

President's Report 2012

Institute Matters

Our 2011 Annual Meeting was conducted successfully by my predecessor Pierre Gallant, with the considerable support of the membership. The 2011/2012 Council term has been intensive and sometimes dramatic, but Council has done good work and it has been a productive year. I am most grateful to all Council members for their hard work. At Council's June 2011 planning session, three initiatives were chosen for Council's primary attention over the coming year.

- **New & Diverse Members** – This continues the work done in the previous Council year. A presentation was made at the 2011 AIBC Annual Conference called “The Elephant in the Room” and which included statistics on membership, internship and registration patterns. The statistics revealed, among other things, that the average length of internship in B.C. is seven years, and while women account for 50% of students of architecture, they represent only 11 % of registered architects (the details of this report can be found on the AIBC web site). A number of initiatives have arisen in part from this work.
 - In December of 2011, the AIBC contacted the provincial regulating bodies (OAQ, OAA, and AAA) that founded the ExAC exam to explore terms and conditions whereby the AIBC might join that program. Negotiations for AIBC entry have not been conclusive to date, but it is hoped that we will be able to offer the ExAC exam in BC as early as 2013.
 - A Council interpretation has been added to Bulletin 61: Seal of an Architect outlining the circumstances whereby an architect employed by an architectural firm can apply his or her own seal to documents that he or she has prepared or supervised. This is in conformance with section 77(1)(c) of the *Architects Act*. Principals are to have control of who in the firm is authorized to use their seal, and they can sign an agreement with specific employees (if they agree) authorizing such use. It would be appropriate for the employee to receive a significant increase in compensation for this increased level of responsibility. More information and explanation of this issue will be in the amended Bulletin 61 when it is published.
- **Public Interest/Private Interest** – The mandate of this Council working group is to articulate what advocacy means as an activity in the context of the AIBC mandate of “serving the public interest” as a regulatory body and to explore both concepts and their relationship to each other. The working group has produced an interim paper examining a prototypical AIBC initiative (in this case the Broadly Experienced Foreign Architect project) and reconstructing the decision-making process followed by the AIBC in reaching a significant policy decision. The analysis tracked the internal and external processes, the consultation process, and the member and stakeholder feedback processes followed. This investigation will inform further involvement by the working group as it tests the

relationship between advocacy and protecting the public interest, which may guide future advocacy initiatives by the AIBC.

- **Resolution of Issues related to Associates** – The presence of Architectural Technologists, Building Designers and Residential Designers within the institute has been the topic of much debate within the membership and on Council. A working group of Council has strived throughout the present Council term to find ways of resolving these issues fairly and in an open manner. There have been information sessions and engagement sessions with members, but beyond those who are passionately vocal on each side of the issue, no one really knows what the majority of MAIBCs understand and think. Council recently engaged the services of an independent consultant to conduct a survey of the membership in order to get objective feedback on this and other issues. The objective is to contact more of the membership than typically respond to internal AIBC polls. The results will be available to the 2012/2013 Council to inform future action and initiatives.

The 2011 Council retreat also identified several initiatives that were assigned to AIBC staff for implementation.

- **Bylaw Renewal** – The Bylaw Review Committee studied the existing Bylaws and has made recommendations to Council for amendments. These involve repeal of outdated and unnecessary bylaws, several minor amendments reflecting consistency with the *Architects Act*, new consensual resolution process bylaws following statutory authorization (more about that below) and amended Bylaw 10 (use of “architect” and “AIBC” by members). With some adjustments, benefitting from membership feedback, Council has authorized these to come forward to the membership for a vote under the terms authorized by the *Architects Act*.
- **Engagement, Communications & Government Relations**
 - AIBC Council and staff worked closely with the provincial government to bring about a minor amendment to the *Architects Act* to enable consensual resolution of conduct matters. With official passage of Bill 18 now in hand, the AIBC may re-introduce this effective process that has worked very well in the past for everyone involved, is not as expensive as the full disciplinary process, and requires less volunteer time. The AIBC had to suspend this process due to a ruling in the Salway case involving APEGBC, but we are now in a position to reinstate it. An AIBC by-law amendment will be required to complete the process, and we expect this to come forward for membership vote in the near future.
 - **Meetings with the Ministry of Advanced Education** – In the past 12 months we have had several meetings with Minister Yamamoto and her staff. We have found the Minister and her staff to be attentive, intelligent and responsive. We have discussed the proposed changes to the statute of limitations, Bill 18 consensual resolution issues, the BEFA program, the BC Government Modern Building Regulatory System White Paper as well as the proposed changes to the *Engineers and Geoscientists Act*. These meetings have been productive and focussed, and we intend to maintain this most valuable connection.

- **Engagement sessions in Vancouver, the interior and on the island** – There have been a number of engagement sessions in the past 12 months including a session each in Victoria and Kelowna, several sessions in Vancouver including the presentation by the Bylaw Review Committee, and a session in Toronto for MAIBCs resident there. I, along with council member Pierre Gallant and Director of Professional Conduct and Illegal Practice Thom Lutes, met with representatives of the *Building and Planning Departments in Kelowna* to promote adherence with the *Architects Act* by building permit applicants and to discuss issues relevant to architects working in that jurisdiction. AIBC Vice President Scott Kemp met with staff at Vancouver City Hall to discuss relevant issues related to the Planning and Building Departments there. Engagement continues to be one of our most important initiatives and is at the top of my list of priorities.
- **Meetings with other associations** – Executive Director Michael Ernest, Deputy Executive Director Jerome Marburg, Director of Professional Practice Paul Becker and I have met with three other associations in the past 12 months. We met with the ED, President and Past President of the Association of Professional Engineers and Geoscientists of B.C. (APEGBC) on matters of mutual interest including proposed changes to the *Engineers and Geoscientists Act*, The Statute of Limitations the Modern Building Regulatory System white paper, and the AIBC / APEGBC Joint Practice Board. We met with the ED, President and Vice President of the Consulting Engineers of British Columbia association (CEBC), to discuss Quality-Based Selection (QBS), RFPs, productive joint efforts related to delivery of Health Care projects & schools, and promoting the use of AIBC documents 6C & 8C (client/consultant agreements). We have also met with representatives from the Interior Designers Institute of BC (IDIBC).
- **Other Initiatives**
 - Council has established rules for electronic voting on consent items such as meeting minutes' approval, and for electronic meetings on single issues.
 - Council voted to “un-bundle” (over the next two years) the Annual Meeting, Induction and Retirement Ceremony, volunteer recognition event and possibly the awards dinner from the Annual Conference. This will give greater flexibility to co-ordinate future awards celebrations with Architecture Canada | RAIC or its local chapter, and with organizations such as the AIA with whom we are planning to collaborate in 2013. Unbundling will also spread events out to provide a richer AIBC calendar year.
- **Special (General) Meeting** – On January 20th 2012, the AIBC received a petition signed by 15 members requesting a Special (General) Meeting of the members under section 21(2) of the *Architects Act*. There are several bylaw revisions and additions proposed by the petitioners as well as advisory motions and questions raised. At its next scheduled meeting, which was February 14 2012, Council discussed several possible dates for the meeting, and chose the morning of May 12, 2012, as this would be on the same day as the Annual Meeting and would be more convenient for the majority of our members. Notice of this meeting has been sent and is posted on the AIBC web site.

