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**THE CANADIAN GEOTECHNICAL SOCIETY**

**Financial Statements**

**Year Ended December 31, 2011**

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
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**Year Ended December 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of The Canadian Geotechnical Society

### *Report on the Financial Statements*

We have audited the accompanying financial statements of The Canadian Geotechnical Society, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Canadian Geotechnical Society as at December 31, 2011, its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Johnsen Archer LLP*

Surrey, B.C.  
September 4, 2012

CHARTERED ACCOUNTANTS

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Financial Position**  
**December 31, 2011**

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash	\$ 230,003	\$ 98,283
Restricted cash - Cold Regions Division (Note 3)	14,276	16,276
Restricted cash - Engineering Geology Division (Note 3)	8,836	10,086
Restricted cash - Education Committee (Note 3)	16,536	16,536
Short-term investments (Note 5)	115,298	50,413
Accounts receivable (Note 6)	70,290	98,107
	<b>455,239</b>	289,701
Long-term accounts receivable (Note 6)	11,000	16,000
Long-term investments (Note 7)	158,363	270,971
Loans to Canadian Foundation for Geotechnique (Note 8)	225,000	225,000
	<b>\$ 849,602</b>	<b>\$ 801,672</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 35,858	\$ 40,402
Deferred revenue (Note 9)	64,825	24,831
	<b>100,683</b>	65,233
<b>NET ASSETS</b>		
Unrestricted	709,271	693,541
Internally restricted - Cold Regions Division	14,276	16,276
Internally restricted - Engineering Geology Division	8,836	10,086
Internally restricted - Education Committee	16,536	16,536
	<b>748,919</b>	736,439
	<b>\$ 849,602</b>	<b>\$ 801,672</b>

ON BEHALF OF THE BOARD



See notes to financial statements

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Operations**  
**Year Ended December 31, 2011**

	2011	2010
<b>Revenues</b>		
Conferences ( <i>Schedule 1</i> )	\$ 18,324	\$ 45,794
Interest & misc income	6,222	6,314
Membership fees ( <i>Schedule 2</i> )	254,739	225,146
Publications	59,137	48,934
Sponsorships	22,000	7,000
	<b>360,422</b>	<b>333,188</b>
<b>Expenses</b>		
Conferences ( <i>Schedule 3</i> )	3,818	11,568
Membership ( <i>Schedule 4</i> )	125,497	98,595
Publications - CFEM	39,852	11,787
Society Operations ( <i>Schedule 5</i> )	175,525	197,704
	<b>344,692</b>	<b>319,654</b>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 15,730</b>	<b>\$ 13,534</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2011**

	Unrestricted	Internally Restricted	2011	2010
<b>Net assets - beginning of year</b>	\$ 693,541	\$ 42,898	<b>\$ 736,439</b>	\$ 722,907
Excess of revenues over expenses	15,730	-	<b>15,730</b>	13,534
Cold Regions Division donation	-	(2,000)	<b>(2,000)</b>	-
Engineering Geology Division donation	-	(1,250)	<b>(1,250)</b>	-
<b>Net assets - end of year</b>	<b>\$ 709,271</b>	<b>\$ 39,648</b>	<b>\$ 748,919</b>	<b>\$ 736,441</b>

Internally restricted funds of \$39,648 consist of restricted amounts from Cold Regions Division of \$14,276, Engineering Geology Division of \$8,836, and Education Committee of \$16,536 (*Note 3*).

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2011**

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 15,730	\$ 13,534
Changes in non-cash working capital:		
Short-term investments	(64,885)	186,653
Accounts receivable	27,817	(42,984)
Accounts payable and accrued liabilities	(4,544)	26,660
Deferred revenue	39,994	12,457
Prepaid expenses	-	150
	(1,618)	182,936
Cash flow from operating activities	14,112	196,470
<b>INVESTING ACTIVITIES</b>		
Long-term accounts receivable	5,000	(1,000)
Loans and notes receivable	-	(100,000)
Long-term investments	112,608	(102,902)
Cash flow from (used by) investing activities	117,608	(203,902)
<b>FINANCING ACTIVITY</b>		
Donations from internally restricted funds	(3,250)	-
<b>Increase (decrease) in cash flow</b>	<b>128,470</b>	<b>(7,432)</b>
Cash - beginning of year	141,181	148,613
<b>Cash - end of year</b>	<b>\$ 269,651</b>	<b>\$ 141,181</b>
<b>Cash consists of:</b>		
Cash - unrestricted	\$ 230,003	\$ 98,283
Restricted cash - Cold Regions Division	14,276	16,276
Restricted cash - Engineering Geology Division	8,836	10,086
Restricted cash - Education Committee	16,536	16,536
	\$ 269,651	\$ 141,181

