

**Northwest Territories Association of Architects**

**Financial Statements**

**December 31, 2017**

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# Northwest Territories Association of Architects

## Financial Statements

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December 31, 2017

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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, 2017, 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, 2017, 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 13, 2018**

**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,	2017	2016
<b>Revenues</b>		
Administrative revenue	\$ 3,600	\$ -
Application fees	2,950	6,050
Award submissions	-	3,370
Continuing education	20,420	187
ExAC fees	3,220	1,840
Interest income	2,062	1,705
Membership fees	132,087	128,451
Sponsorships	32,235	2,000
	<b>196,574</b>	<b>143,603</b>
<b>Expenditures</b>		
Accounting and legal	12,377	10,588
Administration and employment	72,730	69,528
Administrative expense	3,600	-
Advertising and promotion	2,131	29
Amortization	408	334
Annual general meeting	211	44
Awards gala	-	10,878
Computer/website expense	527	247
Continuing education	52,921	910
Council/committees	1,513	1,180
ExAC expense	2,826	1,613
Insurance	1,959	1,315
Interest and bank charges	183	195
National governance levies and travel expenses	10,953	12,008
Office supplies and subscriptions	2,023	1,995
Open house/reception	649	437
President's initiatives	590	768
Registrar	491	920
Rent	9,526	10,080
Scholarship	1,500	2,500
Telephone and internet	2,214	1,511
Travel	3,154	2,354
	<b>182,486</b>	<b>129,434</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 14,088</b>	<b>\$ 14,169</b>

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## Northwest Territories Association of Architects

### Statement of Changes in Net Assets

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For the year ended December 31, 2017

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	Unrestricted Fund	Investment in tangible capital assets Fund	Legal Fund	Operating Fund	Total 2017	Total 2016
<b>Balance, beginning of year</b>	\$ 19,055	\$ 1,235	\$ 76,055	\$ 66,702	\$ 163,047	\$ 148,878
Excess of revenues over expenditures	14,088	-	-	-	14,088	14,169
Amortization	408	(408)	-	-	-	-
Transfer to Legal Fund	(9,000)	-	9,000	-	-	-
Interest income on legal fund investments	(1,319)	-	1,319	-	-	-
Interest income on operating fund investments	(742)	-	-	742	-	-
<b>Balance, end of year</b>	<b>\$ 22,490</b>	<b>\$ 827</b>	<b>\$ 86,374</b>	<b>\$ 67,444</b>	<b>\$ 177,135</b>	<b>\$ 163,047</b>

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# Northwest Territories Association of Architects

## Statement of Financial Position

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December 31, 2017 2016

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### Assets

#### Current

Cash	\$ 22,782	\$ 24,883
Accounts receivable (note 3)	4,176	459
Contributions receivable (note 4)	3,485	-
Prepaid expenses	1,509	1,916

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**31,952** 27,258

Interest receivable (note 5)	4,448	2,387
Long-term investments (note 5)	149,370	140,370
Tangible capital assets (note 6)	827	1,235

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**\$ 186,597** \$ 171,250

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### Liabilities

#### Current

Accounts payable and accrued liabilities (note 7)	\$ 9,407	\$ 6,893
Unearned revenue (note 8)	55	1,310

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**9,462** 8,203

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### Fund balances

Unrestricted Fund	22,490	19,055
Investment in tangible capital assets Fund	827	1,235
Legal Fund	86,374	76,055
Operating Fund	67,444	66,702

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**177,135** 163,047

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**\$ 186,597** \$ 171,250

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### Commitments (note 9)

Approved on behalf of the council:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

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## Northwest Territories Association of Architects

### Statement of Cash Flows

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For the year ended December 31,	2017	2016
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 14,088	\$ 14,169
Items not affecting cash		
Amortization	408	334
Interest receivable	(2,062)	(1,693)
	<b>12,434</b>	12,810
Change in non-cash working capital items		
Accounts receivable	(3,717)	(325)
Contributions receivable	(3,485)	-
Prepaid expenses	407	(1,587)
Accounts payable and accrued liabilities	2,515	(1,702)
Unearned revenue	(1,255)	(4,060)
	<b>6,899</b>	5,136
<b>Investing activities</b>		
Purchase of long-term investments	(9,000)	(9,000)
Purchase of tangible capital assets	-	(832)
	<b>(9,000)</b>	(9,832)
<b>Decrease in cash</b>	<b>(2,101)</b>	(4,696)
<b>Cash, beginning of year</b>	<b>24,883</b>	29,579
<b>Cash, end of year</b>	<b>\$ 22,782</b>	\$ 24,883

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2017

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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 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

The Association follows the deferral method of accounting for contributions.