National Issues

- **Revisions to IAP** – AIBC Council approved the proposed revisions to the national Internship in Architecture Program (IAP). The minimum length of the IAP has been *reduced from 3 years to 2*, but the minimum required hours are all core experience. Intern Architects wishing to meet the inter-recognition agreement with NCARB would still log 3 years of experience of which 2 years are core. This national initiative aligns nicely with our own New & Diverse Membership initiative.
- **CES** - The Continuing Education System reporting period for MAIBCs will be extended to 24 months from the current 12 months as of July 2012. MAIBCs will report this June as always, but the next reporting period will cover July 2012 to June 2014. In addition, for MAIBCs who are resident in other provinces, the AIBC will require only that the individual has met the CES requirement of their home jurisdiction. The intent is to harmonise with the 24 month reporting period elsewhere in Canada and to simplify the protocol for architects who are registered in multiple jurisdictions.
- **National BEFA Program** – The national Broadly Experienced Foreign Architect (BEFA) pilot project is nearing completion. 4 candidates were assessed in Vancouver in February of 2011, another 4 in January of 2012, and a further 8 candidates will be assessed in Montreal in April 2012. This means that of an initial pool of nearly 40 potential candidates, 16 will have been interviewed. Of these, perhaps 3 so far have met the exacting standards and been recommended for licensure (the results of the April interviews will of course not be known until later). By the completion of the pilot project additional candidates will have received information related to required additional experience or assignments, and an unknown number will have been informed whether or not they have demonstrated the required competency for licensure. A report on the final figures will be presented to the regulating authorities at the RAIC Roundtable in Newfoundland in June 2012. Refinements to the assessor training program, the assessment protocol, the interview protocol, and uniform standards are continuing, and will be finalized for formal establishment at the Canadian Architectural Certification Board (CACB) in June. Approval for amendment of the CACB bylaws to accommodate the BEFA program has been secured by the regulators (including the AIBC) and CCUSA. At this point it appears that the pilot will be a success.
- **AIBC / Architecture Canada | RAIC Joint Festival & Awards** – The AIBC and the RAIC jointly hosted the 2011 Festival of Architecture in May. The conference was very well received by participants, and was an opportunity for the AIBC to collaborate with Architecture Canada | RAIC for the benefit of architects across the country. The experience gained will help to inform our participation in a joint conference with the AIA in the fall of 2013.
- **Council of Architectural Legislative Authorities** – Michael Ernest, Jerome Marburg and I have attended 3 CALA meetings (hosting one) in the past 12 months, and can report that the relationship between the provincial regulators is very collegial and productive. The discussions relating to the IAP, CES and BEFA programs have been detailed, co-operative and informative. As mentioned earlier, discussions related to AIBC entry into the ExAC professional exam program have not reached resolution but we remain hopeful that outstanding issues can be resolved.

International Issues

Deputy Executive Director Jerome Marburg and Past President Pierre Gallant are the AIBC representatives on the International Relations Committee (IRC) and have been active on many fronts in the past year.

- **AIBC – NCARB** – The IRC has been involved with continued negotiations with NCARB related to a renewed Inter-Recognition Agreement. Changes to the IAP, and the movement to the ExAC exam by many Canadian intern architects have raised concerns related to the conditions of the agreement. The Canadian position is that the new version of the IAP, and the ExAC exam together with the accreditation and certification programs of the CACB, deliver the same quality of architect as that produced by the old version of the IAP and NCARB exams. These issues are still being discussed with NCARB, and the AIBC supports these efforts.
- **Tri-National Agreement** – The IAP continues to meet with representatives of NCARB and the FCARM (Mexico) to develop the Tri-National Agreement program. Jerome Marburg attended a meeting with both organizations in Guadalajara earlier this year, and representatives from NCARB met with the IRC at the AIBC offices in Vancouver.
- **Asia Pacific Economic Co-operative (APEC)** – 14 economies are represented in this initiative. The Architects' sector of APEC is concerned with inter-recognition of professional and regulatory requirements, and the mobility of architects within the economies involved. Canada will be hosting the Secretariat of APEC for the 2013/2014 year, and BC has the lead on this file.

Related Reports


I am pleased to report that the AIBC continues to be in a sound financial position. The independent auditor's report for 2011 and the audited financial statements, with our related 04 April 2012 memorandum (attached) will be complemented by the Treasurer's Report, forthcoming along with the Executive Director's report on our successful operation. The 2011 Registrar's Report provides, inter alia, a 5-year comparative chart of registry statistics.

Summary

Council meetings have been eventful and intense, but good work has been done. I think all of Council can be proud of achievements this year. Many issues are works in progress, and much remains to be done. We will pass to the 2012/2013 Council the results of the member survey, the actions and policy arising from that input, and continued engagement and communication with the membership and other stakeholders. I hope that we can resolve issues around associates in the coming term, and that the dialogue with all players and in all venues in the coming term will be collegial, respectful, and clear. My wish for myself and others is that we can keep our ears and minds open, and where necessary, to agree to disagree with grace, and move constructively to resolution and healing.

My year as AIBC President has been a very rewarding challenge, and I am most grateful to the membership and to Council for this opportunity to serve the AIBC. Thanks are due to all Council members for their hard work and commitment to the profession. I must also thank the staff at the AIBC for their support and continuing hard work on behalf of the institute. Special thanks are due to Executive Director Michael Ernest and Deputy Executive Director Jerome Marburg and to others more numerous than I can acknowledge here, for their tireless (and sometimes thankless) efforts on behalf of us all.

Most respectfully:



Gordon C. Richards, Architect MAIBC FRAIC

AIBC Council President

Registrar's Report: 2011

The number of **MAIBCs** (1716) has increased modestly by 1.1% during 2011, from 1698 in 2010. There were 97 new MAIBCs in 2011, more than 50% of whom became registered through reciprocity or inter-recognition agreements with Canadian and U.S. jurisdictions. The remainder became registered architects for the first time. The number of MAIBC registrations coming from the Intern Architect pool was 27 this year, down from years previous. The Registration Board and the Registration & Licensing Department continue to work diligently to assist our intern architects along the path towards full registration and look forward to ever-increasing numbers of newly minted architects from the intern architect program.

Detailed figures for newly-registered MAIBCs are as follows:

- 27 through the Intern Architect Program
- 33 through reciprocity (Canadian)
- 24 through inter-recognition (U.S.A.)
- 13 through alternative qualifications

The number of **Intern Architects** (497) has increased by 2.1% from 2010. However, as you can see from the statistics following, it has remained fairly steady over the past five years. This shows a healthy number of new intern architects are beginning the Intern Architect Program to balance the number getting registered as architects.

The pass rate of the **NCARB exams** continues to increase and we have seen an increased number of exams being written compared to the past couple of years. The AIBC is actively seeking entry to the Examination for Architects in Canada (ExAC). Council and the Registration Board are strong supporters of the reciprocity agreements in place among Canadian provinces as well as between Canada and the USA and will continue to work to ensure the broadest range of options for BC intern architects.

The number of **Architectural Technologists** has decreased slightly. We have however, seen a significant increase (110%) in the number of Intern Architectural Technologists.

In the **Building Designer** and **Residential Designer** categories of associates, significant decreases were experienced (16.7% and 32.4% respectively) and new registration remains frozen pending approval of registration requirements as has been recommended by the Registration Board.

2011 experienced significant reductions in other student-associate categories. The number of architectural practices (firms) is fairly stable.



Joan Hendriks, Architect MAIBC
Registrar

The following is a detailed representation of the AIBC register as of year-end:

AIBC Register	31- Dec 2007	31- Dec 2008	31- Dec 2009	15- Dec 2010	31- Dec 2011	Difference 2010 - 2011
MEMBERS						
Architects	1471	1553	1624	1698	1716	1.1%
Honourary Members	27	26	26	26	25	-3.8%
ASSOCIATES						
Previously Registered Members	74	74	64	60	61	1.7%
Retired Architects	128	132	134	141	146	3.5%
Intern Architects	492	494	487	487	497	2.1%
Intern Technologists	34	36	42	40	47	17.5%
Architectural Technologists	64	78	82	80	75	-6.3%
Architectural Graduates	20	23	25	20	18	-10.0%
Building Designers	-	40	37	30	25	-16.7%
Residential Designers	-	37	35	34	23	-32.4%
Total of above Categories	2310	2493	2556	2,616	2,633	0.6%
STUDENTS						
Student Associates - (Technologists)	151	133	243	113	237	109.7%
Student Associates - (Architectural)	74	101	120	154	129	-16.2%
Student Associates - (Syllabus Program)	48	55	54	53	26	-50.9%
Total students	273	289	417	320	392	22.5%
AFFILIATES	23	26	28	29	26	-10.3%
FIRMS						
Certificate of Practice - Corporations	328	352	375	406	429	5.7%
Certificate of Practice - Partnerships	50	56	53	56	55	-1.8%
Certificate of Practice - Sole Proprietorships	357	342	345	348	339	-2.6%
Certificate of Joint Practice	4	4	4	4	4	0.0%
Inactive Firms	159	168	151	164	174	6.1%
TOTAL FIRMS	898	922	928	978	1001	2.4%
TEMPORARY LICENCES	55	67	51	37	34	-8.1%
TOTAL REGISTER ENTRIES	3,559	3,797	3,980	3,980	4,086	2.7%

2011 Treasurer's Report

I am pleased to provide this report as an overview of the AIBC's financial status at 2011 year-end, its financial performance over the past year, and an indication of the financial health of the organisation for the future.

