

Northwest Territories Association of Architects

Financial Statements

December 31, 2014

Northwest Territories Association of Architects

Financial Statements

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Independent Auditors' Report

To the Members of Northwest Territories Association of Architects

We have audited the accompanying financial statements of Northwest Territories Association of Architects, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Association of Architects as at December 31, 2014, 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.

Yellowknife, Canada
March 10, 2015



Chartered Accountants

Northwest Territories Association of Architects

Statement of Operations

For the year ended December 31,	2014	2013
Revenues		
Application fees	\$ 6,350	\$ 4,100
Continuing education	-	8,982
ExAC fees	670	5,954
Interest income	1,140	963
Membership fees	123,667	109,026
	131,827	129,025
Expenditures		
Accounting and legal	6,710	6,775
Administration salaries and related benefits	67,290	59,122
Advertising and promotion	2,917	1,282
Amortization	345	851
Annual general meeting	38	54
Computer/website expense	1,528	441
Continuing education	1,098	7,295
Council/committees	1,654	1,001
ExAC expense	841	6,595
Insurance	1,315	1,315
Interest and bank charges	260	310
National governing bodies	12,217	7,268
Office	911	1,167
Open house/reception	1,547	-
President's initiatives	-	500
Registrar	1,114	672
Rent	10,080	10,080
Scholarship	-	2,000
Telephone	1,697	1,533
	111,562	108,261
Excess of revenues over expenditures before other item	20,265	20,764
Other expense		
Loss on write-down of tangible capital assets	1,596	-
Excess of revenues over expenditures	\$ 18,669	\$ 20,764

Northwest Territories Association of Architects

Statement of Changes in Net Assets

For the year ended December 31,, 2014

	Unrestricted Fund	Investment in tangible capital assets Fund	Legal Fund	Total 2014	Total 2013
Balance, beginning of year	\$ 85,775	\$ 3,320	\$ 23,232	\$ 112,327	\$ 91,563
Excess of revenues over expenditures	18,669	-	-	18,669	20,764
Amortization	345	(345)	-	-	-
Loss on write-down of tangible capital assets	1,596	(1,596)	-	-	-
Balance, end of year	\$ 106,385	\$ 1,379	\$ 23,232	\$ 130,996	\$ 112,327

Northwest Territories Association of Architects

Statement of Financial Position

December 31, 2014 2013

Assets

Current

Cash	\$ 56,310	\$ 58,770
Accounts receivable	1,264	3,251
Prepaid expenses	329	329
Term deposits (note 3)	40,520	40,000
Interest receivable	455	1,951

98,878 104,301

Long-term investments (note 4) 40,348 23,233

Tangible capital assets (note 5) 1,379 3,320

\$ 140,605 \$ 130,854

Liability

Current

Accounts payable and accrued liabilities (note 6)	\$ 9,609	\$ 18,527
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Fund balances

Unrestricted Fund	106,385	85,775
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Investment in tangible capital assets Fund	1,379	3,320
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Legal Fund	23,232	23,232
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130,996 112,327

\$ 140,605 \$ 130,854

Commitment (note 7)

Approved on behalf of the board:

_____ Member

_____ Member

Northwest Territories Association of Architects

Statement of Cash Flows

For the year ended December 31,	2014	2013
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 18,669	\$ 20,764
Items not affecting cash		
Amortization	345	851
Loss on write-down of tangible capital assets	1,596	-
	20,610	21,615
Change in non-cash working capital items		
Accounts receivable	1,987	(1,384)
Interest receivable	1,496	(649)
Accounts payable and accrued liabilities	(8,918)	9,581
	15,175	29,163
Investing activities		
Purchase of term deposits	(520)	(10,000)
Purchase of long-term investments	(17,115)	-
	(17,635)	(10,000)
Increase (decrease) in cash	(2,460)	19,163
Cash, beginning of year	58,770	39,607
Cash, end of year	\$ 56,310	\$ 58,770

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2014

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 gives the Association the authority to govern its members. As a not-for-profit organization under the *Income Tax Act* section 149(e), 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 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. Continuing education revenue is recognized when the course is delivered. Interest income is recognized on the accrual basis and miscellaneous income is recognized as services are provided. Registration fees are amounts collected from new members and are recognized when received.

(b) Fund accounting

The Association follows the deferral method of accounting. The Unrestricted Fund includes the core operating account of the Association.

The Investment in Equipment Fund reports the assets, liabilities, revenues and expenditures related to the Association's capital assets.

The Legal Fund is an internally restricted fund and has been established by the Council, to be used for possible future legal expenditures. The reserve is increased or decreased by transfers to or from the unrestricted fund.

(c) Donated services

The work of the Association is dependent on the voluntary services of many members. The value of donated services is not recognized in these statements because the fair value of the donated services cannot be reasonably estimated.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2014

2. Significant accounting policies (continued)

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 5.

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) Use of estimates

The preparation of 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Financial instruments

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.

The Association subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, accounts receivable, term deposits, interest receivable and long-term 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, 2014

2. Significant accounting policies (continued)

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. Term deposits

	2014	2013
Operating Fund GIC, maturing on October 22, 2015	\$ 40,520	\$ 40,000

The term deposits are held in the form of earned funds invested in Guaranteed Investment Certificates (GIC) at the Canadian Imperial Bank of Commerce. The operating fund GIC has an interest rate of 0.80% (2013 - 1.30%). The total interest accrued on the operating fund GIC is \$62 (2013 - \$100).

4. Long-term investments

	2014	2013
Legal Fund GIC, maturing on April 30, 2019	\$ 40,348	\$ 23,233

The investments are held in the form of earned funds invested in Guaranteed Investment Certificates (GIC) at the Canadian Imperial Bank of Commerce. The legal fund GIC has an escalating interest rate of 1.45% (2013 - 2.50%). The total interest accrued on the legal fund GIC is \$393 (2013 - \$1,851).

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2014

5. Tangible capital assets

				2014	2013
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	20%	\$ 4,698	\$ 3,319	\$ 1,379	\$ 3,283
Computer equipment	45%	-	-	-	37
		\$ 4,698	\$ 3,319	\$ 1,379	\$ 3,320

6. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 6,837	\$ 16,662
Government remittances	2,772	1,865
	\$ 9,609	\$ 18,527

7. Commitment

The Association has a verbal rental agreement in place (signed rental agreement is pending) for their current location. The verbal rental agreement expires on December 31, 2015. The annual lease expense is \$6,000 plus amounts for other services provided and operations and maintenance expenditures.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Northwest Territories Association of Architects

Notes to the Financial Statements

December 31, 2014

9. 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 accounts receivable of \$1,264 (2013 - \$3,251). 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 also has credit risk in cash and short term investments. The Association's cash and short term investments are maintained with a large federally regulated financial institution in Canada and at times, exceed federally insured limits. The Association is exposed to credit risk from members. However, the Association has a significant number of members which minimizes the concentration of credit risk. This risk has not changed since prior year.

(b) Liquidity risk

The Association does have a liquidity risk in the accounts payable and accrued liabilities of \$9,609 (2013 - \$18,527). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. This risk has not changed since prior year.

(c) Interest rate risk

The Association is exposed to interest rate risk in term deposits and long-term investments of \$80,868 (2013 - \$63,233). Interest rate risk is the risk that the Association has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods.