



2020 ANNUAL REPORT

the alberta association of architects [year in review](#)



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President & Executive Director Report

Gordon Murray, Architect, AAA
President

Barbara Bruce, CAE, Hon. MRAIC
Executive Director

This past year, the ability of the Alberta Association of Architects' (AAA) Council and AAA administration to collaborate was more important than ever as we were all asked to cope with a rapidly shifting world and new expectations at every turn. We felt it would be appropriate this year to share a joint message from the President and Executive Director to our membership.

There was a sense of optimism at the start of 2020 within the AAA and across the professions. Although the economy was sputtering, there were hints of progress and a hope for brighter things to come. Of course, we were not long into the year when things went terribly sideways, and we were challenged in ways we had never imagined.

As we write this annual report, however, we are once again feeling optimistic, and frankly proud of the way our association and our membership have navigated through a year of challenges. The year turned out to be noteworthy for reasons beyond our ability to adapt to the pandemic. We have been very fortunate to have found some silver linings in the way we have adapted to the situation within which we have found ourselves, and we kept pushing forward on new initiatives.

Virtual Council

Normally, we would start our "Council year" with a Think Tank retreat where we gather together to look at issues facing the professions and the association and develop strategies for the coming year. Last year, we sorely missed this opportunity. We carried on with the regular work of Council via Zoom, and even held a few special Zoom meetings focused solely on generative and strategic conversations. Ultimately, we have not found this to be as satisfying or productive as we would like and are making plans for an in-person Think Tank later this year, depending on health restrictions and the pace of the vaccinations.

Working from home brings a new perspective

In March, AAA administration (like people across the country) moved to a work-from-home model. A few key staff remained in the office on a staggered schedule to ensure continuity of service delivery. We have all learned about the ups and downs of working

from home. The inevitability of the casual nature of Zoom and MS Team Meetings has oddly enough brought a little more humanity into our shared experience. Pets, children and spouses in the background while we hold our Council, committee and staff meetings have given us a new appreciation for the context of one another's lives. The AAA as a regulatory body may be very much about rules: setting them, following them, and making sure others follow them. But, ultimately, it's about people and how we can support one another to do the best we can for the professions and the public.

“... we are once again feeling optimistic, and frankly proud of the way our association and our membership have navigated through a year of challenges.”

And so, in 2020 we moved on with the governance and management business of the association as best we could, learning a few new skills along the way.

Bylaw Amendments

Early in the year, realizing that our Banff Session conference was not going to take place, we very quickly put forward a quick set of bylaw amendments that would allow for the delivery of our annual general meeting (AGM) in an online format. Members supported these amendments and as a result, our May AGM was surprisingly well attended for our first virtual offering. Members who might not normally travel to participate at an in-person version of this event logged in to get an update on AAA activities. It worked out well in that we were able to connect with our membership, despite the distance.

In late 2019, Council had begun work on reshaping the structure of Council for a more modern governance model. In 2020, a second set of bylaw amendments that reflected this work was proposed to the membership through an extensive communications campaign. Ultimately the membership supported the proposed amendments, and we have begun working with a new governance structure designed to provide greater continuity for Council leadership.

“Early in 2020, we posted a fulsome report on the work done towards our legislation review and provided an opportunity for our membership to comment on the task force recommendations.”

Legislation Review

Early in 2020, we posted a fulsome report on the work done towards our legislation review and provided an opportunity for our membership to comment on the task force recommendations. While we had some feedback from members, we were underwhelmed by the level of

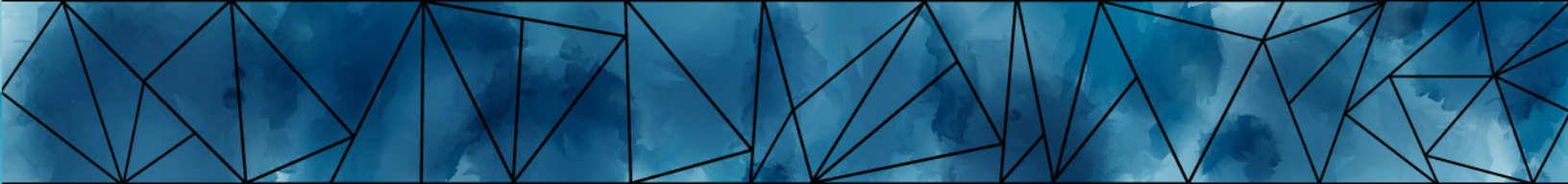
engagement from the membership around this important topic. Perhaps it was due to the developing world news around the pandemic that took centre stage in everyone's mind, or perhaps it was simply that we have been at the business of the legislation update so long that it is difficult to remain interested. Nevertheless, this important body of work by volunteers putting in literally thousands of hours towards this important initiative has become an important platform for legislative reform.

On the positive side, after more than a year of inactivity on the legislation file, we have recently been informed that a project aimed at streamlining professional legislation is now a priority for the Ministry of Labour that oversees the *Architects Act*. What this ultimately means for the professions remains to be seen, but we are grateful for the opportunity to re-engage in a conversation around much needed updates to our legislation.

More focus on fiscal planning

The Finance, Audit and Risk Management Committee (one of the newer committees of Council) took steps this past year towards stronger fiduciary guidance of AAA fiscal resources. Over the years, we have set aside funds to support important project initiatives and to protect the AAA from uncertain fiscal outcomes as well as potential legal challenges that regulatory bodies such as AAA may be subject to. Our rainy day and project funds have always been invested very conservatively and when interest rates were strong, they provided satisfactory rates of return. In the past few years, however, with interest rates dropping and remaining terribly low, we have not been able to make much headway with our investments. In 2020, Council approved a new Investment Policy and directed the Finance Committee to search for an investment consultant that would advise the AAA on some alternative strategies for both protection of the principal and modest growth of our fiscal resources. Early in 2021, we selected an advisor and will soon be moving forward on this important plan.

With uncertainties swirling in the industry and the economy at the moment, we have been very grateful that good fiscal stewardship in past years has put the association in a strong financial position. We anticipated some drop in dues revenue in 2020 and into 2021 and, in fact, this has been the case so far, but we were able to adapt our budget backed by confidence in our reserves



such that we have not had to either raise dues nor make any reductions in services or staffing levels.