The complete independent auditor's report and fully audited financial statements of the institute's 2011 revenues, expenditures, assets and liabilities were provided to the AIBC's executive director after which they were reviewed by the Financial Health Task Force and accepted by the President and Treasurer. They have already been forwarded to the membership (both as hard copy and on the AIBC web site) in advance of the 2012 annual meeting.

Framework

The annual budget is established and overseen by AIBC Council (which sets the levels of fees). Once approved, the budget is implemented and administered as an operational matter by AIBC staff under the leadership of the executive director who reports at each regular AIBC Council meeting in accordance and compliance with council's financial policies.

The AIBC has an active Financial Health Task Force (FHTF) that reports to AIBC Council. The FHTF is comprised of the AIBC Treasurer as elected by council (currently myself, a Lieutenant Governor appointee on council); an elected member of council (Veronica Gillies MAIBC); the AIBC Executive Director (Michael Ernest MAIBC) and the Manager of Finance & Administration for the AIBC (Karen Morris CGA). This group functions as both a sounding board and compliance committee. The FHTF presents its findings and recommendations, both strategic and respecting due diligence, on matters placed before it to AIBC Council in order to assist council in its planning and decision-making.

The AIBC continues to maintain excellent working relationships with its banker, investment broker and independent auditor.

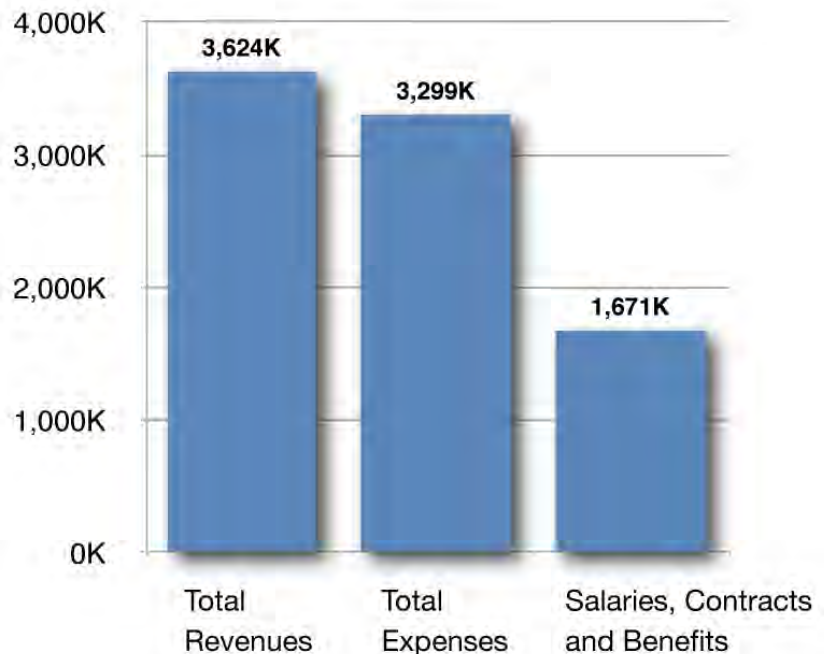
Financial Health

The institute has maintained a financially healthy position, with prudent fiscal management implemented on an ongoing basis.

The largest asset remains its 49% ownership portion of 440 Cambie Street in Vancouver. The property as a whole is owned and operated by a strata council and professionally managed by an experienced, independent property management company.

During its 11 January 2011 meeting, AIBC Council approved a motion such that “council requests the Financial Health Task Force (FHTF) to report annually on outside benchmarks used for salary and benefit administration in order to ensure that the AIBC remains both competitive and fiscally responsible.” Further to that request and ensuing discussion, it was determined by the FHTF and acknowledged by council’s Governance Task Force (GTF) that council’s request would be readily satisfied in the first instance by the FHTF’s examination and compilation of applicable data found in published independent surveys

relevant to the AIBC’s operational context. The subsequent confidential report by the FHTF confirmed that the AIBC is in compliance with Council Policy 2.6.3. Compensation and benefits to all personnel are within the norms cited by all four external sources referenced in the report. It should be noted that salaries, contracts and benefits constitute approximately 50% of all expenses in 2011, compared to 55% in 2010.



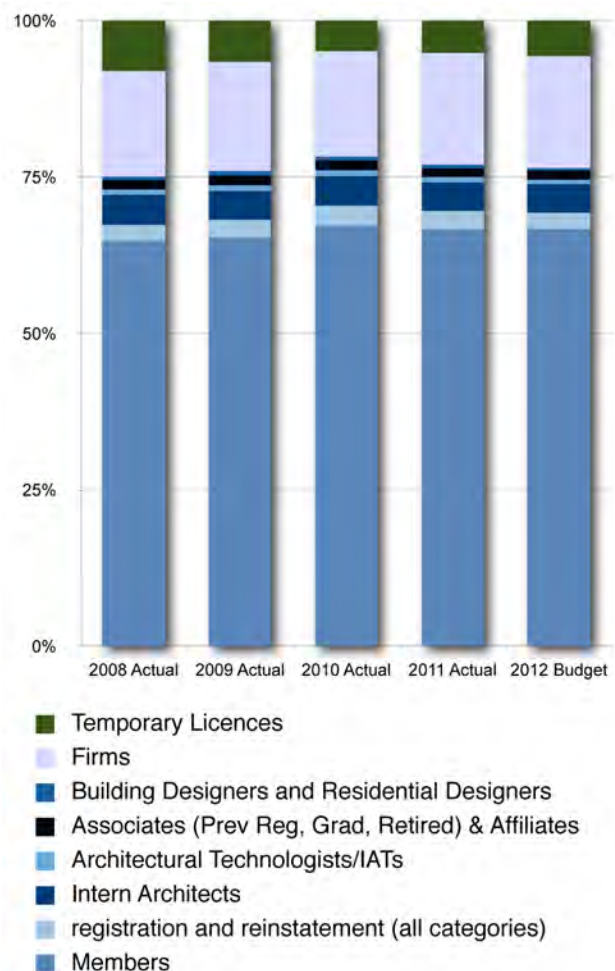
As reported last year, the institute has a Contingency Reserve Fund (CRF) that can be drawn upon if required, but only with the approval of AIBC Council and for limited, prescribed purposes. Were this to occur, there is a clear AIBC policy requiring the fund be replenished by such operational surplus as may exist following satisfaction of all architects’ and other registrants’ programs and needs at the end of the fiscal year.

Financial Performance 2011

The following are some of the highlights, referencing the audited financial statements:

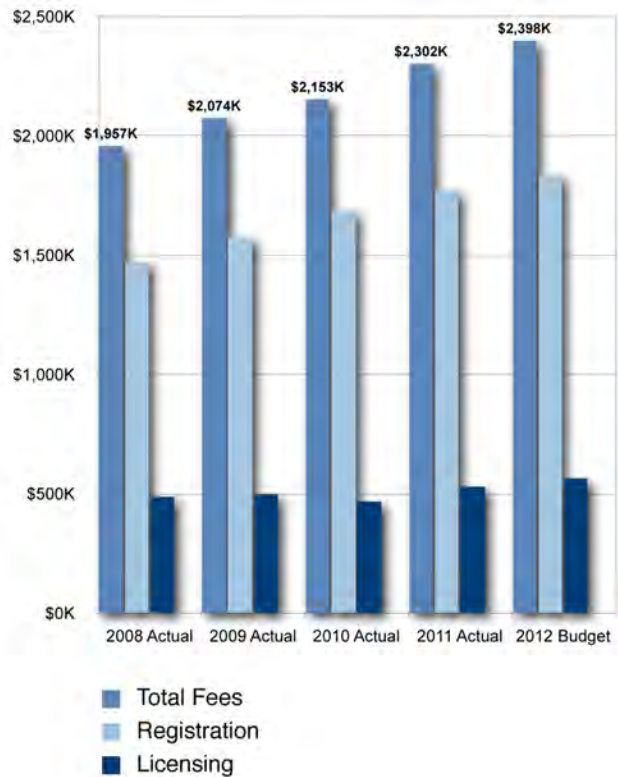
1. Contingency Reserve Fund: A motion was passed at the November 9, 2010 council meeting to clarify the purpose of the AIBC's contingency reserve fund and set a target value of \$350,000. (See council policy 2.12.) At December 31, 2011, the CRF contained a balance of \$359,032 (including accrued interest), held in a separate, dedicated account. No CRF monies were spent in 2011. Funds were transferred to the institute's operating account following a council motion at the January 2011 meeting to bring the CRF in line with the policy's targeted amount.
2. Schedules 1 and 2, General Revenue: After adjusting for fee increases, the institute saw an increase in MAIBC, Firm and Temporary License revenues. All other categories decreased slightly. The institute continues to see increases in its document sales and interest earned. Other revenue was reduced by 2010 firm fee adjustments made in 2011.
3. Schedule 3, Administration: 2011 reflects the first complete year after a staffing change from a Director of Finance and Administration to a Manager of Finance and Administration. No staff recruiting or severance costs were incurred in 2011. 2010 figures have been adjusted to reflect that responsibility for the Summer Architectural Walking Tours Program now resides with the Communications Department (Schedule 7);
4. Schedule 4, Premises: A slight increase in rental revenue relates to short-term tenant and film crew revenues. The institute's mortgage loan was paid off in October 2010.

