
THE CANADIAN GEOTECHNICAL SOCIETY

Financial Statements

Year Ended December 31, 2015

THE CANADIAN GEOTECHNICAL SOCIETY
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Canadian Geotechnical Society

We have audited the accompanying financial statements of The Canadian Geotechnical Society, which comprise the statement of financial position as at December 31, 2015 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.

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.

Independent Auditor's Report to the Members of The Canadian Geotechnical Society *(continued)*

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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Johnsen Archer LLP

Surrey, B.C.
June 15, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2015

| | 2015 | 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 290,183 | \$ 375,858 |
| Restricted cash - Cold Regions Division (Note 3) | 13,776 | 13,776 |
| Restricted cash - Engineering Geology Division (Note 3) | 8,836 | 8,836 |
| Restricted cash - Education Committee (Note 3) | 18,622 | 18,622 |
| Short-term investments (Note 4) | 224,443 | 113,669 |
| Accounts receivable | 64,656 | 38,649 |
| Advances receivable (Note 5) | 45,000 | 20,000 |
| Loans to Canadian Foundation for Geotechnique (Note 6) | 235,000 | 225,000 |
| | 900,516 | 814,410 |
| Long-term investments (Note 4) | - | 108,019 |
| | \$ 900,516 | \$ 922,429 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 41,953 | \$ 47,429 |
| Deferred revenue (Note 8) | 66,821 | 85,007 |
| | 108,774 | 132,436 |
| NET ASSETS | | |
| Unrestricted net assets | 750,508 | 748,759 |
| Internally restricted net assets - Cold Regions Division | 13,776 | 13,776 |
| Internally restricted net assets - Engineering Geology Division | 8,836 | 8,836 |
| Internally restricted net assets - Education Committee | 18,622 | 18,622 |
| | 791,742 | 789,993 |
| | \$ 900,516 | \$ 922,429 |

ON BEHALF OF THE BOARD

_____ Director

_____ Director



THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2015

| | 2015 | 2014 |
|---|-----------------|------------------|
| Revenue | | |
| Conferences (<i>Schedule 1</i>) | \$ 61,591 | \$ 45,975 |
| Interest and miscellaneous income | 4,860 | 4,813 |
| Membership fees (<i>Schedule 2</i>) | 260,802 | 265,661 |
| Publications | 42,702 | 59,700 |
| Sponsorships | 12,500 | 9,000 |
| | 382,455 | 385,149 |
| Expenditures | | |
| Conferences (<i>Schedule 3</i>) | 3,641 | 2,304 |
| Membership (<i>Schedule 4</i>) | 133,040 | 139,973 |
| Publications-CFEM | 12,787 | 18,155 |
| Society operations (<i>Schedule 5</i>) | 231,238 | 195,417 |
| | 380,706 | 355,849 |
| Excess of revenue over expenditures for the year | \$ 1,749 | \$ 29,300 |

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2015

| | Unrestricted | Internally restricted | 2015 | 2014 |
|--|--------------|--------------------------|------------|------------|
| Net assets - beginning of year | \$ 748,759 | \$ 41,234 | \$ 789,993 | \$ 760,693 |
| Excess of revenue over expenditures | 1,749 | - | 1,749 | 29,300 |
| Net assets - end of year | \$ 750,508 | \$ 41,234 | \$ 791,742 | \$ 789,993 |

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Operating activities | | |
| Excess of revenue over expenditures for the year | \$ 1,749 | \$ 29,300 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (26,007) | 452 |
| Advances receivable | (25,000) | 16,000 |
| Accounts payable and accrued liabilities | (5,476) | 11,974 |
| Deferred revenue | (18,186) | 24,363 |
| | (74,669) | 52,789 |
| Cash flow from (used by) operating activities | (72,920) | 82,089 |
| Investing activities | | |
| Accrued interest on investments | (2,755) | (8,153) |
| Loans to Canadian Foundation for Geotechnique | (10,000) | - |
| Cash flow used by investing activities | (12,755) | (8,153) |
| Increase (decrease) in cash | (85,675) | 73,936 |
| Cash - beginning of year | 417,092 | 343,156 |
| Cash - end of year | \$ 331,417 | \$ 417,092 |
| Cash consists of: | | |
| Cash | \$ 290,183 | \$ 375,858 |
| Restricted cash - Cold Regions Division | 13,776 | 13,776 |
| Restricted cash - Engineering Geology Division | 8,836 | 8,836 |
| Restricted cash - Education Committee | 18,622 | 18,622 |
| | \$ 331,417 | \$ 417,092 |

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "Society") 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 short-term investments, accounts receivable, advances receivable, long-term investments and loans to the Canadian Foundation for Geotechnique, and completeness of accounts payable and 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 received or receivable.

