
THE CANADIAN GEOTECHNICAL SOCIETY

Financial Statements

Year Ended December 31, 2013

THE CANADIAN GEOTECHNICAL SOCIETY
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Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

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, 2013, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2013, its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Johnsen Archer LLP

Surrey, B.C.
September 15, 2014

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THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2013

	2013	2012
ASSETS		
Current assets		
Cash	\$ 307,008	\$ 209,359
Restricted cash - Cold Regions Division (Note 3)	13,776	14,276
Restricted cash - Engineering Geology Division (Note 3)	8,836	8,836
Restricted cash - Education Committee (Note 3)	13,536	16,536
Short-term investments (Note 4)	159,687	52,538
Accounts receivable	39,101	96,981
Advances receivable (Note 5)	36,000	16,000
Prepaid expenses	-	27,500
	577,944	442,026
Long-term investments (Note 4)	53,848	159,173
Loans to Canadian Foundation for Geotechnique (Note 6)	225,000	225,000
	\$ 856,792	\$ 826,199
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 35,455	\$ 15,048
Deferred revenue (Note 8)	60,644	62,096
	96,099	77,144
NET ASSETS		
Unrestricted	724,545	709,407
Restricted assets - Cold Regions Division	13,776	14,276
Restricted assets - Engineering Geology Division	8,836	8,836
Restricted assets - Education Committee	13,536	16,536
	760,693	749,055
	\$ 856,792	\$ 826,199

ON BEHALF OF THE BOARD

_____ Director

_____ Director



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THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2013

	2013	2012
Revenue		
Conferences (<i>Schedule 1</i>)	\$ 27,199	\$ 70,635
Interest and miscellaneous income	6,264	6,804
Membership fees (<i>Schedule 2</i>)	263,874	251,862
Publications	70,448	43,751
Sponsorships	8,500	26,500
	376,285	399,552
Expenditures		
Conferences (<i>Schedule 3</i>)	8,367	3,007
Donations	-	60,000
Membership (<i>Schedule 4</i>)	125,406	129,286
Publications-CFEM	41,703	18,217
Society operations (<i>Schedule 5</i>)	189,171	188,906
	364,647	399,416
Excess of revenue over expenditures for the year	\$ 11,638	\$ 136



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THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2013

	Unrestricted	Internally Restricted	2013	2012
Net assets - beginning of year	\$ 709,407	\$ 39,648	\$ 749,055	\$ 748,919
Excess of revenue over expenditures	15,138	(3,500)	11,638	136
Net assets - end of year	\$ 724,545	\$ 36,148	\$ 760,693	\$ 749,055

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
Operating activities		
Excess of revenue over expenditures for the year	\$ 11,638	\$ 136
Changes in non-cash working capital:		
Accounts receivable	57,880	(51,691)
Advances receivable	(20,000)	9,000
Prepaid expenses	27,500	(27,500)
Accounts payable and accrued liabilities	20,407	(20,810)
Deferred revenue	(1,452)	(2,729)
	84,335	(93,730)
Cash flow from (used by) operating activities	95,973	(93,594)
Investing activities		
Short-term investments	(107,149)	62,760
Long-term investments	105,325	(810)
Long-term advances receivable	-	11,000
Cash flow from (used by) investing activities	(1,824)	72,950
Increase (decrease) in cash flow	94,149	(20,644)
Cash - beginning of year	249,007	269,651
Cash - end of year	\$ 343,156	\$ 249,007
Cash consists of:		
Cash	\$ 307,008	\$ 209,359
Restricted cash - Cold Regions Division	13,776	14,276
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	13,536	16,536
	\$ 343,156	\$ 249,007

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2013

1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "Society" or "CGS") is incorporated under the Canada Not-for-Profit Corporation Act without share capital. The Society is not subject to income taxation pursuant to paragraph 147(1)(f) of the Income Tax Act (Canada), subject to compliance with the rules contained therein. The Society is engaged in providing continuing education for geotechnical engineers and related geosciences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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. These estimates include valuation of accounts receivable, short-term investments, long-term investments and loans to Canadian Foundation for Geotechnique, and completeness of accrued liabilities. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. 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 reliably measured is not recognized in these financial statements.

Revenue recognition

The Society follows the deferral method of accounting. Unrestricted revenues are recognized as revenue when the related expenditures have been incurred.

Externally restricted revenues are deferred and recognized as revenue when the related expenditures have been incurred.

Membership revenue, conference revenue, publication revenue, and sponsorship revenue are taken into income in the period in which they are earned.