Fee Revenues Distribution (five-year trend)



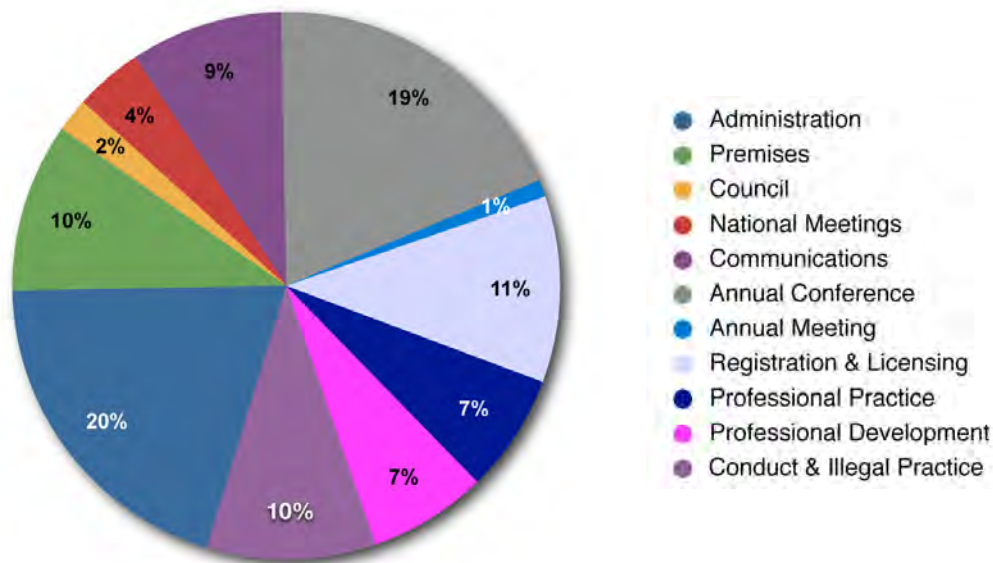
5. Schedule 5, Council: 2011 expenses reflect additional engagement efforts with membership and government.
6. Schedule 6, National Meetings: 2011 statistics reflect the addition of a full-time employee for a portion of the year – fully reimbursed by the national Broadly Experienced Foreign Architect Program, as was related travel cost. The 2012 budget combines National Meetings with Registration & Licensing.
7. Schedule 7, Communications: Increased salaries reflect an additional walking tour guide and increased responsibilities within the department. Unfortunately, the additional walking tour staff did not correspond with an increase in walking tour revenues. The annual architectureBC publication, while well-received, did not attract the advertising revenues expected. Overall expenses increased only 4% in spite of the additional services provided.
8. Schedule 8, Annual Conference: Festival 2011 (held in conjunction with Architecture Canada/RAIC) was successfully delivered, attracting higher revenues than a typical annual conference. Despite much higher expenses, the event essentially broke even.
9. Schedule 9, Annual Meeting: In spite of an additional election (Intern Architect liaison to AIBC Council), expenses remained consistent with the prior year.
10. Schedule 10, Registration & Licensing: Salaries increased in part due to reallocation of staff. Program expenses rose to reflect continued Outcomes-based Assessment (OBA) effort in 2011 for which provincial funding was advanced in 2010.

Registration and Licensing Fees (five-year trend)



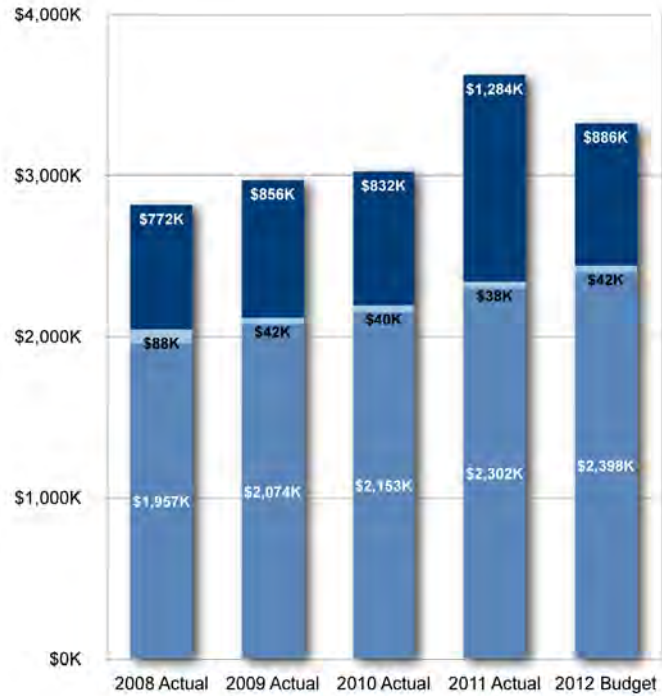
11. Schedule 11, Practice: Increased salaries and benefits arose from additional Practice Advisory service providing more extensive resources to membership and responding to government initiatives. The 2012 budget combines Practice and Professional Development into one department: Professional Services.
12. Schedule 12, Professional Development: Course delivery finances remained stable, while an increased reliance on the computer-based Member Management System allowed more accurate assessment of Continuing Education System compliance and fines, significantly increasing revenues.
13. Schedule 13, Conduct and Illegal Practice: Legal fees remained low due to director's management of files in-house and relatively inexpensive disciplinary inquiries.

2011 Service Centres - Total Costs Distribution



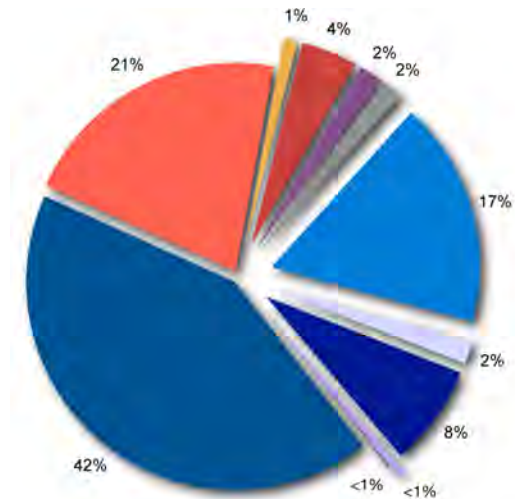
Also of note: (a) service centres' revenue accounted for 36% of total revenues; and (b) of the remaining 64% revenue from Registration & Licensing fees, only two-thirds arose from architects annual fees - about 42% of all revenues. (See charts on the following page.)

