

The Alberta Association of Architects

ANNUAL REPORT





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President's Report

Jan Pierzchajlo, Architect, AAA

I am happy to report that we have had a great Council year. It started in June with our annual retreat for "Think Tank." This year's significant take away from our review of our strategic plan placed an emphasis on the association being more inclusive and welcoming.

The second major take away from our retreat was a desire to improve our governance model and to restructure Council and the connection to operations of Duggan House. This restructuring is based on a desire for Council to become a high performance board. To achieve this, a task force was formed to examine a governance restructuring. As part of the restructuring, we have created two sub-committees of Council. The first is a Finance, Audit and Risk Management Committee and the second is a Governance and HR Committee.

As part of the governance review, we propose to eliminate the position of Vice President and Past President. The President of Council will be able to stand for up to three one-year terms if they wish, and if re-elected by Council. The goal is to provide greater continuity for Council.

Some of the above-noted changes will require bylaw amendments before they can come into effect.

The membership will be consulted on the details prior to these amendments going to a vote.

Another major undertaking of Council was to approve a move to a new financial investment policy. Currently our Restricted Funds are invested in GICs that are extremely safe, but rather unproductive investments that are not keeping pace with inflation. One of the first tasks of the new Finance, Audit and Risk Committee will be to develop a comprehensive investment strategy that will provide the association a better return for the funds invested.

The AAA has worked with the Interior Designers of Alberta (IDA) to develop a methodology that would allow a

now been completed by the Interior Design Legislation Task Force. Prior to the public health crisis that ramped up in March, we had a meeting scheduled with the Minister of Labour & Immigration to discuss how we could move our legislation forward as we have been very frustrated that government priorities appear to have put our legislation renewal on hold indefinitely. The work completed by the association started in 2012 and has consumed over \$350,000 and thousands of hours of volunteer time. We look forward to a future opportunity to meet with the Minister and to regaining some momentum.

I would like to take this opportunity to thank all members of Council for their dedication and hard work over the last year.

I would especially like to thank all the staff of Duggan House for the support they provide Council and the running

of the association. Lastly, I would like to thank our Executive Director, Barbara Bruce for her tireless leadership and guidance she has provided to both the association and to Council.

We have created two sub-committees of Council. The first is a Finance, Audit and Risk Management Committee and the second is a Governance and HR Committee.

number of their broadly experienced members to become registered as Licensed Interior Designers. Criteria are being established that would require competencies with respect to education, NCIDQ certification and experience. The Legislation Review Committee has continued to resolve issues with respect to the Government of Alberta rewriting the *Architects Act*. One of the last outstanding items has

Strategic Goal #1

To continually strive towards organizational excellence

- To better our ability to meet our mandate
- To acknowledge the increasing complexities of the professions we regulate and the need for continuous improvement as a regulatory authority

Legislation Review

Strategic
Imperative
#1

Extensive consultation on matters for our Interior Design membership resulted in a series of recommendations to Council.

A report to membership on all matters related to legislation renewal was posted online in January 2020.

The policy work towards new legislation has largely been completed.

Align Executive and Management Capacity for the Future

Strategic
Imperative
#2

A new position was created for a Director of Regulatory Affairs and filled in late 2019.

Work has begun on a long term transition and continuity plan for senior management.

A part time Administrator position to focus on illegal practice was established and filled in late 2019.

Re-align Our Governance Model

Strategic
Imperative
#3

Through a series of focused working sessions, a task force developed a set of recommendations approved by Council to help them move towards becoming a strategy-focused, high-performance governing body. They will focus more on their

ultimate responsibility of insight, oversight and legislative compliance.

Bylaw changes will be required to support this new approach and proposed changes will be brought forward in 2020.

Strategic Goal #2

To strengthen the professions by actively supporting the success of the next generation of professionals

- To ensure the long-term success of the professions for the benefit of our communities

Strategic
Imperative
#4

Reframe how the AAA Regulates the Professions

We have begun a review of registration processes with particular attention to the new Fair Registration Practices Act to ensure our processes support our new vision of being a facilitator as well as meeting the principles enshrined in the new *Fair Registration Practices Act*. This work is ongoing.