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2011**

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1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "Society") is incorporated under the laws of Canada as a not-for-profit corporation without share capital and is exempt from taxation under the Income Tax Act. It is engaged in providing continuing education for geotechnical engineers and related geosciences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Such estimates include valuation of accounts receivable. Actual results could differ from these estimates.

Contributed services

The Society and its members benefit greatly from donated services in the form of volunteer time for various divisions. The value of donated services that cannot be practically determined is not recognized in these financial statements.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognized as revenue when the related expenditures have been incurred.

Membership revenue is taken into income in the period in which it is earned.

Allocation of expenses

Management allocates human resource expenses based on the respective time committed to the specific areas of operations.

*(continues)*

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2011**

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

Financial instruments

The Society applies the CICA Handbook sections 3855, "Financial Instruments - Recognition and Measurement" and, as permitted for not-for-profit organizations, 3861, "Financial Instruments - Disclosure and Presentation". Under these sections, all financial instruments are classified into one of 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 initially measured at fair value. After initial recognition, held-for trading and available-for-sale financial assets are measured at the balance sheet date at fair value, and loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

1. Held for trading:

Cash and restricted cash are recorded at fair value with any subsequent changes in fair value recorded as a charge to the statement of operations.

2. Available-for-sale:

The Society does not currently hold any financial assets classified as available-for-sale.

3. Held-to-maturity:

Short-term investments and long-term investments are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses. The Society intends to hold these investments to maturity.

4. Loans and receivables:

Accounts receivable, long-term accounts receivable and loans to Canadian Foundation for Geotechnique are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses.

5. Other financial liabilities:

Accounts payable and accrued liabilities are measured at amortized cost and approximate their fair values due to the relatively short periods to maturity.

6. Transaction costs:

Transaction that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

3. RESTRICTED CASH

These funds are restricted for future use by the specific Division or Committee to undertake various tasks, workshops, or conferences on behalf of the Society in order to support future education initiatives in the geosciences field.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2011**

4. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, short-term investments, accounts receivable, long-term accounts receivable, long-term investments, loans to Canadian Foundation for Geotechnique, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit risk, currency risk or interest rate risk.

Fair Value

The Society's fair value of cash, restricted cash, short-term investments, accounts receivable and accounts payable and accrued liabilities approximates its carrying value due to the immediate or short term maturity of these instruments.

The fair value of long-term investments approximates its carrying value as these investments bear interest at market rates.

The fair value of the loan due from the Canadian Foundation for Geotechnique and long-term accounts receivable cannot be calculated with any degree of certainty as the amounts are non-interest bearing.

5. SHORT-TERM INVESTMENTS

	2011	2010
ING GIC matured on May 4, 2011	\$ -	\$ 50,413
ING GIC maturing on May 4, 2012, bearing interest at 1.75% per annum	<b>50,877</b>	-
Scotia Bank GIC maturing on May 19, 2012, bearing interest at 2.75% per annum	<b>64,421</b>	-
	<b>\$ 115,298</b>	<b>\$ 50,413</b>

The short-term investments are disclosed at fair value, which approximates their cost plus accrued interest.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2011**

6. LONG-TERM ACCOUNTS RECEIVABLE

Long-term accounts receivable consists of seed money provided to conference organizers.

	2011	2010
Seed Money - ISL 2012	\$ -	\$ 15,000
Seed Money - EIC Climate 2013	1,000	1,000
Seed Money - Geo Montreal 2013	10,000	-
	<b>\$ 11,000</b>	<b>\$ 16,000</b>

These amounts are unsecured and non-interest bearing, and are due upon completion of the conference. As the conferences will not be held in the next fiscal year, these accounts receivable have been classified as long-term assets in these financial statements.