Total Revenues Including Service Centres (five-year trend)



- Service Centres
- Interest and other
- Registration & Licensing

2011 Total Revenues Distribution



- Registration & Licensing - Members (\$1,534K)
- Registration & Licensing - non-members (\$768K)
- Interest and Other (\$38K)
- Premises Rental (\$157K)
- BEFA funding, CALA reimbursements (\$66K)
- Magazine and Directory Advertising, Walking Tours (\$57K)
- Conference Registration and Sponsorship (\$634K)
- Registration Reviews, Exams (\$63K)
- Professional Development Courses and CES Fines (\$285K)
- Professional Conduct Fines (\$15K)
- Miscellaneous (\$7K)

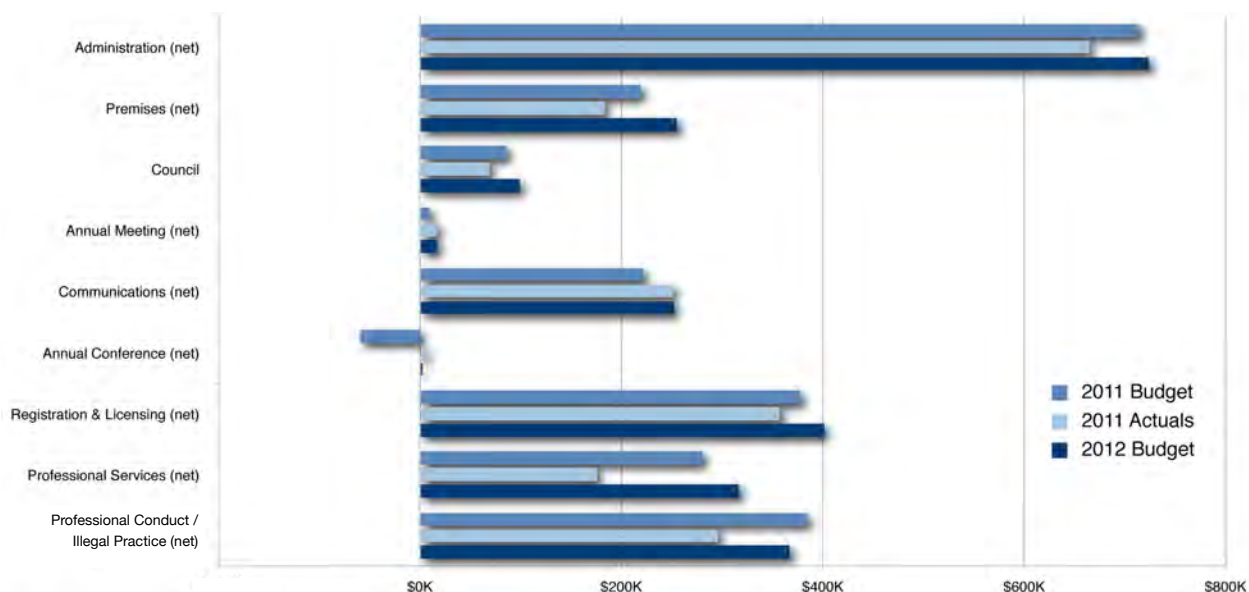
2012 Budget

The budget for 2012 was developed, presented and approved by AIBC Council after serious review and consideration of the current, medium- and long-term requirements of the institute to meet its legislated mandate. This included an ongoing review of both operating and capital requirements (for both fixed and movable assets) as well as any risk items that may or may not occur. This is a responsible and prudent approach to ensure the financial health of the AIBC.

The budget process also included a review of operational programs, processes and their revenues as well as costs to determine whether there were any efficiencies to be achieved without compromising the institute's regulatory mandate, and the concomitant (if any) adjustments to the AIBC fees required to ensure the proper functional management and provision of services required to carry out that mandate.

	2011 Budget	2012 Budget
Revenue		
Fees	2,342,091	2,398,002
Interest	5,500	12,500
Other	15,500	28,000
Fines	1,000	1,000
	2,364,091	2,439,502
Service Centres		
Administration (net)	713,092	723,439
Premises (net)	218,515	254,576
Council	85,400	98,350
Annual Meeting (net)	9,000	16,500
Communications (net)	221,030	252,002
Annual Conference (net)	(59,750)	1,948
Registration & Licensing (net)	377,067	400,831
Professional Services (net)	279,824	316,159
Conduct / Illegal Practice (net)	383,699	366,495
	2,227,877	2,430,300
Surplus/(Deficit)	136,214	9,202
Contingency, severance agreement		
Net operating surplus	136,214	9,202
Capital Budget	150,000	75,000

Service Centre Budget Comparison 2011 - 2012



The 2012 budget continues the established approach of planning for cautious and conservative growth while not relying on revenue that is outside the control of the AIBC. It is effectively a zero-based budget. Its highlights include:

1. A very small projected operating surplus of \$9,201. Prior year operating account surplus up to \$75,000 will enable funding of capital asset purchases in 2012.
2. A modest increase of 3.2% across all categories of annual fees to reflect the current consumer price index (CPI) only (sample results: member fee raised \$28 from current \$890 to \$918, small firm fees raised \$10 per year).
3. Fines for CES non-compliance continue at \$750 for architects, but adjusted for associates to \$250. (note: council has since reconsidered this so that associates' fines match those for members)
4. Revenues embedded within the scheduled service centres (totaling approximately 30% of all revenue) are generally also increased.
5. Conference-related cost projections reflect a scaled down event in 2012.
6. No severances anticipated.
7. No withdrawals from the Contingency Reserve Fund anticipated.
8. On-line and credit card merchandising costs continue to grow as our community's use of those mechanisms increases in return for added convenience and faster, more reliable service. The institute needs to re-cover these now-standard costs of doing business.
9. National initiatives (including the federally-funded BEFA pilot project) will continue to receive necessary attention from appropriate council and staff participants. Proportionate cost-sharing formulae are agreed across all licensing jurisdictions. Note: AIBC participation in the Examinations for Architects in Canada (ExAC) is neither planned nor budgeted in 2012. Canadian Architectural Certification Board assessment costs are set at \$25/member across Canada.
10. With regard to legal costs, resource capacity provided by a combination of General Counsel and Director of Professional Conduct / Illegal Practice will reduce external billings. No external statute review is anticipated. Significant cost exposure on disciplinary inquiries (a result of 2009's Salway vs. Association of Professional Engineers and Geoscientists of British Columbia), has been budgeted.
11. Communications delivery will be increasingly web-based. Annual magazine production is now a single, high-calibre publication. Hard-copy production of the annual directory is now minimal.

The 2012 budget reflects the priorities set by AIBC Council to maintain the institute in a secure financial position, and to carry out its regulatory mandate. This budget has been designed to service existing programs while meeting operational plans and permitting each department, board, committee and task force to function effectively. It also reflects the work plan of the institute's team of directors, which is focused on the AIBC's regulatory mandate and activities that support the profession's success in the public interest.

2013 Budget

2013 will present a series of budgeting challenges that the institute is now beginning to address. While annual fees will still be subject to HST in 2013, course fees and conference fees paid after April 1, 2013 will only be subject to 5% GST. Unfortunately, the return of non-refundable PST will increase operating expenses. Whenever feasible, capital purchases will be scheduled to take advantage of refundable HST.

Also anticipated in 2013 is the AIBC's entry into the ExAC at an ongoing, annual cost in the range of \$30-\$35 per architect and intern architect. As well, the institute will necessarily incur additional staffing and administrative support expenses.

2013 will also be the first year of bi-annual CES reporting deadlines. While it is never desirable to be reliant upon anticipated fines paid by members, CES fine revenues did constitute 4% of the institute's income in 2011.

2013 anticipates budgeting for the return of consensual resolution to our disciplinary process. Enabled under the Architects Act with the passage of Bill 18 in 2012, actual implementation will depend on approval of new AIBC Bylaws, now under development.

The AIBC is an independent, not-for-profit regulator, operating under statutory mandate primarily in protecting the public interest by regulating the profession. The operational costs for a regulatory organization like the AIBC rarely decrease, regardless of the economic climate, and particularly so for an organization that must, by its legislated mandate, sustain core activities and fulfill fundamental obligations. As such, the AIBC continues to operate in an efficient, business-like fashion, worthy of council's confidence.

Respectfully submitted,



Timothy J. Spiegel, B.Sc. (QS), PQS, MRICS,
Lieutenant-Governor Appointee to Council /Treasurer

EXECUTIVE DIRECTOR'S REPORT: 2011

A healthy, successful profession is in the public interest. The relationship is symbiotic. While the AIBC's primary mandate is to regulate the profession as a matter of consumer protection under BC provincial statute, it does so first by setting standards and providing information, advice and services. Enforcement is necessary when statute or standards are breached. Being constructive and supportive within the AIBC, as well as beyond to colleagues, clients and the broader community, is critical to the AIBC's making a sustainably positive difference ... and to its self-regulating privilege.

Common purpose, internal accord, respect (notwithstanding informed passionate debate, highly valued) and the ability of practitioners to 'stand up' confidently in the face of project-based pressures, are crucial to our profession's and our organization's being able to move forward from positions of strength.