Early in 2020, we delivered an intern information session to a large audience of interns via live webinar instead of the traditional in-person delivery to a smaller audience.

Work is well underway on the development of a pathway to licensure for experienced interior designers.

Working in tandem with other provincial regulators, we are about to embark on a review of the interview process as one of the final steps to registration for intern architects. Consideration is being given to the future development of an admissions course or series of courses that will support the success of the next generation of professionals.

The national Internship in Architecture Program is under review and the AAA is contributing to discussions for how this program will evolve in the coming years.

Strategic Goal #3

Foster a wider understanding of the role and value of the professions of Alberta

- So that clients, other professions and the public understand the importance of professional design services: the pivotal role in public safety and how such services can enhance our communities

Strategic
Imperative
#5

Engage in advocacy activities in a strategic and intentional manner as they relate to our role as a regulatory body. Implement the AAA's Advocacy Strategy developed in 2018.

Education of and collaboration with the Authorities Having Jurisdiction (AHJ) is a priority for AAA. Early in 2020, the AAA delivered a pair of live webinars on the topic of compliance in the permitting process targeted at the building design and construction industry. The audience was primarily AHJs, but also several AAA members participated in the webinars.

These webinars, delivered in collaboration with the City of Edmonton, City of Calgary and Alberta Municipal Affairs have subsequently been posted online for on-demand viewing. Common misperceptions and gaps between relevant legislation were addressed.

Ongoing conversations with authorities having jurisdiction will continue to be a priority of the AAA's advocacy strategy with a goal of facilitating understanding of legislative requirements for professional involvement.

In response to a concerning trend regarding the illegal practice of Architecture and

Licensed Interior Design in Alberta by unauthorized entities, AAA has created a new part-time position devoted exclusively to addressing illegal practice. In addition to researching and responding to reports of potential illegal practice and misuse of title, the addition of this staff resource has allowed the AAA to enhance our communication with the public and authorities having jurisdiction.

On a national level, the AAA is supporting the work being done by Rise for Architecture, a national initiative supported by all the regulatory bodies across Canada to create a vision for Canadian communities for how architecture impacts our lives everyday and directly affects our physical and psychological health. This is an education and awareness campaign that seeks to ultimately engage the public and government policy makers in a process towards provincial and national policies for architecture. The initiative is in collaboration with the Canadian Council of University Schools of Architecture and the Royal Architectural Institute of Canada.

Complaint Review Committee

The complaints portfolio has been an active one in 2019. Under the guidance of the Chair of the Complaint Review Committee, Patti Swanson, Architect, AAA, a dedicated group of volunteer committee members has been conducting investigations, providing reports, and serving as panel members. As a self-regulating profession, the AAA is obliged to provide a rigorous discipline process.

Unfortunately, at this time, our legislation does not give us an option for “consensual resolution.” We do review files to consider the potential for mediation at the outset, however most files are ultimately referred to

investigation as the next step. We anticipate that when our legislation is updated it will include options such as consensual resolution that can streamline the process. For the time being, we are constrained to what the *Architects Act* specifies.



Complaint review summaries are published on the AAA website at the completion of the complaint review process as a practice resource.

There were four new complaint files opened in 2019, six files dismissed after initial investigation (some started in the previous year), two complaints proceeded to a hearing panel (not open to the public) and two appeals

of the discipline decision were made to Council. At the end of 2019, there were nine active complaint files remaining in various stages of the process. One of the complaints resulted in a distribution to all Registered Architects of a lengthy (redacted) copy of the details of a particular appeal decision, as per the direction of the appeal panel.

Complaint review summaries are published on the

AAA website at the completion of the complaint review process as a practice resource. Names and identifying details are withheld as per our legislation.

Professional Practice

The Practice Advisory Committee (PAC) continues to support and guide members by directly delivering advice on practice-related challenges.

Throughout 2019, PAC reviewed and addressed many instances of suspected illegal or unauthorized practice and in the fall of 2019, the AAA recruited a part-time resource dedicated to reviewing and addressing suspected instances of illegal or unauthorized practice.