Award submissions, administrative revenue and sponsorships are recognized when the relevant expenses are incurred.

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 member pay their membership fees before year-end.

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 received.

#### (b) Cash equivalents

Cash and cash equivalents includes bank balances, including term deposits and other highly liquid interest bearing instruments with a maturity period of three months or less from the date of acquisition.



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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2017

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### 2. Significant accounting policies (continued)

#### (c) Fund accounting

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

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

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

The Operating Fund is an internally restricted fund established to cover any unforeseen expenses that may arise during weak economic conditions. The reserve is increased or decreased by transfers to or from the unrestricted fund.

#### (d) 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.

#### (e) 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.

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2017

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### 2. Significant accounting policies (continued)

#### (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, contributions receivable, 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.

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 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. Actual results could differ from those estimates.

### 3. Accounts receivable

Allowance for doubtful accounts for the year ended December 31, 2017 is nil (2016 - nil).

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## Northwest Territories Association of Architects

### Notes to the Financial Statements

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December 31, 2017

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#### 4. Contributions receivable

	2017	2016
Government of the Northwest Territories - Employment, Culture and Education	\$ 2,000	\$ -
Government of the Northwest Territories - Industry, Tourism and Investment	1,485	-
	<b>\$ 3,485</b>	<b>\$ -</b>

#### 5. Long-term investments

	2017	2016
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 2.45% (2016 - 1.95%), maturing on April 30, 2019. Total interest accrued is \$2,400 (2016- \$1,433).	\$ 40,348	\$ 40,348
Operating Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 1.15% (2016 - 1.10%), maturing on December 21, 2020. Total interest accrued is \$1,421 (2016 - \$680).	66,022	66,022
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 1.15% (2016 - 1.10%), maturing on December 21, 2020. Total interest accrued is \$555 (2016 - \$272).	25,000	25,000
Legal Fund CIBC Guaranteed Income Certificate with an escalating interest rate of 0.90% (2016 - 0.75%), maturing on December 22, 2021. Total interest accrued is \$70 (2016 - \$2).	9,000	9,000
Legal Fund CIBC Guaranteed Income Certificate with an annual interest rate of 2.25%, maturing on December 28, 2022. Total interest accrued is \$2.	9,000	-
	<b>\$ 149,370</b>	<b>\$ 140,370</b>

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2017

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### 6. Tangible capital assets

			2017		2016
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	20%	\$ 1,999	\$ 1,527	\$ 472	\$ 590
Computer equipment	45%	832	477	355	645
		\$ 2,831	\$ 2,004	\$ 827	\$ 1,235

### 7. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 7,150	\$ 6,010
Government remittances	2,257	883
	\$ 9,407	\$ 6,893

### 8. Unearned revenue

	2017	2016
2018 membership fees received in 2017	\$ 55	\$ -
2017 membership fees received in 2016	-	1,310
	\$ 55	\$ 1,310

### 9. Commitments

The Association has a rental agreement in place for their current location. The rental agreement expires on March 31, 2019. The annual lease expense is \$9,526 plus amounts for other services provided with the following future minimum payments:

2018	\$ 9,526
2019	2,381
	\$ 11,907

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# Northwest Territories Association of Architects

## Notes to the Financial Statements

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December 31, 2017

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### 10. Comparative amounts

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

### 11. 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, contribution receivable, interest receivable and long-term investments of \$184,261 (2016 - \$168,099). 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 long-term 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.

#### (b) Liquidity risk

The Association does have a liquidity risk in the accounts payable and accrued liabilities of \$9,407 (2016 - \$6,893). 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 long-term investments of \$149,370 (2016 - \$140,370). Interest rate risk is the risk that the Association has interest rate exposure on its term deposits and long-term investments, which is mitigated through the use of fixed rates. This exposure may have an effect on its earnings in future periods. The risk has not changed from the prior year.