Included in accounts receivable (short-term) is seed money of \$25,000 (2010: \$20,000) provided to conference organizers for conferences to be held in the next fiscal year.

7. LONG-TERM INVESTMENTS

	2011	2010
ING GIC maturing on May 04, 2012, bearing interest at 1.75% per annum	\$ -	\$ 50,825
Scotiabank GIC maturing on May 19, 2012, bearing interest at 2.75% per annum	-	62,696
ING GIC maturing on May 04, 2013, bearing interest at 2.50% per annum	51,253	50,578
Ontario savings bond, maturing on June 21, 2014, bearing interest at 1.30% per annum	107,110	106,872
	<b>\$ 158,363</b>	<b>\$ 270,971</b>

The long-term investments are disclosed at fair value, which approximates their cost plus accrued interest. Investments maturing within the next fiscal year has been classified as short-term.

8. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2011	2010
Due December 31, 2015	\$ 100,000	\$ 100,000
Due February 18, 2016	100,000	100,000
Due February 28, 2018	25,000	25,000
	<b>\$ 225,000</b>	<b>\$ 225,000</b>

The loans to Canadian Foundation for Geotechnique are non-interest bearing and unsecured, with no principal repayments required until maturity.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2011**

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9. DEFERRED REVENUE

Deferred revenue represents 2012 membership fees received during the year.

10. COMPARATIVE FIGURES

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

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Revenues

(Schedule 1)

Year Ended December 31, 2011

	2011	2010
CGS annual conference	\$ 9,135	\$ 33,044
Other conferences	9,189	12,750
	\$ 18,324	\$ 45,794

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2011

	2011	2010
<b>Membership fees collected directly</b>		
Membership fees	\$ 246,141	\$ 216,233
<b>Membership fees collected through other societies</b>		
Canadian Society for Civil Engineers	4,991	5,676
Engineering Institute of Canada	232	512
International Association of Hydrogeologists	3,375	2,725
	8,598	8,913
	\$ 254,739	\$ 225,146

**THE CANADIAN GEOTECHNICAL SOCIETY**

**Schedule of Conference Expenditures**

*(Schedule 3)*

**Year Ended December 31, 2011**

	2011	2010
CGS annual conference	\$ -	\$ 2,536
CGS student assistance	1,725	1,293
Net Legget dinner costs	2,093	7,739
	\$ 3,818	\$ 11,568

**Schedule of Membership Expenditures**

*(Schedule 4)*

**Year Ended December 31, 2011**

	2011	2010
<b>Membership fees submitted to other societies</b>		
Canadian Federation of Earth Sciences	\$ 2,961	\$ 3,138
Canadian Society for Civil Engineering	10,910	7,853
Canadian Society of Engineering Management	-	300
Engineering Institute of Canada	2,565	2,338
International Association of Engineering Geology	7,111	6,093
International Association of Hydrologists	4,335	5,405
International/North American Geosynthetics Society	3,742	4,337
International Society for Rock Mechanics	2,910	2,850
Other	750	750
	35,284	33,064
<b>Publications</b>		
BiTech - Geotechnical News	42,438	43,969
Canadian Journal of Earth Sciences	-	120
Canadian Geotechnical Journal	47,775	21,442
	90,213	65,531
	\$ 125,497	\$ 98,595

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Schedule of Society Operations Expenditures**  
**Year Ended December 31, 2011**

*(Schedule 5)*

	2011	2010
Administration - GGAM	\$ 67,175	\$ 78,308
Annual report	421	901
Audit fees	8,617	8,943
Bank and credit card charges	91	93
Bookkeeping	3,668	3,495
Certificates and awards	1,523	1,029
Cross Canada Lecture Tour	382	280
Education and professional development	4,395	1,950
Insurance	210	210
Meetings	3,125	2,543
Merchant fees	8,060	5,870
Office supplies	250	270
Postage and courier	2,311	499
Printing and graphics	124	1,372
Secretary general fees	64,242	46,494
Telephone & internet	1,016	1,268
Translation	1,957	4,820
Website	7,958	39,359
	<b>\$ 175,525</b>	<b>\$ 197,704</b>