Several articles were published in the Bulletin to update and educate all members. Additionally, six new practice bulletins on common concerns were developed in 2019. The subject matter included:

- Substantial Performance related to construction documents
- Copyright and Intellectual Property
- Release of Electronic Documents
- Professional Fees

- Request for Proposal – Responses from Out-of-Province Professionals
- Management of Practice – Unauthorized Practice

Practice Review Board

In the past year the PRB considered several matters that came before them for their opinion, as well as undertaking proactive work. Robert Swart, Architect, AAA, serves as Chair of the PRB.

One matter the PRB considered was the AAA's role in the regulation of firms that are pursuing projects in Alberta but are not yet registered with the AAA.

In keeping with the spirit of Canadian free trade agreements, they worked with the Practice Advisory Committee in the development of a practice bulletin (PB-30: RFP Responses from Out-of-Province Professionals) that permits business development, marketing and submission of credentials to prospective clients by out-of-province firms yet limits the ultimate delivery of architectural services to firms that are registered within the province.

The PRB also developed a draft of a practice review questionnaire that may be used as a self-education tool for members. This tool has yet to be implemented but it is anticipated it will be integrated into a series of tools in support of continuing practice competence.

professional obligations including the requirement to ensure public safety. The outcome of this deliberation by the PRB was Practice Bulletin PB-32: Fees and the AAA.

The PRB was asked to review the recommendations from the Interior

Design
Legislation
Task Force and provide their input as part of the information package that ultimately was forwarded to Council.



The PRB is responsible for establishing standards of practice and for developing policy on practice matters.

The AAA's authority to regulate fees was another matter considered by the PRB in response to concerns expressed by members who are being asked to provide professional work with little or no compensation, including, but not limited to, responses to RFPs. The key issue for the PRB was the risk for member firms of such fee arrangements putting them into a situation where they may be unable to meet their

A proposal to consider revisions to how the AAA protects the title of "Architect" was brought forward for comments from the PRB. They deliberated on this matter and provided their input to Council.

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 AAA and the Association of Professional

Engineers and Geoscientists of Alberta (APEGA). The board's primary function is to assess applications for registration from joint architecture and engineering firms.

There was no activity in 2019 for the JBP. They last met in 2018 to assess a joint firm application and make their recommendation to Council.

Continuing Competence Program

Biennial Professional Development Audit

An integral part of AAA's obligation is to ensure that all registered members maintain a current knowledge level in an ever changing professional landscape. Members are required to demonstrate that they have completed 70 hours of professional development (PD) over a two-year period. This commitment to life-long professional learning is audited biennially through a random draw of 3% of the membership. Regulated members will be audited early in 2021 for the 2018 – 2020 PD reporting period to ensure compliance with continuing competence requirements under legislation.


Professional Development Support

AAA supports members' PD in many ways. Some highlights in 2019 include:

- The AAA launched the compulsory online Building Envelope Course in February 2019. All architects and restricted practitioners are required to complete this course by December 31, 2020. This new course is the second mandatory PD course for architects and restricted practitioners.
- On May 24, 2019, the AGM and PD Symposium was held in Edmonton. The event was very

well attended with 175 registrants reflecting a 15% increase over the previously held event (2017).

- The annual PD Day was held in Calgary on October 4, 2019, and was well-attended with 133 delegates, our highest attendance yet. Michael Sørensen of the international firm Henning Larsen provided an engaging keynote address. Darryl Condon, HCMA Architecture + Design, shared his insights about the ongoing CALA initiative, "Architectural Policy for Canada." In 2020, the PD Day is scheduled for October, likely in an online delivery format.
- In collaboration with the Government of Alberta, and the cities of Calgary and Edmonton, AAA launched two new webinars in early 2019 that focused on the alignment of various legislative acts to educate members and key stakeholders, particularly on the appropriate process to follow in the permitting process for development and construction. The webinars drew a combined registration well in excess of 500.
- AAA also launched the inaugural intern webinar in early 2020 to help support interns on their path to becoming registered professionals. Over 100 interns registered for the webinar
- The biennial Banff Session planned for early May was unfortunately postponed due to the public health crisis that impacted conferences and gatherings across the globe. A highly regarded and popular event, Banff Session will be rescheduled as soon as possible.