Keeping the good stuff

As you read through this report, you will see examples of how the association has adjusted to find new ways of doing business. What we have discovered through this process is that circumstances have pushed us into new directions that are not altogether bad. We have learned to leverage technology to conduct intern interviews such that travel by the volunteers and the interns is no longer required. Likely we will continue this practice going forward, at least for some interviews. As mentioned earlier, our 2020 virtual AGM was a success, and we may very well continue to hold our AGM in this fashion in the future for greater accessibility.

We have learned about the good, the bad and the ugly of delivering

professional development content online. It's quite likely that we will keep online delivery in our menu of options once we go back to offering in-person events.

And of course, we will continue to use virtual meeting platforms like Zoom, but hopefully for far fewer hours each day!

of the AAA, the dedicated staff who keep everything going and make us proud. Thank you all!

Stay well.

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Teamwork

Further on in this report you will read more about the many activities, initiatives, and accomplishments of the past year. None of these would be possible without the support and direction from our colleagues on AAA Council, the work by many AAA committee volunteers and, of course, the tireless work of the backbone

Fulfilling Our Mandate

Since 1906, the AAA has represented the public interest in the administration of the *Alberta Architects Act* (the Act).

The AAA is mandated to fulfill its core purpose and mission by regulating, supporting and advancing our professions. Association staff, Council and committee members accomplished these three objectives in a myriad of ways throughout 2020.

Regulating

Internship time limit policy implemented

The association implemented a new policy requiring interns to complete all practical experience and exam requirements within 10 years of their initial registration date. The AAA began communicating the details of the new policy directly with interns in early 2020 and contacted those who had already exceeded 10 years as interns as well as those fast approaching the 10-year limit. By the end of 2020, only 14 interns still exceeded their 10 years in the internship program and were working toward registration. The AAA continues to provide support to these members throughout their transition to a registered architect or licensed interior designer in Alberta.

New registration pathway for interior designers

The AAA officially launched the Experienced Interior Designer Pathway (EIDP) in 2020. This is a pathway specifically created to accommodate experienced interior designers interested in becoming licensed interior designers under the Act. The pathway was launched to serve the needs of many of Alberta's interior designers who meet the prerequisite criteria and can illustrate their competency, but who have not previously logged their hours with the AAA. By the end of 2020, the association fielded many inquiries into the program and had received two applications.

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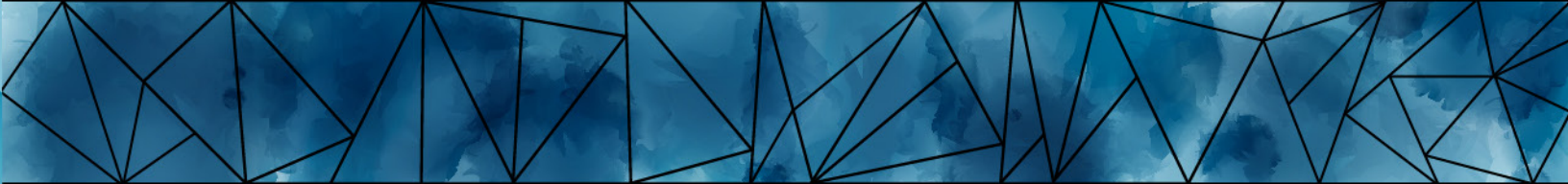
Intern interviews conducted virtually

The AAA introduced virtual intern interviews in July of 2020, recognizing the need to continue supporting interns despite the challenges of the COVID-19 pandemic. The AAA was able to conduct 30 interviews within the last six months of 2020. The AAA also adjusted its processes to enable online review of logbooks to support interns' ongoing development and transition toward becoming registered professionals.

Updated Internship in Architecture Program

Throughout the first half of 2020, the national Internship in Architecture Program (IAP) underwent a review and update, officially coming into effect on July 1, 2020. The most significant changes include the addition of two new categories within the logbook and the ability for architecture students registered with the AAA to log up to 760 pre-graduation hours once they have completed 60 credit-hours in courses that contribute to the Student Performance Criteria for accreditation. The AAA continues

“Throughout the first half of 2020, the national Internship in Architecture Program underwent a review and update . . .”



to manage the transition to the new program.

Examination for architects in Canada moved online

The Examination for Architects in Canada (ExAC), written by interns across the country, was postponed in 2020. Typically implemented via pen and paper format, it became impossible to hold the exam due to health restrictions. The AAA worked with other Canadian regulators in the CALA alliance

this course was harnessed, AAA Council mandated that all current registered architects must complete this course by December 31, 2020, and that completion of the course would become a requirement for all new registrants moving forward.

Throughout 2020, the AAA promoted the importance of completing the BEC with 1,138 registered architects, active life members and restricted practitioners having completed the course by the end of 2020, representing a 94 percent

completion rate. The AAA will continue to work with those members who have not yet completed the course.

Professional development deadline extension

The COVID-19 pandemic led to cancellation of the AAA's Banff Session conference as well as many other professional development (PD) conferences and events across the globe. AAA's biennial deadline for PD compliance of June 30, 2020, quickly became challenging for many members who typically rely upon spring conferences to complete their PD requirements. In recognition of this challenge and to support members' continuing competence, the AAA extended the PD reporting period deadline from June 30 to December 31, 2020. This well-received extension gave members ample time to complete their requirements.

Protection of title and scope of practice

The term "illegal practice" includes instances of non-member violation of the Act. However, it does not encompass members who may be acting in a manner that is offside with legislation. Throughout 2020, the AAA opened 210 new files related to potential illegal practice. In addition, there were 91 recurring cases that required follow-up.

The most common issues are related to the misuse of the title and related terms, as well as the scope of practice. While it can be challenging to confirm actual violations as opposed to mere allegations, the illegal practice portfolio has made great strides and continues to identify and work with those individuals and companies that are clearly in violation of the Act.

In the vast majority of cases, those in violation of the Act willingly address the issue(s) and comply quickly with the AAA's requirement for changes to their marketing materials and online presence as well as their scope infringement.

The AAA also worked in concert with other Canadian regulators to contact various online platforms, such as Houzz, Kijiji, Fiverr, and Google to identify headings and content where organizations and individuals have misrepresented themselves by unauthorized use of title, terms and scope of practice. Small changes can have a large impact and the AAA will continue to allocate resources towards this initiative as it serves to uphold public safety.