The Operational Perspective

Enabled by policy-level support from an enlightened council, the institute operates effectively with constrained resources and a highly capable, mission-driven staff; bolstered by an extensive cohort of committed volunteers. In brief, I am pleased to report:

- (i) We are in high compliance with the *Architects Act* and AIBC Bylaws;
- (ii) We are in a sound financial position, attested to by the independent auditor's report and audited financial statements, available under separate cover;
- (iii) We continue to increase the extent to which initiatives are undertaken with an integrated (as opposed to departmental) approach;
- (iv) Our relationships with all levels of government have grown and been fruitful;
- (v) Our augmented practice-related services are well-received within our profession and industry, generating even greater demand; and
- (vi) Our mutually beneficial collaborations with other organizations are increasingly productive.

Further information and insights are readily found in the President's, Registrar's and Treasurer's reports.

2011: The Year in Review

Below please find a selection of operational highlights indicative of the spectrum (but hardly exhaustive) in the past year.

1. AIBC representatives played significant roles on the national task force for the Internship in Architecture Program (IAP). Its manual has been extensively revised and its experience component reduced from three years to two, focusing on 'core' versus discretionary aspects of practice, effective 01 January 2012.

2. Festival of Architecture: 2011 – Architecture on the Edge was held in Vancouver, in partnership with Architecture Canada | RAIC. The event was a successful experience for attendees and, while below financial expectations, did essentially break even.
3. Position papers were provided to the provincial government regarding a pair of initiatives: proposed amendments to its BC Building Code, and recommendations for modernization of its building regulatory system. Both are published on our web site at the following locations: <http://aibcnews.wordpress.com/2011/12/16/2387/> and <http://aibcnews.wordpress.com/2012/01/13/aibc-response-to-provincial-government-proposals-for-a-modern-building-regulatory-system/>.
4. The Bylaw Review Committee began analysis of the entire suite of AIBC Bylaws, with the object of bringing forth to the membership recommendations for change. (*note: following a consultation period, phase one's results are now before the membership for vote at the 2012 Annual Meeting.*)
5. The institute's Contingency Reserve Fund, targeted by council policy in 2010 to be set at \$350,000, was so established under a dedicated account from which expenditures (which would require council approval) have not been made and are not anticipated.
6. A new 'stakeholders relationships' program was introduced with the object of developing sustainable partnerships with industry participants. One immediate beneficiary is the AIBC's Registered Educational Provider Program.
7. Alternate sources of revenue (i.e. those which attach to operational service centres and programs) accounted for about 36% of all revenues, the balance (64%) coming from registration and licensing. Members' annual fees accounted for about two-thirds of the latter figure, or about 42% of all revenue.
8. A total of 125 potential unprofessional conduct complaints (including one omnibus complaint for CES non-compliance concerning a number of members) were received. Sixteen evolved formally and were investigated, with two resulting in recommendations of charges. With consensual resolution being unavailable under statute, for the first time in recent memory, disciplinary inquiries (for 2009 and 2010 cases) were held – seven in all.

There were increased concerns (not always manifest in formal complaints) related to competency; practising without a certificate; supervisory control over non-architects; and failure to provide the mandatory insurance-status notification to clients or potential clients. Of ongoing particular concern was the growing number of instances of misrepresentation and/or poor service by intern architects (associates of the AIBC) in their own business endeavours.

9. The introduction of *Bill 18*, amending the *Architects Act* among other statutes, signaled the provincial government's support for the AIBC's request and concerted efforts to enable consensual resolution of disciplinary complaints. (*note: Bill 18, amending the Architects Act, was passed into law in 2012 and, once complemented by pertinent bylaws, will restore consensual resolution and also provide the full range of disciplinary orders to associates. It is published online at this location: http://www.leg.bc.ca/39th4th/1st_read/gov18-1.htm.)*)
10. With significant input from AIBC representatives, the Continuing Education System (CES) reporting period was doubled to two years, effective 01 July 2012. In addition, all Canadian jurisdictions agreed to a principle of recognizing the equivalency of each other's CES approaches. Greater continuing education harmony now exists.
11. The AIBC's annual conference and a number of other annual events have been 'unbundled' on a trial basis through 2013. One object is to spread events across the calendar to enrich the year at more than one peak point so that events are given better attention and focus. Two examples are the Annual Meeting and the Volunteer Recognition event. In 2013, the annual meeting is expected to continue to be held in May while the annual conference moves to the Fall, being planned in collaboration with the American Institute of Architects - Northwest and Pacific regional chapter.
12. The national, federally-funded Broadly Educated Foreign Architect (BEFA) program, spearheaded by the AIBC's efforts, evolved to a state of near-maturity, including a well-advanced pilot project in which candidates from elsewhere in Canada were examined by the AIBC, and potential examiners received training by our representatives. Responsibility for BEFA is expected to be transferred to the Canadian Architectural Certification Board (CACB) later in 2012.
13. Collaboration with the Association of Professional Engineers and Geoscientists of British Columbia increased in such areas as joint practice; building envelope guidelines; and ASHRAE 90.1 standards. (*note: the latter two have been implemented.*)
14. Groundwork was laid for council rulings to enable employed architects to seal drawings and other documents under appropriate terms and conditions. (*note: the necessary rulings have now been made; communication to the membership is in preparation.*)
15. Discussions and negotiations were begun respecting the AIBC's entry into the Examination for Architects in Canada (ExAC) system of architectural registration exams.
16. Discussion continued regarding Canadian jurisdictions' ongoing agreement with the NCARB, with the AIBC taking a leading role.
17. The AIBC hosted the May 2011 meetings of the Canadian Architectural Licensing Authorities and was active in advancing a number of national files by helping to build consensus.

18. While membership and firm registration numbers were relatively stable, there was a noticeable downturn in the number of Building Designer and Residential Designer associates.
19. The institute's member management system was significantly upgraded, two results of which were quicker and more accurate database updates and invoicing, as well as improved CES tracking and reporting.
20. Planned enhancement of the characteristics and calibre of the AIBC's web presence began. (note: evidence of this can now be seen in the *Internship in Architecture and AIBC Annual Conference* components.)
21. A total of 146 illegal practice enquiries were received over the course of the year, up from 113 in 2010. Of those, 99 were either not substantiated or quickly resolved while 47 called for further investigation. The latter were comprised of a mixture of 'misrepresentation' as an architect, and actual, illegal practice of architecture. Eleven undertakings were obtained from non-architects. Eighty files (including some from prior years) were brought to satisfactory conclusions.
22. The AIBC participated in a coalition of professional organizations allied in encouraging the provincial government to amend the *Limitations Act*. The resulting Bill 34, which features an earlier 'trigger point' and shorter durations for limitation periods on claims, has since received first reading. (link: http://www.leg.bc.ca/39th4th/1st_read/gov34-1.htm)

AIBC Council's work and the institute's operations are necessarily complementary, needing close coordination. Decisions and choices (sometimes tough ones and not always popular with everyone) need to be made frequently, balancing the requirements of 'taking care of business' with taking worthy initiatives and spending energy in improving how that business is conducted.

As is the case with any well-formulated architectural approach, understanding needs and underlying premises are essential to meaningful design and execution within budget, responsibly implemented by and for people who truly care and work together towards common goals.

I wouldn't have it any other way. As always, your feedback is most welcome.

Respectfully submitted;



Michael A. Ernest: architect MAIBC

20 April 2012



04 April 2012

RE: 2011 AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS

Attached for your information is the Auditor's Report for 2011 including audited financial statements, prepared independently by Wolrige Mahon, duly appointed as the Institute's auditors at our 2011 Annual Meeting by vote of the membership as called for in the *Architects Act*. In accordance with the statute, the auditor's report will be filed formally by the President at the Annual Meeting on 12 May 2012.

The Treasurer's Report (including financial analysis for 2011 and Council's approved 2012 budget) will be posted on our web site and presented at the upcoming Annual Meeting with opportunity for discussion.