An integral part of AAA's obligation is to ensure that all registered members maintain a current knowledge level in an everchanging professional landscape.

Registration

Interns

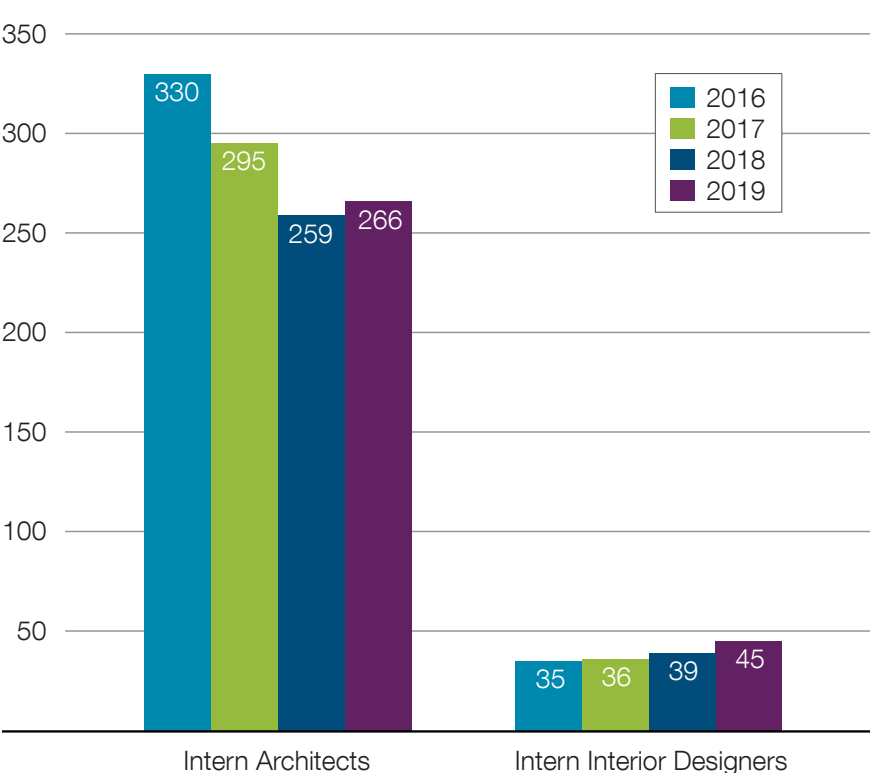
Alberta either maintained or improved its pass rate for the Examination for Architects in Canada (ExAC) for each section in 2019 vs. 2018 and did so with an increased number of writers for each section.

Overall, Alberta made a notable improvement in the national exam pass rate which rose from 66.7% in 2018 to 76.6% in 2019.

In support of AAA interns and their successful transition to registered members, AAA held its inaugural intern education webinar in early 2020. Over 100 interns registered and AAA will continue to support interns through webinar sessions.

The last step for intern architects and intern interior designers in their pathway to registration is to attend an in-person interview with members of the Registration Committee. The number of interviews from 2018 to 2019 stayed largely consistent, with 35 interviews in 2018 and 36 in 2019. The vast majority of individuals were successful in their interview, however four people had their registration deferred. These individuals were given some additional requirements and will be invited to return for a second interview.

Intern Members



2019 Intern Interviews

	Interviews	Deferred	Edmonton	Calgary
Intern Architects	34	4	13	21
Intern Interior Designers	2	0	2	-
Totals	36	4	15	21

The number of intern architects has rebounded slightly since last year. Intern interior designers continue to show steady but marginal growth.

Registration

Membership Snapshot

Overall growth has declined since last year, however, it remains higher than 2016 and 2017.

There has been a slight growth in the number of RA registrations as compared with previous years while LID registrations have declined slightly. Firms/Corporations also reflect an increase over the last two years.

There has been a steady increase in the number of retirees with a spike in 2018 related to the introduction of the Life Member policy. This trend is likely to continue as baby boomers retire.