“The AAA worked [...] to support the transition of the [ExAC] exam from an in-person format to a virtual platform ...”

to support the transition of the exam from an in-person format to a virtual platform, taking place in February 2021. Although not without some challenges, ultimately, the outcome from the online exam format was generally positive for Alberta interns who did remarkably well in comparison to the national outcomes.

Building Envelope Course

Responding to a need for greater knowledge and competency in the topic of building envelope, the AAA had previously developed an online Building Envelope Course (BEC). To ensure the valuable information in

Supporting

Practice Advisory Services

Director of Practice, Randy Krebs, with support from the Practice Advisory Committee (PAC), addressed 225 practice-related inquiries with topics ranging from succession to when a registered architect or licensed interior designer is required on a project. While most inquiries come from the membership, some originated from other related professions, municipalities and the public at large.

Additionally, the AAA was proud to launch the Tom's Tips video series. In the clips, PAC member Tom Tittmore provides a brief

overview of the most common practice inquiries and offers guidance on the interpretation and application of legislation, regulation, bylaws and policy related to professional practice.

Enhanced practice resources

The Practice Resource Directory was developed and made available on the AAA website. This area offers a summary of professional practice resources upon which competency, conduct and acceptable practices of registered members and entities of the AAA can be assessed. The directory is organized into three categories for convenient reference for members which include mandatory practices, recommended practices, as well as practice guidelines and information.

Incentivizing volunteer participation

In 2020, the AAA implemented changes to the PD program that would support members and incentivize participation in AAA Council, committees, boards and task forces. To this end, the AAA increased the number of learning hours earned by members who volunteer to

serve for key positions within the association.

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Director of Practice [. . .] with support from the Practice Advisory Committee, addressed 225 practice-related inquiries with topics ranging from succession to when a registered architect or licensed interior designer is required on a project.”

Intern information webinar

In the first quarter of 2020, the AAA invited both intern architects and intern interior designers to participate in an educational webinar. The webinar was delivered by

a combination of experienced members and Council-appointed intern members. The webinar program focused on assisting interns in successfully navigating the internship program. Questions and answers arising from the webinar were posted on the AAA website for future reference.

Virtual events for members

In 2020, the AAA began to present member events virtually, trialing several platforms in order to achieve the best experience for members. On May 21, 2020, the AAA's first virtual AGM took place with over 200 members in attendance, slightly surpassing the attendance of the 2019 AGM + PD Symposium that took place in Edmonton the year prior.

The next event expanded the scope of the AAA's virtual event delivery with the reimaging of October PD



“In 2020, the AAA began to present member events virtually, trialing several platforms in order to achieve the best experience for members.”

Day as a series of four virtual presentations that took place over the lunch hour each Tuesday in October 2020. This was the first time the AAA offered professional development opportunities virtually with attendance mirroring past in-person offerings of October PD Day.

The AAA closed out the year with a free virtual presentation from Alison Brooks in lieu of the traditional annual Holiday Socials. The presentation offered nearly 400 attendees the opportunity to earn learning hours before the PD reporting period deadline that had been extended to December 31, 2020.

Duggan House improvements completed

An unused room in the basement of Duggan House has been transformed into a video-conferencing space and meeting room. Exposed brick walls were sealed, sealed windows were replaced with operable ones, and an air handling system was installed. A large monitor, new wiring and upgraded Wi-Fi were added.

AAA membership surveyed

A survey of the AAA's membership was conducted in early 2020 with input from a record number of members (657). Data collected will be used to inform decisions and priorities moving forward.

editorial board has been working on a long-overdue update of the manual to bring it into alignment with modern standards and practices. AAA members provided input into the review and update process in support of the profession. Previously, only available for purchase in paper or PDF format (mostly by architects), the updated CHOP manual is now freely available online to anyone interested in understanding more about architectural standards of practice across Canada.

AAA website updated continually

The AAA's website underwent continual updates to keep information current, as well as offering new features. A new legislation review section allowed members to learn and provide feedback on the legislation review process. Structural updates were also carried out, including a rebuild of the automatic event confirmation system.

In April, a special section of the website was set up to relay timely COVID-19 news and updates from both the AAA and the wider architecture, engineering and construction community.

Latest edition of CHOP manual released

The Canadian Handbook of Practice (CHOP manual) is formally endorsed by AAA Council as a vital tool to help guide professionals in following industry best practices. For the last several years, a national

Advancing

Alberta Joint Industry Response Team

In March 2020, the AAA was invited to play an integral role alongside key associations and agencies within the design and construction industry to address emerging policy issues brought on by the pandemic. The objective of this group was to provide cohesive responses to issues as they arose. The collaborative relationships developed through this group continue to bring positive outcomes for the industry.

Architectural services considered essential services

As part of an approach to keep business moving throughout the growing pandemic, the Government of Alberta announced its phased relaunch strategy in the second quarter of 2020. One of the components of this strategy was to identify which professions and industries were considered key to the delivery of essential services.

“... in May 2020, AAA was successful in having the practice of architecture and (licensed) interior design accepted as meeting the definition of essential services.”

The AAA worked with the Alberta government to seek clarity of the definition of “essential services” and in May 2020, AAA was successful in having the practice of architecture and (licensed) interior design accepted as meeting the definition of essential services. This allows for building projects to move forward under the direction of qualified professionals, despite other types of health-related restrictions.

ABC Schedules

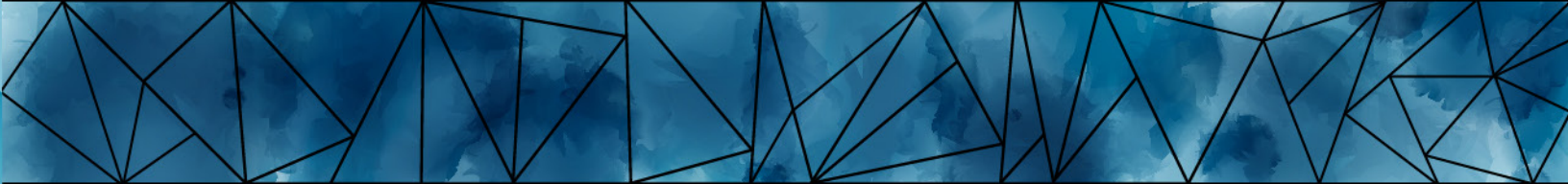
In 2020, a working group comprised of representatives from Alberta Municipal Affairs, the Safety Codes Council, the Association of Professional Engineers and Geoscientists of Alberta (APEGA), and the AAA began taking a deeper dive into how the ABC schedules could be improved to ensure a common understanding and consistent application of the schedules in the field. The intent was to update the schedules in a manner that provided more clarity without necessarily introducing greater complexity. The schedules will ultimately be supported by a guide for ease of implementation. The initiative is ongoing with expected completion in 2021.

Advocacy efforts focused on Authorities Having Jurisdiction

Assisting clients, permitting authorities and the public in understanding the role and value of Alberta’s building design professionals is one of the AAA’s enduring goals. In support of this goal, the association’s Advocacy Committee has continued their work in 2020 with a focus on outreach to municipal authorities. The objective of this component of the advocacy strategy is for these authorities having jurisdiction (AHJs) to better understand when professionals are required on projects, then to facilitate processes that ensure they are fully engaged as early as possible, preferably at the development permit (DP) stage.

The Advocacy Committee invested time in building relationships and sharing information with the AHJs. The AAA developed and hosted two live webinars in collaboration with the City of Edmonton, City of Calgary and Alberta Municipal Affairs entitled *Compliance: Practice Perspectives in Alberta’s Building Design & Construction Industry*. These webinars were effective in reaching close to 500 attendees which included a large number of the AHJs as well as many AAA members.

More than 40 questions were submitted by webinar participants and carefully researched, answered, and posted online. There were additional opportunities for the AAA to present portions of the webinar content



later that year in virtual formats to accommodate the COVID-19 restrictions.

In late 2020, the second part of the Advocacy Committee's AHJ strategy was implemented through a survey campaign with a goal of establishing a benchmark around awareness of the *Architects Act* as well as the level of understanding of the need for professional involvement according to legislation and best practices.

The Alberta-wide AHJ survey was completed by 18 cities, 72 towns, 30 villages, 59 rural municipalities and two national parks which totaled to a strong sample size of 181 respondents. Some of the survey's key findings include:

- Six percent of AHJs (11 municipalities) equally rely on the Alberta Building Code and the *Alberta Architects Act*.
- Almost 54 percent of AHJs (97 municipalities) do not know or are not sure when architectural involvement is needed at the DP stage – as per the Alberta Building Code.

- Almost 80 percent of AHJs (144 municipalities) do not know or are not sure when architectural involvement is needed at the DP stage – as per the *Alberta Architects Act*.

- Alberta AHJs currently request architectural seals for less than 16 percent of DP permits.

- Less than four percent of AHJs (seven municipalities and no cities) ALWAYS request the name of the project architect.
- More than 65 percent of AHJs (119 municipalities) do not know or are not sure that architectural involvement at the DP stage is an industry best practice.
- A remarkable 118 AHJs requested a follow up

presentation from AAA on professional involvement at the DP stage.

“... the association's Advocacy Committee has continued their work in 2020 with a focus on outreach to municipal authorities.”

Throughout the survey process, the Advocacy Committee initiated valuable conversations, exchanged information, and collected benchmarking data. Building on the information gleaned from the survey, a modified presentation and new outreach materials will be released in 2021 to support the AAA and its members in further communicating the importance of professional design services in Alberta.

Joint Board of Practice

The Joint Board of Practice (JBP) exists under Schedule 8 of the *Government Organization Act*. This board is co-chaired jointly by the AAA and APEGA. The board's

primary function is to assess applications for registration from joint architecture and engineering firms. There was no activity in 2020 for the JBP. They last met in 2018 to assess

a joint firm application and make their recommendation to Council.

Complaint Review Committee

The Complaint Review Committee (CRC) portfolio remained very active in 2020 and shows no signs of slowing down. In fact, the association is seeing a trend in more complaints coming forward where there are accompanying civil proceedings between the professional and their client. In some situations, matters tend more towards business disputes than professional misconduct matters, however, the complexities of these files and the AAA's mandate

as a regulatory body requires these files to be carefully considered. There is an expectation on the part of some complainants that the professional discipline process duplicates or is equivalent to their civil court proceedings. In reality, the discipline process is separate from

any civil matter. The AAA process, timeline and any potential sanctions are not designed to support the civil system of dispute resolution but are meant to ultimately protect the public.

In the past year, the AAA enhanced communication materials around the discipline process, both online and for direct delivery to participants. The AAA aims to assist participants and potential participants in understanding legislated process, outline the limits and the purpose, and give them confidence in the system. A process

information document and a series of 'Frequently Asked Questions' was well-received.

As more business disputes are being submitted, the association has taken a closer look at how our current legislation allows for a mediation process in certain circumstances. Without legislation supporting specific alternative dispute resolution mechanisms, the AAA has

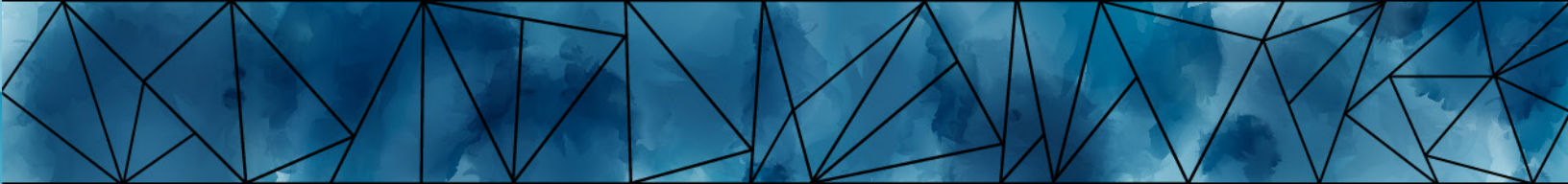
very limited scope in this regard. We are, however, able to begin early conversations between the AAA member and the complainant, providing both agree to work with a certified mediator. Unfortunately, tempers are usually frayed at the instigation of most files and the parties rarely agree to mediation

to resolve their dispute. The sole option at that point is to move the file on to the CRC Chair and conduct an investigation or preliminary review.