Allocation of expenditures

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

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THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, derivatives and investments in equity instruments quoted in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments carried at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments carried at amortized cost are deferred and amortized over the life of the related instrument.

3. RESTRICTED CASH

Restricted cash consists of funds that are internally restricted by the Board of Directors of the Society 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.

4. INVESTMENTS

	2013	2012
Ontario savings bond, maturing on June 21, 2014, bearing interest at 1.25% per annum	\$ 107,167	\$ 107,405
ING GIC maturing on May 4, 2014, bearing interest at 1.45% per annum	52,520	51,768
ING GIC maturing on May 4, 2016, bearing interest at 1.65% per annum	53,848	-
ING GIC matured on May 4, 2013, bearing interest at 2.50% per annum	-	52,538
	213,535	211,711
Short-term investments	(159,687)	(52,538)
Long-term investments	\$ 53,848	\$ 159,173

5. ADVANCES RECEIVABLE

Avances receivable consist of seed monies provided to conference organizers. These amounts are unsecured and non-interest bearing, and are due upon completion of the conferences.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2013

6. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2013	2012
Due dates:		
December 31, 2015	\$ 100,000	\$ 100,000
February 18, 2016	100,000	100,000
February 28, 2018	25,000	25,000
	\$ 225,000	\$ 225,000

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances for Goods and Services Tax of \$1,838 (2012: nil).

8. DEFERRED REVENUE

Deferred revenue represents 2014 membership fees received during the year.

9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, short-term investments, accounts receivable, advances receivable, long-term investments, long-term advances receivable, loan 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 commodity, interest or currency risks arising from these financial instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from members. In order to reduce its credit risk, the Society reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. An allowance for doubtful accounts of \$nil (2012 - \$nil) is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of members which minimizes concentration of credit risk.

Fair Values

The Society's carrying values of cash, restricted cash, accounts receivable, advances receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

(continues)

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Notes to Financial Statements
Year Ended December 31, 2013

9. FINANCIAL INSTRUMENTS *(continued)*

The fair values of short-term and long-term investments approximates their carrying values as these investments bear interest at market rates.

The fair values of the long-term advances receivable and loan to Canadian Foundation for Geotechnique are not practicable to determine as the amounts are non-interest bearing, and they are therefore recorded at their carrying values.

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Revenues

(Schedule 1)

Year Ended December 31, 2013

	2013	2012
CGS annual conference	\$ 20,000	\$ 50,635
Other conferences	7,199	20,000
	\$ 27,199	\$ 70,635

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2013

	2013	2012
Membership fees collected directly		
Membership fees	\$ 254,439	\$ 243,676
Membership fees collected through other societies		
Canadian Society for Civil Engineers	7,815	5,896
Engineering Institute of Canada	675	315
International Association of Hydrogeologists	945	1,975
	9,435	8,186
	\$ 263,874	\$ 251,862



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Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2013

	2013	2012
CGS student assistance	\$ 5,969	\$ 2,048
Net Legget dinner costs	2,398	959
	\$ 8,367	\$ 3,007

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2013

	2013	2012
Membership fees submitted to other societies		
Canadian Federation of Earth Sciences	\$ 3,009	\$ 2,982
Canadian Society for Civil Engineering	9,108	8,970
Canadian Society of Engineering Management	-	200
Engineering Institute of Canada	2,638	2,898
International Association of Engineering Geology	5,605	6,402
International Association of Hydrogeologists	3,665	4,550
International/North American Geosynthetics Society	4,011	4,304
International Society for Rock Mechanics	2,850	2,970
	30,886	33,276
Publications		
BiTech - Geotechnical News	43,995	43,750
Canadian Journal of Earth Sciences	545	-
Canadian Geotechnical Journal	49,980	52,260
	94,520	96,010
	\$ 125,406	\$ 129,286

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2013

(Schedule 5)

	2013	2012
Administration - GGMI	\$ 75,674	\$ 74,152
Audit fees	8,752	9,202
Bank and credit card charges	56	132
Certificates and awards	1,878	1,593
Cross Canada Lecture Tour	3,725	1,386
Education and professional development	-	1,700
Insurance	353	210
Meetings	2,411	2,164
Merchant fees	8,467	7,543
Office supplies	255	774
Postage and courier	348	1,104
Printing and graphics	113	193
Promotions	4,478	-
Secretary general fees	71,151	70,829
Telephone & internet	721	1,132
Translation	2,874	3,655
Travel	536	747
Website	7,379	12,390
	\$ 189,171	\$ 188,906