Experienced-Based Pathway to Licensed Interior Design

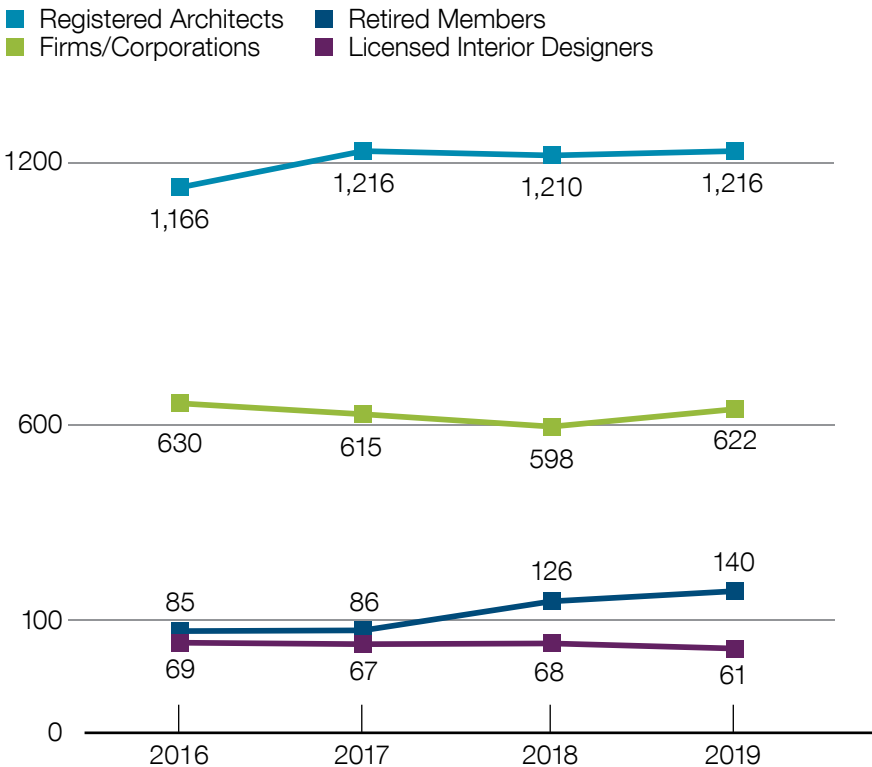
AAA has begun work on the creation of a program that would provide experienced interior designers who possess the appropriate qualifications with a pathway toward becoming an LID. This pathway is not intended to replace the traditional pathway for becoming an LID

and to qualify, the candidate must meet the following requirements:

1. CIDA-accredited interior design professional degree
2. NCIDQ certificate
3. Minimum of 10 years (18,000 hours) of practice experience in interior design
4. Of the 10 years, a minimum of three-years employment under the direct supervision of an LID or RA.

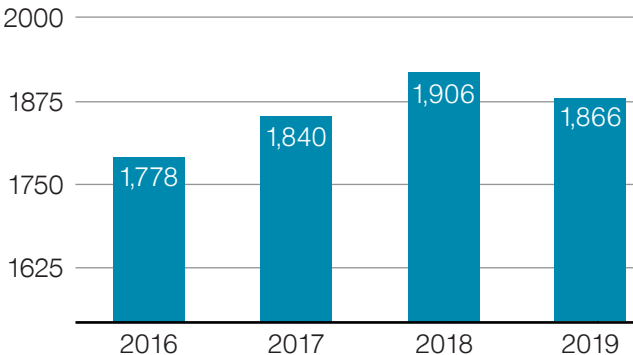
This program will be open for three years commencing in 2020.

Membership by Year



There has been a slight growth in the number of Registered Architect registrations while Licensed Interior Designer registrations have declined slightly.

Overall Membership*



*Combined annual total for registered architects including practicing life members, licensed interior designers, intern architects, intern interior designers, non-practicing life members, retired members, restricted practitioners, associate members, student members, affiliate members, syllabus members and honorary members.