With an uptick in the number of complaints, the AAA turned attention to increasing the number of volunteers who serve on the CRC, either as investigators or hearing panel members.

The association has developed a robust Investigator Guide to assist volunteers and is starting work on a guide

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There were four new complaint files opened in 2020, and nine files carried over from previous years. At the start of 2020, 13 complaints were proceeding through the legislated review, hearing and appeal process. One complaint was referred to a hearing (not open to the public). At the end of 2020, seven active complaints remained open.



for panel members. To fully support more volunteers, the AAA also created a mentoring system in which new volunteers are able to shadow experienced investigators on files before they take responsibility for a file of their own.

With the complaints portfolio growing, the AAA is currently reviewing our process to see where improvements can be implemented to streamline the administration of files and provide more support for the Chair and Vice Chair of the committee.

Chair of the CRC, Patti Swanson, spent innumerable hours over the course of a year and was extremely diligent in her review of files. The AAA is grateful to Patti and to all the volunteers on the CRC who take this aspect of self-regulation so seriously.

Practice Review Board

Throughout 2020, and through the lens of protecting the public interest, the Practice Review Board (PRB) met regularly to identify new opportunities to support professional practice competency and to further develop tools that elevate the professions.

The PRB made significant strides towards the formation of a practice review framework that will ultimately enable random annual reviews of professional practices. The objective is to provide advice and recommendations to member firms on how they can elevate their professional practices and incorporate industry best practices. Phase one of the development of the practice review framework includes a practice questionnaire that will benchmark a number of key criteria ranging from ownership structure to forms of contract, and to life and safety issues. The initiative is being driven by the PRB with support and input provided by the Practice Advisory Committee (PAC).

With input from the PAC, the PRB also began work on a new program to incorporate a quiz with each practice

2020 saw the Vice Chair of CRC, Robert Spaetgens, step down from this position. Robert had been on the committee since 1996, serving as Chair from 2015 to 2018 when he stepped back and mentored Patti Swanson into the role of Chair. Robert's steady hand, sage perspective and kind mentorship have been appreciated by both AAA volunteers and AAA administration alike.

Another long-serving member of the CRC, Terry Hartwig, has now moved up into the Vice Chair role. Terry has taken on the task of learning about the important role of Chair and supporting Patti in her work. Terry is standing ready to manage any files where the Chair may have a conflict.

bulletin. The intent was to heighten awareness of the various practice policies and ensure members more easily acquire and retain an understanding of the information

“ . . . the Practice Review Board also began work on a new program to incorporate a quiz with each practice bulletin

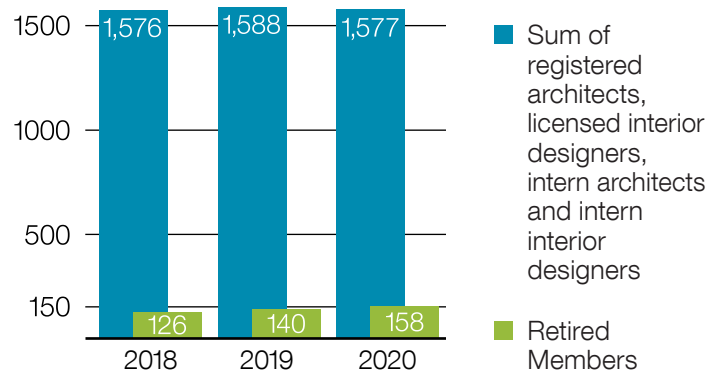
contained in the bulletins. Once these quizzes are available online, members completing them will be able to earn structured learning hours towards their professional development compliance requirements.

Registration

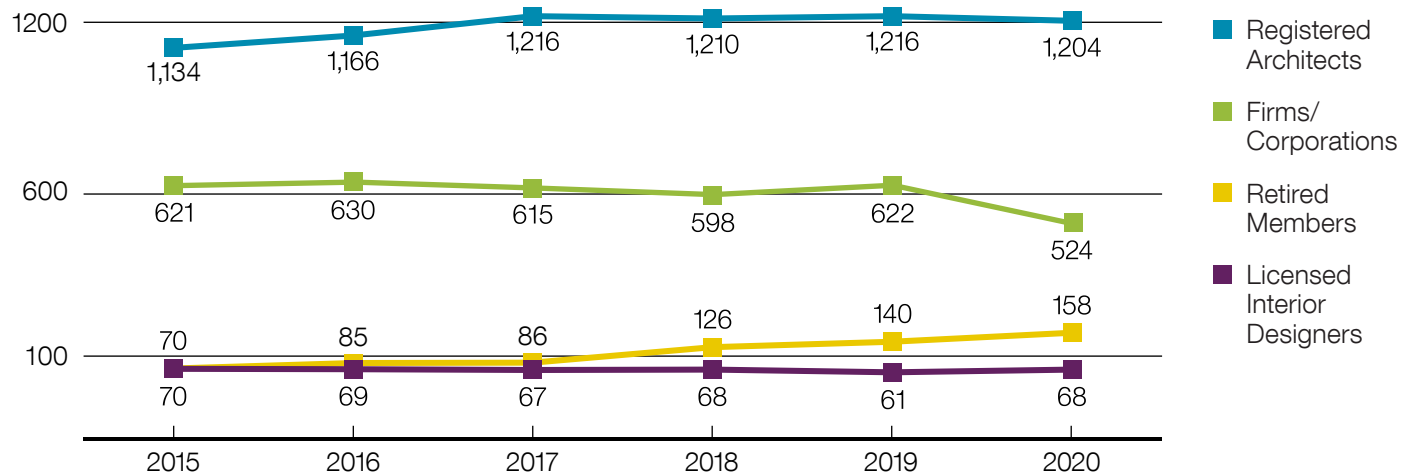
By The Numbers

Generally, over the last three years, registration in all categories has remained relatively stable. There continues to be an expected increase in the number of retired members as baby boomers retired from the workforce.

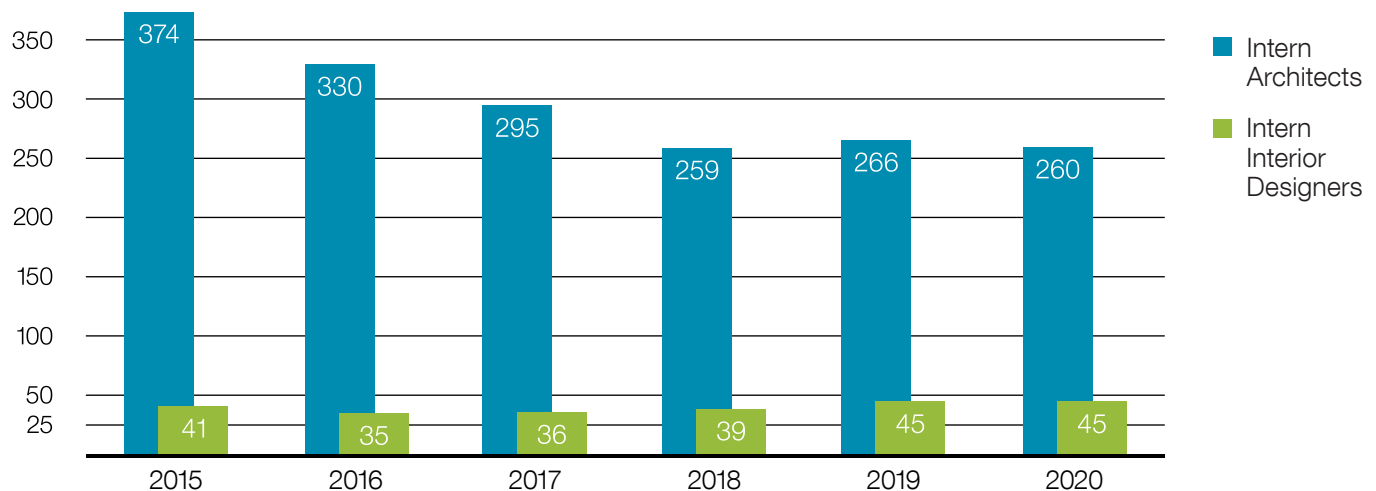
Overall Membership



Membership by Year



Intern Membership by Year



Budget

For the period January 1 - December 31, 2021

Revenue

Annual Dues	\$	1,743,000
Interest		47,000
Administration Fees/Charges		57,400
Total Operations Revenue	\$	1,847,400

Program Revenue

Registration	\$	54,000
Practice		0
Professional Development		76,425
Communications		394,500
Total Program Revenue	\$	524,925

Total Revenue	\$	2,372,325
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Expenses

Council & Committees	\$	93,450
Human Resources		1,408,000
Duggan House Operations		350,971
Amortization		95,500
National Levy		28,000
Legislation Review		20,800
Total Operations Expenditures	\$	1,996,720

Program Expenses

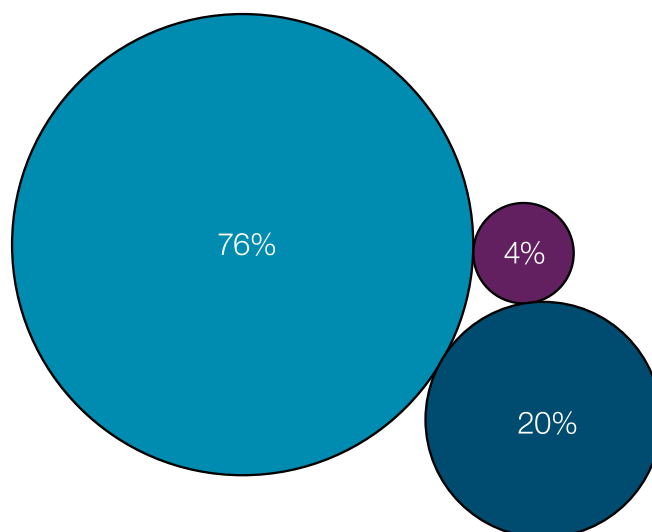
Registration	\$	22,850
Practice		128,450
Professional Development		6,840
Communications		343,175
Total Program Expenditures	\$	501,315

Total Expenses	\$	2,498,036
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Operating Deficit	\$	-125,711
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2021 Budget by Expenditure Area

Council & Committees	93,450
Operations	1,903,271
Programs	501,315
Total Expenditures	\$ 2,498,036



INDEPENDENT AUDITOR'S REPORT

To the Members of The Alberta Association of Architects

Opinion

We have audited the financial statements of The Alberta Association of Architects (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets 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, 2020, 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 *Auditor's 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 those 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

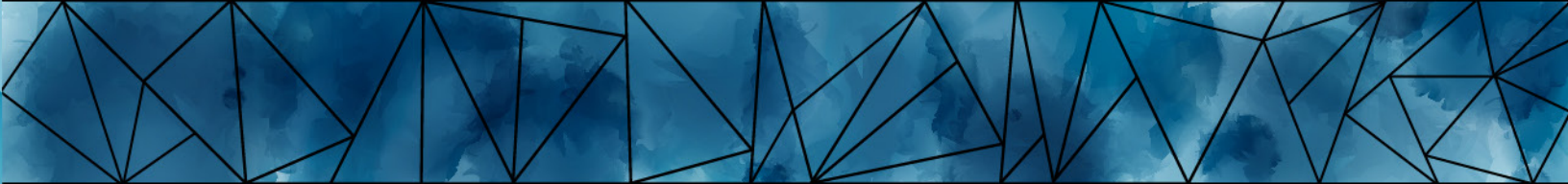
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 relating 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

Edmonton, Alberta
March 30, 2021

RSM Alberta LLP
Chartered Professional Accountants



THE ALBERTA ASSOCIATION OF ARCHITECTS

Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 2,721,732	\$ 398,331
Short-term investments (Note 3)	600,000	2,393,645
Accounts receivable (Note 4)	45,178	45,509
Prepaid expenses	29,677	80,726
	3,396,587	2,918,211
RESTRICTED CASH (Notes 3, 5)	2,951,830	2,898,916
TANGIBLE CAPITAL ASSETS (Note 6)	1,102,925	1,153,918
INTANGIBLE CAPITAL ASSETS (Note 7)	35,613	71,226
	\$ 7,486,955	\$ 7,042,271
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 186,535	\$ 229,213
Deferred contributions (Note 9)	1,856,321	1,562,562
	2,042,856	1,791,775
NET ASSETS		
Unrestricted (Note 10)	1,353,731	1,126,436
Invested in tangible and intangible capital assets	1,138,538	1,225,144
Internally restricted (Note 10)	2,951,830	2,898,916
	5,444,099	5,250,496
	\$ 7,486,955	\$ 7,042,271