The audited financial statements for our 2011 fiscal year (which matches the calendar year) show the AIBC in a sound financial position. The following are some of the highlights:

1. Contingency Reserve Fund: A motion was passed at the November 9, 2010 council meeting to clarify the purpose of the AIBC's contingency reserve fund and set a target value of \$350,000. (See council policy 2.12.) A second motion was passed at the January 2011 council meeting to transfer the excess balance in the contingency reserve fund to the operating fund. The accrued interest on this account brings the balance to \$359,032.
2. Schedules 1 and 2, General Revenue: After adjusting for fee increases, we saw an increase in MAIBC, Firm & Temporary License revenues. All other categories decreased slightly. We continue to see significant increases in our document sales and interest earned. Other revenue was reduced by 2010 firm fee adjustments in 2011.
3. Schedule 3, Administration: 2011 reflects the first complete year after staffing changes from a Director to a Manager of Finance. No staff recruiting or severance costs were incurred in 2011. Walking tours are now included with communications (schedule 7), 2010 figures have been adjusted to reflect this.
4. Schedule 4, Premises: Slight increase in rental revenue relates to short term tenant and film crew revenues. Mortgage loan was paid off in October 2010.
5. Schedule 5, Council: 2011 expenses reflect additional engagement efforts.
6. Schedule 6, National Meetings: 2011 reflects addition of a full time employee for a portion of the year – fully reimbursed by BEFA program, as was related travel cost.



ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

7. Schedule 7, Communications: Salaries increased with an additional walking tour guide this summer and increased responsibilities within the department. Unfortunately, the increased tour staff did not correspond with an increase in tour revenues. The Architecture BC Journal – while well received – did not attract the advertising revenues expected. Overall expenses increased only 4% in spite of the additional services provided.
8. Schedule 8, Annual Conference: Festival 2011 (held in conjunction with Architecture Canada/RAIC) was very successfully delivered, attracting higher revenues than our typical annual conference and despite much higher expenses, we were able to essentially break even on the event.
9. Schedule 9, Annual Meeting: In spite of an additional election (Intern Architect) expenses remained consistent with prior year.
10. Schedule 10, Registration & Licensing: Salaries increased in part due to reallocation of staff. Program expenses rose to reflect continued OBA (Outcomes-based assessment) effort in 2011 – provincial funding was advanced in 2010.
11. Schedule 11, Practice: increased salaries & benefits arise from additional Practice Advisor service providing more extensive resources to membership and in order to respond to government initiatives.
12. Schedule 12, Professional Development: course delivery finances remained stable; an increased reliance on Member Management System allowed more accurate assessment of CES compliance and fines, significantly increasing revenues.
13. Schedule 13, Conduct and Illegal Practice: legal fees remained low due to Director's management of files in-house and relatively inexpensive disciplinary inquiries.

As a matter of added interest, our 'Service Centres' which typically run at some net expenditure, actually have embedded within their operations about \$1,284,000 in revenue to enable their programmes and benefits beyond the general revenue which comes largely from architects' and other registrants' fees, helping to keep those fees down. As a result, general revenue was approximately 65% of total revenue.

Questions are welcome. Review and response will follow and will be posted on our web site.

Trusting the foregoing and the attached auditor's report to be informative and useful;

Gordon Richards, MAIBC
AIBC President

Timothy J. Spiegel, PQS, MRICS
AIBC Treasurer

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The Architectural Institute of British Columbia is a self-governing regulatory body dedicated to excellence in the profession of architecture for the benefit of the public, its membership and the environment.

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2011

INDEPENDENT AUDITOR'S REPORT

To the Members and Associates of the Architectural Institute of British Columbia:

We have audited the accompanying financial statements of the Architectural Institute of British Columbia, which comprise the statement of financial position as at December 31, 2011, the statement of operating fund operations and changes in fund balances, statement of contingency reserve fund operations and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Architectural Institute of British Columbia as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Wolrige Mahon LLP"

CHARTERED ACCOUNTANTS

Vancouver, B.C.
March 20, 2012

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

STATEMENT OF FINANCIAL POSITION

December 31, 2011

	2011	2010
	\$	\$
Assets		
Current		
Cash and short-term investments	1,234,439	1,173,180
Restricted cash - Contingency Reserve Fund	359,032	-
Receivables	106,109	76,820
Supplies, at cost	33,051	26,868
Prepaid expenses	51,403	51,168
	<u>1,784,034</u>	<u>1,328,036</u>
Deferred charges (Note 5)	6,213	9,500
Property and equipment (Note 6)	2,706,965	2,701,386
	<u>4,497,212</u>	<u>4,038,922</u>
Liabilities		
Current		
Payables and accruals	145,631	89,489
Deferred revenue	439,976	372,320
	<u>585,607</u>	<u>461,809</u>
Fund Balances		
Operating Fund	3,552,573	2,983,528
Contingency Reserve Fund	359,032	593,585
	<u>3,911,605</u>	<u>3,577,113</u>
	<u>4,497,212</u>	<u>4,038,922</u>

Approved on behalf of the Council:



 Gordon Richards, MAIBC
 President



 Tim Spiegel, PQS, MRICS
 Treasurer

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

STATEMENT OF OPERATING FUND OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31, 2011

	SCHEDULE	2011 \$	2010 \$
General revenues			
Fees	1	2,301,703	2,152,670
Interest and other	2	37,938	39,700
		<u>2,339,641</u>	<u>2,192,370</u>
Service centres (expenditures, net where noted)			
Administration (net)	3	664,202	741,479
Premises (net)	4	182,715	206,132
Council	5	68,166	59,785
National meetings (net)	6	48,316	53,491
Communications (net)	7	250,578	227,306
Annual conference (net)	8	5,276	(35,157)
Annual meeting	9	16,234	16,460
Registration & licensing (net)	10	308,396	213,556
Practice (net)	11	237,409	167,740
Professional development (net)	12	(62,303)	55,020
Conduct & Illegal practice (net)	13	295,192	270,385
		<u>2,014,181</u>	<u>1,976,197</u>
Excess revenues over expenditures		325,460	216,173
Fund Balance, Beginning		2,983,528	2,767,355
Transferred from Contingency Reserve Fund		243,585	-
Fund Balance, Ending		3,552,573	2,983,528

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

STATEMENT OF CONTINGENCY RESERVE FUND OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31, 2011

	2011	2010
	\$	\$
Fund Balance, Beginning	593,585	593,585
Interest	9,032	-
Transferred to Operating Fund	(243,585)	-
Fund Balance, Ending	359,032	593,585

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	2011	2010
	\$	\$
Cash flows related to operating activities		
Cash receipts from members	3,490,123	3,214,407
Cash receipts from tenants	156,627	111,916
Cash paid to suppliers and employees	(3,120,149)	(2,765,876)
Interest received	24,635	9,522
Interest paid	-	(1,304)
	<u>551,236</u>	<u>568,665</u>
Cash flows related to investing activities		
Investment in property and equipment	(130,945)	(22,902)
Cash flows related to financing activities		
Repayment of fixed rate business term loan	-	(133,943)
Net increase in cash	420,291	411,820
Cash, beginning	1,173,180	761,360
Cash, ending	<u>1,593,471</u>	<u>1,173,180</u>
Cash represented by:		
Cash on hand and balances with banks	376,136	326,654
Restricted cash on hand and balances with banks	359,032	-
Term deposits	858,303	846,526
	<u>1,593,471</u>	<u>1,173,180</u>

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

NOTES

For the year ended December 31, 2011

Note 1 General

The Architectural Institute of British Columbia is a self-governing professional body. The Institute was incorporated under the Friendly Societies Act in 1914 and continued under the Architects Act of British Columbia in 1920. The Institute provides regulation, education and other services to the public, its members and other registrants. The Institute is exempt from income tax under Section 149 of the *Income Tax Act*.

Note 2 Significant Accounting Policies**Fund Accounting**

The Institute follows fund accounting procedures, thus giving recognition to Council's restrictions on the use of resources. The fund classifications are as follows:

Operating Fund	- used for general revenues and expenditures
Contingency Reserve Fund	- used to provide for unanticipated and emergency financial requirements.

Financial Assets and Financial Liabilities

The Institute accounts for its financial instruments in accordance with Section 3855 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, Financial Instruments - Recognition and Measurement. This section requires all financial instruments to be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. This section also specifies how financial instrument gains and losses arising from changes in fair value are to be recognized. Depending on the financial instrument's classification, changes in fair value are either recognized in the excess of revenues over expenditures or directly in fund balances.

The Institute has chosen to continue to apply CICA Section 3861, Financial Instruments Disclosure and Presentation rather than apply Section 3862, Financial Instruments Disclosure, and Section 3863, Financial Instruments Presentation, as allowed by Canadian generally accepted accounting standards for not-for-profit organizations.

The Institute has designated its financial instruments as follows:

Cash and short-term investments are designated as held for trading and are measured at fair value.