Budget

For the period January 1 - December 31, 2020

Revenue

Annual Dues	\$	1,786,000
Interest		80,000
Administration Fees/Charges		49,900
Total Operations Revenue	\$	1,915,900

Program Revenue

Registration	\$	60,000
Practice		0
Professional Development		239,250
Communications		521,700
Total Program Revenue	\$	820,950

Total Revenue	\$	2,736,850
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Expenses

Council & Committees	\$	112,000
Human Resources		1,440,000
Duggan House Operations		336,902
Amortization		95,000
National Levy		41,000
Legislation Review		20,800
Total Operations Expenditures	\$	2,045,702

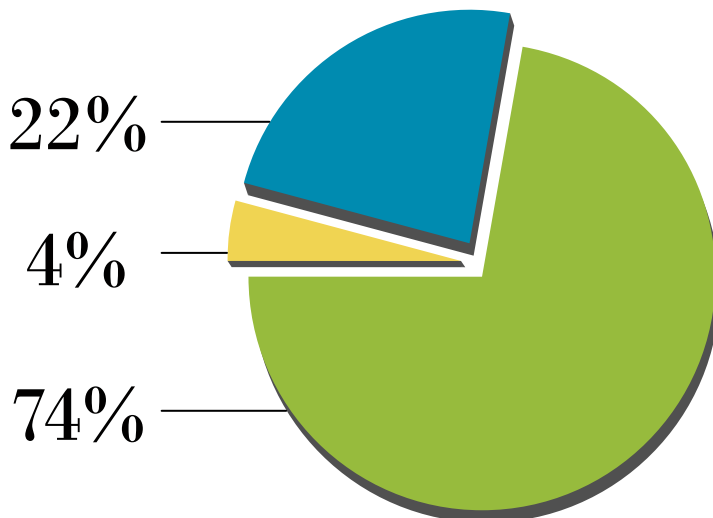
Program Expenses

Registration	\$	35,100
Practice		143,450
Professional Development		39,750
Communications		341,908
Total Program Expenditures	\$	560,208

Total Expenses	\$	2,605,910
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Operations Surplus \$ 130,940

2020 Budget by Expenditure Area



Council & Committees	112,000
Operations	1,933,702
Programs	560,208
Total Expenditures	\$ 2,605,910



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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, 2019, 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, 2019, 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.

RSM Alberta LLP

Edmonton, Alberta
April 17, 2020

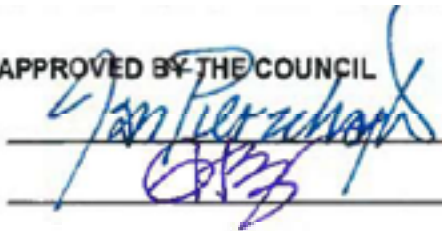
Chartered Professional Accountants


Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 398,331	\$ 667,747
Short-term investments (Note 3)	2,393,645	1,681,633
Accounts receivable (Note 4)	45,509	62,994
Prepaid expenses	80,726	56,968
	2,918,211	2,469,342
RESTRICTED CASH (Note 5)	2,898,916	2,737,030
LONG-TERM INVESTMENTS (Note 3)	-	461,527
TANGIBLE CAPITAL ASSETS (Note 6)	1,153,918	1,191,901
INTANGIBLE CAPITAL ASSETS (Note 7)	71,226	122,308
	\$ 7,042,271	\$ 6,982,108
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 229,213	\$ 255,352
Deferred contributions (Note 9)	1,562,562	1,567,056
	1,791,775	1,822,408
NET ASSETS		
Unrestricted (Note 10)	1,126,436	1,108,461
Invested in tangible and intangible capital assets	1,225,144	1,314,209
Internally restricted (Note 10)	2,898,916	2,737,030
	5,250,496	5,159,700
	\$ 7,042,271	\$ 6,982,108

SUBSEQUENT EVENT (Note 13)