APPROVED BY THE COUNCIL


 President - Gordon Murray, Architect AAA

 Treasurer - Greg Beck, Architect AAA

See notes to Financial Statements

THE ALBERTA ASSOCIATION OF ARCHITECTS

Statement of Operations

For the Year Ended December 31, 2020

	2020	2019
REVENUES		
Operations (Schedule 1)	\$ 1,886,316	\$ 1,911,587
Programs (Schedule 2)	406,727	364,271
	2,293,043	2,275,858
EXPENSES		
Operations (Schedule 1)	1,875,020	1,808,240
Programs (Schedule 2)	224,420	376,822
	2,099,440	2,185,062
EXCESS OF REVENUES OVER EXPENSES	\$ 193,603	\$ 90,796

THE ALBERTA ASSOCIATION OF ARCHITECTS

Statement of Changes in Net Assets

Year Ended December 31, 2020

	Internally Restricted (Note 10)								
	Unrestricted	Invested in tangible and intangible capital assets	Duggan House Maintenance and Historical Fund	Legal Contingency Fund	Financial Stabilization Fund	Office Space Relocation Fund	Total Internally Restricted Fund	2020	2019
Net Assets -									
Beginning of Year	\$1,126,436	\$1,225,144	\$218,000	\$1,661,378	\$799,538	\$220,000	\$2,898,916	\$5,250,496	\$5,159,700
Excess (deficiency) of revenues over expenses	285,649	(92,046)	-	-	-	-	-	193,603	90,796
Invested in tangible and intangible capital assets	(5,440)	5,440	-	-	-	-	-	-	-
Transfers	(52,914)	-	6,000	24,921	11,993	10,000	52,914	-	-
Net Assets - End of Year	\$1,353,731	\$1,138,538	\$224,000	\$1,686,299	\$811,531	\$230,000	\$2,951,830	\$5,444,099	\$5,250,496

See notes to Financial Statements

THE ALBERTA ASSOCIATION OF ARCHITECTS

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 193,603	\$ 90,796
Items not affecting cash:		
Amortization of intangible capital assets	35,613	51,082
Amortization of tangible capital assets	56,433	57,263
Accrued interest	(101,201)	(97,930)
Reclassification of investments to cash equivalents	2,300,833	-
	2,485,281	101,211
Changes in non-cash working capital (Note 11)	302,461	(36,906)
	2,787,742	64,305
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(5,440)	(20,716)
Proceeds from disposal of tangible capital assets	-	1,436
Purchase of short-term investments	(14,388,190)	(7,857,542)
Proceeds from redemption of short-term investments	13,929,289	7,543,101
	(464,341)	(333,721)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,323,401	(269,416)
Cash and cash equivalents - beginning of year	398,331	667,747
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,721,732	\$ 398,331

See notes to Financial Statements



THE ALBERTA ASSOCIATION OF ARCHITECTS

Notes to Financial Statements

Year Ended December 31, 2020

1. NATURE OF OPERATIONS

The Alberta Association of Architects (the "Association") is a not-for-profit, self-governing professional organization which regulates architects and licensed interior designers in the province of Alberta, in accordance with the provisions of the Architects Act, RSA 2000, c.A-44. As a non-profit organization under the Income Tax Act (Canada), the Association is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and guaranteed investment certificates with maturity of three months or less from the date of acquisition.

Short-term investments

Short-term investments are comprised of guaranteed investment certificates with maturity dates of less than one year.

Restricted cash

Restricted cash is comprised of guaranteed investment certificates that have been restricted by management for specific programs and are not to be used for current purposes.


Long-term investments

Long-term investments are comprised of guaranteed investment certificates with maturity dates in excess of one year from the reporting period.

Tangible and intangible capital assets

Tangible and intangible capital assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Building and improvements	40 years
Furniture and equipment	10 years
Computer equipment	3 years
Professional development online reporting	3 years
Course software	3 years



When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of tangible capital assets is recorded as an expense in the statement of operations. A write-down shall not be reversed.

Tangible and intangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Professional conduct matters

Costs arising from professional conduct matters are expensed as incurred. Recoveries of these costs are recognized when collection is certain.

Donated services

The work of the Association is largely dependent on volunteer services contributed by many members. The services are not normally purchased by the Association and because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Contributions are included in revenue in the year in which they are received or receivable, with the exception that externally restricted contributions to fund a specific future period's expenses are included in revenue in the later period in which the expense is incurred.

Deferred contributions are comprised of membership dues collected in advance, special levies for programs to be completed in the subsequent year and amounts received with respect to discipline matters still unresolved at year end.

Administration fees, professional development, registration, practice and complaint and communication revenue are recognized as the services are provided and collectability is reasonably assured.

Interest income is comprised of interest from guaranteed investment certificates and is recognized on an accrual basis.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates included in the financial statements pertain to the useful life of tangible and intangible capital assets for the determination of annual amortization. Actual results could differ from these estimates.

Financial instruments

Measurement of Financial Instruments

Financial instruments are financial assets or financial liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial assets.



The Association initially measures its financial assets and financial liabilities at fair value.

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

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, short-term investments, restricted cash and long-term investments.

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

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

3. SHORT-TERM INVESTMENTS AND RESTRICTED CASH

Short-term investments and restricted cash consist of six (2019 - seven) guaranteed investment certificates bearing interest from 0.45% to 0.64% per annum (2019 - 1.84% to 2.40%) maturing from January 2021 to March 2021 (2019 - January to December 2020).

4. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable	\$ 73,701	\$ 73,159
Allowance for doubtful accounts	(28,523)	(27,650)
	\$ 45,178	\$ 45,509

During the year, the Association recorded a bad debt expense of \$1,022 (2019 - \$27,465). The allowance for doubtful accounts includes a provision for discipline case penalties of \$27,501 (2019 - \$27,650).

