal year, and the impact of the pandemic continues to be estimated to be insignificant.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

4. 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 revenue.

ExAC fees are recognized when the exam is written.

Interest income is recognized when it is earned.

Competition and sponsorship income is recognized when it is received.

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

The Investment in Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Association's tangible capital assets.

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.

(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 6.

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.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

4. Significant accounting policies (continued)

(d) Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(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) 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 fair value.

Financial assets or liabilities originated or exchanged in related party transactions 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 considered 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.

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.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

4. Significant accounting policies (continued)

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.

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.

(g) 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.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

5. Restricted investments

	2021	2020
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 0.25%, maturing on December 22, 2026. Total interest accrued is \$4.	\$ 9,529	\$ -
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 2.00% (2020 - 1.10%), matured on December 22, 2021. Total interest accrued is \$nil (2020 - \$346).	-	9,000
Operating Fund CIBC Guaranteed Income Certificate with an interest rate of 0.6%, matured on December 23, 2021. Total interest accrued is nil (2020 - \$11).	-	81,570
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 0.6%, matured on December 23, 2021. Total interest accrued is nil (2020 - \$10).	-	73,512
Scholarship Fund CIBC Guaranteed Income Certificate with an interest rate of 0.6%, matured on December 23, 2021. Total interest accrued is nil (2020 - \$2).	-	15,948
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.25%, maturing on December 28, 2022. Total interest accrued is \$826 (2020 - \$626).	9,000	9,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.3%, maturing on December 27, 2023. Total interest accrued is \$1,396 (2020 - \$705).	30,000	30,000
Legal Fund CIBC Guaranteed Income Certificate with an interest rate of 2.5%, maturing on December 23, 2024. Total interest accrued is \$1,516 (2020 - \$767).	30,000	30,000
	\$ 78,529	\$ 249,030

6. Tangible capital assets

			2021	2020
	Rate	Cost	Accumulated amortization	Net book value
Furniture and equipment	20%	\$ 1,999	\$ 1,999	\$ -
Computer equipment	45%	4,842	3,066	3,228
		\$ 6,841	\$ 5,065	\$ 3,228

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

7. Accounts payable and accrued liabilities

	2021	2020
Accounts payable and accrued liabilities	\$ 10,984	\$ 8,196
Government remittances	2,838	2,838
Vacation accrual	-	4,619
	\$ 13,822	\$ 15,653

8. Unearned revenue

	2021	2020
2022 membership fees received in 2021	\$ 14,400	\$ -
2021 membership fees received in 2020	-	31,670
	\$ 14,400	\$ 31,670

9. Commitments

The Association has a rental agreement in place for their current location. The rental agreement expires on March 31, 2022. The monthly lease expense is \$794 plus amounts for other services provided with the following future minimum payments:

2022	\$ 2,382
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10. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The Association does have credit risk in cash, accounts receivable, restricted interest receivable and restricted investments of \$330,131 (2020 - \$319,059). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's cash and restricted investments are maintained with a large federally regulated financial institution in Canada and exceed federally insured limits. The risk has not changed from the prior year.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2021

10. Financial instruments (continued)

(b) Liquidity risk

The Association does have a liquidity risk in the accounts payable and accrued liabilities of \$13,822 (2020 - \$15,653). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The risk has not changed from the prior year.

(c) Interest rate risk

The Association is exposed to interest rate risk in restricted investments of \$78,529 (2020 - \$249,030). Interest rate risk is the risk that the fair value or future cash flows related to restricted investments will fluctuate because of change in market interest rates. The risk has not changed from the prior year.