APPROVED BY THE COUNCIL

 President - Jan Pierzchajlo, Architect AAA

 Treasurer - Greg Beck, Architect AAA

See notes to financial statements

Statement of Operations
For the Year Ended December 31, 2019

	2019	2018
REVENUES		
Operations (Schedule 1)	\$ 1,911,587	\$ 1,853,334
Programs (Schedule 2)	364,271	783,762
	2,275,858	2,637,096
EXPENSES		
Operations (Schedule 1)	1,808,240	1,880,650
Programs (Schedule 2)	376,822	577,265
	2,185,062	2,457,915
EXCESS OF REVENUES OVER EXPENSES	\$ 90,796	\$ 179,181

Statement of Changes in Net Assets
Year Ended December 31, 2019

	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	2019	2018
Net Assets -									
Beginning of Year	\$1,108,461	\$1,314,209	\$212,000	\$1,630,400	\$784,630	\$110,000	\$2,737,030	\$5,159,700	\$4,980,519
Excess (deficiency) of revenues over expenses	199,141	(108,345)	-	-	-	-	-	90,796	179,181
Invested in tangible and intangible capital assets	(19,280)	19,280	-	-	-	-	-	-	-
Transfers	(161,886)	-	6,000	30,978	14,908	110,000	161,886	-	-
Net Assets - End 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

See notes to financial statements

Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 90,796	\$ 179,181
Items not affecting cash:		
Amortization of intangible capital assets	51,082	15,469
Amortization of tangible capital assets	57,263	63,853
Accrued interest	(97,930)	(66,634)
	101,211	191,869
Changes in non-cash working capital (Note 11)	(36,906)	(79,043)
	64,305	112,826
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(20,716)	(24,225)
Purchase of intangible capital assets	-	(22,565)
Proceeds from tangible capital assets	1,436	-
Purchase of short-term and long-term investments	(7,857,542)	(2,485,000)
Proceeds from redemption of short-term and long-term investments	7,543,101	1,730,006
	(333,721)	(801,784)
DECREASE IN CASH	(269,416)	(688,958)
Cash - beginning of year	667,747	1,356,705
CASH - END OF YEAR	\$ 398,331	\$ 667,747

See notes to financial statements

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

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 are the allowance for doubtful accounts, amortization and accrued liabilities. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 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 AND LONG-TERM INVESTMENTS

Short-term investments consist of seven guaranteed investment certificates bearing interest from 1.84 % to 2.40% per annum (2018 1.50% to 1.95%) maturing from January to December 2020 (2018 - June to December 2019).

This year there are no long-term GICs that have a maturity date exceeding one year. Last year, long-term investments consists of one guaranteed investment certificate bearing interest at 1.84% per annum maturing in September 2020.

4. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	\$ 73,159	\$ 102,106
Allowance for doubtful accounts	(27,650)	(39,112)
	\$ 45,509	\$ 62,994

During the year, the Association recorded a bad debt expense of \$27,465 (2018 - \$665). The allowance for doubtful accounts includes a provision for discipline case penalties of \$27,650 (2018 - \$39,112).

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 purposes.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 123,936	\$ -	\$ 123,936	\$ 123,936
Building and improvements	1,196,515	236,927	959,588	995,138
Furniture and equipment	134,176	79,064	55,112	62,019
Computer equipment	57,497	42,215	15,282	10,808
	\$ 1,512,124	\$ 358,206	\$ 1,153,918	\$ 1,191,901

7. INTANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net book value	2018 Net book value
Professional Development Online Reporting	\$ 46,406	\$ 46,406	\$ -	\$ 15,468
Course software	106,840	35,614	71,226	106,840
	\$ 153,246	\$ 82,020	\$ 71,226	\$ 122,308

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2019	2018
Goods and services tax payable	\$ 82,559	\$ 76,005

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	\$ 1,545,996	\$ 1,702,494	\$ 1,774,262	\$ 1,474,228
Registration fees	21,060	169,640	102,366	88,334
	\$ 1,567,056	\$ 1,872,134	\$ 1,876,628	\$ 1,562,562

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 \$218,000.

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 \$30,978 (inclusive of the CPI) was approved to reach a balance of \$1,661,378.

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 \$14,908 (inclusive of the CPI) was approved in order to reach a balance of \$799,538.

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 \$110,000 (10% of original amount plus an additional \$100,000) was approved in order to reach a balance of \$220,000.

Notes to Financial Statements
Year Ended December 31, 2019

11. CHANGES IN NON-CASH WORKING CAPITAL

	2019	2018
Accounts receivable	\$ 17,485	\$ (24,066)
Prepaid expenses	(23,758)	18,908
Accounts payable and accrued liabilities	(26,139)	(8,518)
Deferred contributions	(4,494)	(65,367)
	\$ (36,906)	\$ (79,043)

12. RISK MANAGEMENT

The Association's financial instruments consist of cash, 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, 2019.

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, 2019.

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. SUBSEQUENT EVENT

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

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Schedule of Operating Activities
Year Ended December 31, 2019

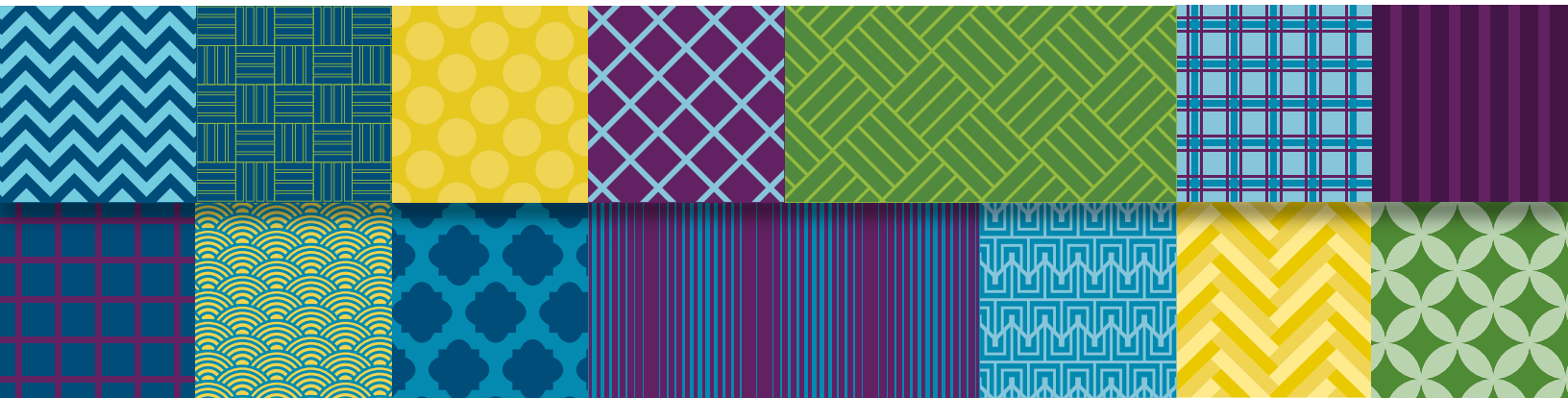
(Schedule 1)

	2019	2018
REVENUES		
Annual dues	\$ 1,774,262	\$ 1,730,746
Interest	105,014	83,833
Administration fees and charges	28,400	36,725
Government grants	2,475	-
Sale of furniture and fixtures	1,436	-
Bequest	-	2,030
	1,911,587	1,853,334
EXPENSES		
Human resources	1,208,593	1,205,665
Duggan House operations	308,474	361,921
Council and Committees	113,317	97,853
Amortization of tangible capital assets	57,263	63,853
Amortization of intangible capital assets	51,082	15,469
National levy	42,046	46,447
Bad debts	27,465	665
Website cost	-	88,777
	1,808,240	1,880,650
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 103,347	\$ (27,316)

Schedule of Programs
Year Ended December 31, 2019

(Schedule 2)

	2019	2018
REVENUES		
Professional development	\$ 193,712	\$ 122,910
Registration	102,366	98,348
Communications and events	68,193	535,004
Practice and complaint	-	27,500
	364,271	783,762
EXPENSES		
Practice and complaint	206,422	142,704
Communications and events	79,977	361,669
Professional development	58,089	31,444
Registration	32,334	41,448
	376,822	577,265
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (12,551)	\$ 206,497



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