5. RESTRICTED CASH

Restricted cash is comprised of guaranteed investment certificates outlined in Note 3, which has been internally restricted for specific programs, as described in Note 10 and has been presented as restricted cash since it cannot be used for current operating purposes.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 123,936	\$ -	\$ 123,936	\$ 123,936
Building and improvements	1,422,174	498,146	924,028	959,588
Furniture and equipment	139,620	89,882	49,738	55,112
Computer equipment	57,497	52,274	5,223	15,282
	\$ 1,743,227	\$ 640,302	\$ 1,102,925	\$ 1,153,918

7. INTANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net book value	2019 Net book value
Professional Development				
Online Reporting	\$ 46,406	\$ 46,406	\$ -	\$ -
Course software	\$ 106,840	\$ 71,227	\$ 35,613	\$ 71,226

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is the following government remittance payable:

	2020	2019
Goods and services tax payable	\$ 90,251	\$ 82,559

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent member dues and registration fees received in advance for the subsequent year.

	Balance, Beginning of Year	Contributions Received	Amounts Recognized as Revenue	Balance, End of Year
Member dues	\$ 1,474,228	\$ 1,806,137	\$ 1,737,240	\$ 1,543,125
Registration fees	88,334	300,006	75,144	313,196
	\$ 1,562,562	\$ 2,106,143	\$ 1,812,384	\$ 1,856,321



10. NET ASSETS

Unrestricted

Council has designated additional funds at the end of the year from unrestricted net assets to be used in support of projects that are either not included in the regular operating budget or that may be enhanced through additional fiscal support. The existence of such unrestricted funds allows the Association to address emerging priorities as well as unanticipated costs without having to cut back on programs or other important priorities within the current year's budget. The reallocation of funds from the unrestricted net assets to Internally Restricted funds are described below.

Internally Restricted

Duggan House Maintenance and Historical Fund

There is a need to have funds available for the maintenance and the periodic restoration of Duggan House, which was recognized by the provincial government on August 31, 1982 as a Provincial Historical Resource. The Duggan House Maintenance was set up to provide for any additional restoration and maintenance expenses and each year 10% of the original amount will be allocated to the fund to ensure that finances are available when required. In the current year, a transfer of \$6,000 was approved in order to reach a balance of \$224,000.

Legal Contingency Fund

The Legal Contingency Fund was established to grow to a minimum balance of \$2,000,000 in order to provide for legal and other costs arising from challenges to the profession and professional conduct disciplinary matters. This balance is adjusted annually to correspond to changes in the consumer price index (CPI). In the current year, a transfer of \$24,921 (inclusive of the CPI) was approved to reach a balance of \$1,686,299.

Financial Stabilization Fund

The Financial Stabilization Fund was established to safeguard the Association against uncertainty and to provide for unexpected expenditures and new programs initiatives. The balance is adjusted to correspond to changes in the consumer price index or by an amount determined by Council, to provide for nine months of operating funds. In the current year, a transfer of \$11,993 (inclusive of the CPI) was approved in order to reach a balance of \$811,531.

Office Space - Relocation Fund

In anticipation of an increase in membership, Council approved steps to plan for the future of Duggan House. The anticipated growth in membership may result in the need for additional staffing and this may, in turn, result in the need for additional office space. Although no date has yet been set for this transition, a separate relocation fund of \$100,000 was set up to assist with the finances that may be required for new office space or for renovations to Duggan House. Each year, 10% of the original amount will be added to the fund to ensure that finances are available when required. In the current year, a transfer of \$10,000 (10% of original amount) was approved in order to reach a balance of \$230,000.

11. CHANGES IN NON-CASH WORKING CAPITAL

	2020	2019
Accounts receivable	\$ 331	\$ 17,485
Prepaid expenses	51,049	(23,758)
Accounts payable and accrued liabilities	(42,678)	(26,139)
Deferred contributions	293,759	(4,494)
	\$ 302,461	\$ (36,906)

12. RISK MANAGEMENT

The Association's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, restricted cash, long-term investments and accounts payable and accrued liabilities.

The Association is exposed to various risks through its financial instruments. The following provides information about the Association's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk through its accounts receivable. Accounts receivable are generally the result of services to its members. The Association has a large number of members which reduces the concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources and accounts payable. It is management's opinion that this risk has been reduced due to the large cash reserves on hand at December 31, 2020.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and investing activities. The Association is exposed to interest rate risk primarily through its interest bearing assets. The Association's cash, restricted cash, short-term investments and long-term investments include amounts held by financial institutions that earn interest at market rates. The Association manages its risk by monitoring interest being earned on excess funds.



13. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19.

As a result of the pandemic the Association has obtained the Temporary Wage Subsidy to assist with sustaining operations while adhering to safety measures to prevent the spread of COVID-19.

As of the date of these financial statements, the extent to which COVID-19 impacts the Association's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

THE ALBERTA ASSOCIATION OF ARCHITECTS

Schedule of Operating Activities

(Schedule 1)

Year Ended December 31, 2020

	2020	2019
REVENUES		
Annual dues	\$ 1,737,240	\$ 1,774,262
Interest	79,556	105,014
Administration fees and charges	49,500	28,400
Temporary Wage Subsidy	18,153	-
Other revenue	1,867	-
Government grants	-	2,475
Sale of furniture and fixtures	-	1,436
	1,886,316	1,911,587
EXPENSES		
Human resources	1,396,187	1,208,593
Duggan House operations	318,945	308,474
Amortization of tangible capital assets	56,433	57,264
Council and Committees	41,953	113,316
Amortization of intangible capital assets	35,613	51,082
National levy	24,867	42,046
Bad debts	1,022	27,465
	1,875,020	1,808,240
EXCESS OF REVENUES OVER EXPENSES	\$ 11,296	\$ 103,347



THE ALBERTA ASSOCIATION OF ARCHITECTS

Schedule of Programs

(Schedule 2)

Year Ended December 31, 2020

	2020	2019
REVENUES		
Professional development	\$ 309,669	\$ 193,712
Registration	69,358	102,366
Communications and events	17,700	68,193
Practice and complaint	10,000	-
	406,727	364,271
EXPENSES		
Practice and complaint	168,043	206,422
Communications and events	23,103	79,977
Registration	18,841	32,334
Professional development	14,433	58,089
	224,420	376,822
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 182,307	\$ (12,551)



The Alberta Association of Architects

Architects and Licensed Interior Designers

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