Receivables are classified as loans and receivables. After their initial recognition at fair value these instruments are measured at amortized cost, which for the Institute generally corresponds to cost.

Payables and accruals are classified as other financial liabilities. After their initial recognition at fair value these instruments are measured at amortized cost, which for the Institute generally corresponds to cost.

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

NOTES

For the year ended December 31, 2011

Note 2 Significant Accounting Policies (continued)**Property and Equipment**

Property and equipment is recorded at cost and amortized using the straight-line method over the following estimated useful lives of the assets:

Building	-	40 years
Office furniture	-	10 years
Office equipment	-	5 years
Computer equipment	-	3 years
Computer software	-	3 years

Deferred Charges

Deferred charges consist of lease commissions, which are being amortized on a straight-line basis over the terms of the related lease.

Donated Goods and Services

The Institute and its members benefit from donated goods and services. Donated goods and services are not recognized in these financial statements.

Revenue Recognition

Revenue from course and examination fees and from other programs where revenue is identified with delivery of services is recognized when the courses, examinations and other services are presented. Course and examination fees invoiced but not yet presented are recorded as deferred revenue.

Other amounts charged for member, associate and firm fees are recognized as revenue in the year to which they apply. Fees collected in advance that relate to the next fiscal year are recorded as deferred revenue.

Settlement payments and fines are recognized when their collection is assured and all of the Institute's internal processes and any known external appeals are complete.

Rental, interest and other revenue are recorded when earned.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

NOTES

For the year ended December 31, 2011

Note 3 Financial Instruments**Financial Instruments**

The Institute's financial instruments include cash and short-term investments, receivables and payables and accruals. The fair values of these financial instruments approximate their carrying values. It is management's opinion that the Institute is not exposed to significant currency risk or interest rate risk arising from its financial instruments.

Credit Risk

The Institute is exposed to credit risk with respect to its receivables. Management regularly monitors the credit worthiness of its debtors and believes it has adequately provided for any exposure to potential credit loss.

Note 4 Capital Disclosures

The Institute considers its capital structure to consist of operating and contingency reserve fund capital totaling \$3,911,605, as detailed in the statement of financial position.

The Institute's objectives when managing its capital are to safeguard the Institute's ability to continue as a financially viable organization and to serve the needs of the public and the Institute's registrants.

In order to facilitate management of its capital requirements, the Institute prepares annual budgets which are approved by the Institute's Council.

Note 5 Deferred Charges

	2011	2010
	\$	\$
Deferred lease commissions	16,073	16,073
Accumulated amortization	(9,860)	(6,573)
	<u>6,213</u>	<u>9,500</u>

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

NOTES

For the year ended December 31, 2011

Note 6 Property & Equipment

	2011		2010
	Cost	Accumulated Amortization	Net
	\$	\$	\$
	<u> </u>	<u> </u>	<u> </u>
Land	815,720	-	815,720
Building	2,650,356	878,212	1,772,144
Office furniture	128,425	105,325	23,100
Office equipment	65,427	39,878	25,549
Computer equipment	209,015	155,970	53,045
Computer software	120,995	103,588	17,407
	<u>3,989,938</u>	<u>1,282,973</u>	<u>2,706,965</u>
			<u>2,701,386</u>

Note 7 Line of Credit

The Institute has a demand operating line of credit of \$450,000 available to it, which bears interest at Royal Bank prime plus 1% per annum. As at December 31, 2011, no amounts are drawn on this line of credit.

The line of credit is secured by:

- General Security Agreement having a first charge on all the Institute's assets.
- Collateral first mortgage including an assignment of rent in the amount of \$700,000 covering Strata Lots 17 and 18, 440 Cambie Street, Vancouver, B.C.

Note 8 Comparative Figures

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2011.

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

SCHEDULE OF REVENUE AND EXPENDITURES

For the year ended December 31, 2011

	2011	2010
	\$	\$
Schedule 1		
FEES REVENUE		
Members	1,533,914	1,447,043
Associates	132,358	131,009
Affiliates	3,996	4,024
Architectural technologists/IATs	20,214	19,954
Firms	412,131	362,848
Temporary licences	117,526	104,263
Registration and reinstatement	68,604	69,797
Building and residential designers	12,960	13,732
	<u>2,301,703</u>	<u>2,152,670</u>
Schedule 2		
INTEREST AND OTHER REVENUE		
Documents, signs and seals	27,077	18,713
Interest	15,604	9,522
Other	(4,743)	11,465
	<u>37,938</u>	<u>39,700</u>
Schedule 3		
ADMINISTRATION (NET)		
Salaries, contracts, and benefits	431,701	461,827
Severance	-	1,774
Operating costs	210,647	253,038
Accounting and audit	23,000	25,542
	<u>665,348</u>	<u>742,181</u>
Less: revenue	(1,146)	(702)
	<u>664,202</u>	<u>741,479</u>
Schedule 4		
PREMISES (NET)		
Premises	213,976	197,581
Amortization	125,366	120,467
	<u>339,342</u>	<u>318,048</u>
Less: revenue	(156,627)	(111,916)
	<u>182,715</u>	<u>206,132</u>

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

SCHEDULE OF REVENUE AND EXPENDITURES

For the year ended December 31, 2011

	2011 \$	2010 \$
Schedule 5		
COUNCIL		
Council and president	23,074	17,956
Other	45,092	41,829
	<u>68,166</u>	<u>59,785</u>
Schedule 6		
NATIONAL MEETINGS (NET)		
Annual assessment	50,964	43,134
Salaries, contracts, and benefits	28,549	3,207
Travel and administration	35,101	26,699
	<u>114,614</u>	<u>73,040</u>
Less: revenue	<u>(66,298)</u>	<u>(19,549)</u>
	<u>48,316</u>	<u>53,491</u>
Schedule 7		
COMMUNICATIONS (NET)		
Communications programs, committees, events, administration	22,929	26,582
Publications, multimedia, newsletters	48,889	60,748
Salaries, contracts, and benefits	236,178	207,488
	<u>307,996</u>	<u>294,818</u>
Less: revenue	<u>(57,418)</u>	<u>(67,512)</u>
	<u>250,578</u>	<u>227,306</u>
Schedule 8		
ANNUAL CONFERENCE (NET)		
Annual conference	639,246	286,204
	<u>639,246</u>	<u>286,204</u>
Less: revenue	<u>(633,970)</u>	<u>(321,361)</u>
	<u>5,276</u>	<u>(35,157)</u>

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

SCHEDULE OF REVENUE AND EXPENDITURES

For the year ended December 31, 2011

	2011 \$	2010 \$
Schedule 9		
ANNUAL MEETING		
Annual meeting	<u>16,234</u>	<u>16,460</u>
Schedule 10		
REGISTRATION & LICENSING (NET)		
Salaries, contracts, and benefits	311,829	284,762
Legal	-	468
Program, committees, administration	<u>59,187</u>	<u>46,633</u>
	371,016	331,863
Less: revenue	<u>(62,620)</u>	<u>(118,307)</u>
	<u>308,396</u>	<u>213,556</u>
Schedule 11		
PRACTICE (NET)		
Salaries, contracts, and benefits	223,760	157,923
Programs, committees, administration	<u>19,644</u>	<u>9,817</u>
	243,404	167,740
Less: revenue	<u>(5,995)</u>	<u>-</u>
	<u>237,409</u>	<u>167,740</u>
Schedule 12		
PROFESSIONAL DEVELOPMENT (NET)		
PD course expenses	39,083	47,379
Salaries, contracts, and benefits	166,519	170,200
Severance	-	1,647
Programs, committees, administration	<u>17,566</u>	<u>7,104</u>
	223,168	226,330
Less: revenue	<u>(285,471)</u>	<u>(171,310)</u>
	<u>(62,303)</u>	<u>55,020</u>

ARCHITECTURAL INSTITUTE OF BRITISH COLUMBIA

SCHEDULE OF REVENUE AND EXPENDITURES

For the year ended December 31, 2011

	2011	2010
	\$	\$
Schedule 13		
CONDUCT & ILLEGAL PRACTICE (NET)		
Salaries, contracts, and benefits	272,769	257,112
Legal (Discipline)	6,208	10
Programs, committees, administration	31,015	30,763
	<u>309,992</u>	<u>287,885</u>
Less: revenue	(14,800)	(17,500)
	<u>295,192</u>	<u>270,385</u>