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.

(continues)

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

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

| | 2015 | 2014 |
|--|------------------|-------------------|
| RBC redeemable mutual funds | \$ 114,746 | \$ 113,669 |
| Tangerine GIC maturing on May 4, 2016, bearing interest at 1.65% per annum | 55,642 | 54,739 |
| Tangerine GIC maturing on May 4, 2016, bearing interest at 1.45% per annum | 54,055 | 53,280 |
| | 224,443 | 221,688 |
| Short-term investments | (224,443) | (113,669) |
| Long-term investments | \$ - | \$ 108,019 |

5. ADVANCES RECEIVABLE

Advances 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, 2015

| 6. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE | 2015 | 2014 |
|--|-------------------|-------------------|
| Due dates: | | |
| February 28, 2018 | \$ 35,000 | \$ 25,000 |
| February 18, 2016 | 100,000 | 100,000 |
| December 31, 2015 | 100,000 | 100,000 |
| | \$ 235,000 | \$ 225,000 |

The loans to Canadian Foundation for Geotechnique are non-interest bearing, unsecured and, notwithstanding the dates shown above, are due on demand.

Subsequent to yearend the \$100,000 loans were renewed and the due dates were extended to May 31, 2020 and May 31, 2022 respectively.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances for Goods and Services Tax payable of \$969 (2014: \$2,925).

8. DEFERRED REVENUE

Deferred revenue represents 2016 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, 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 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 (2014: \$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

(continues)

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

9. FINANCIAL INSTRUMENTS *(continued)*

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.

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

The loans to Canadian Foundation for Geotechnique due on demand and their carrying values approximate fair value.

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, 2015

| | 2015 | 2014 |
|-------------------|------------------|------------------|
| Annual conference | \$ 53,962 | \$ 33,534 |
| Other conferences | 7,629 | 12,441 |
| | \$ 61,591 | \$ 45,975 |

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Membership fees collected directly | | |
| Membership fees | \$ 255,026 | \$ 259,234 |
| Membership fees collected through other societies | | |
| Canadian Society for Civil Engineers | 3,996 | 4,580 |
| International Association of Hydrogeologists | 1,375 | 1,577 |
| North American Geosynthetics Society | 405 | 270 |
| | 5,776 | 6,427 |
| | \$ 260,802 | \$ 265,661 |

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2015

| | 2015 | 2014 |
|------------------------------------|----------|----------|
| Annual conference supplies | \$ 150 | \$ - |
| Student assistance | 1,936 | 2,578 |
| Net Legget dinner costs (recovery) | 1,555 | (274) |
| | \$ 3,641 | \$ 2,304 |

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2015

| | 2015 | 2014 |
|---|------------|------------|
| Membership fees submitted to other societies | | |
| Canadian Federation of Earth Sciences | \$ 2,000 | \$ 3,177 |
| Canadian Society for Civil Engineering | 8,280 | 9,384 |
| Canadian Society of Engineering Management | 150 | - |
| Engineering Institute of Canada | 2,788 | 2,793 |
| International Association of Engineering Geology | 5,181 | 7,046 |
| International Association of Hydrogeologists | 3,460 | 3,730 |
| International/North American Geosynthetics Society | 4,217 | 4,060 |
| International Society for Rock Mechanics | 3,480 | 3,510 |
| | 29,556 | 33,700 |
| Publications | | |
| BiTech - Geotechnical News | 56,910 | 55,000 |
| Canadian Journal of Earth Sciences | - | 450 |
| Canadian Geotechnical Journal | 46,574 | 50,823 |
| | 103,484 | 106,273 |
| | \$ 133,040 | \$ 139,973 |

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2015

(Schedule 5)

| | 2015 | 2014 |
|---------------------------------------|-------------------|-------------------|
| Administration - GGMI | \$ 99,539 | \$ 79,585 |
| Audit fees | 9,040 | 8,747 |
| Bank and credit card charges | 515 | 274 |
| Certificates and awards | 1,700 | 1,826 |
| Cross Canada lecture tour | 8,016 | 5,065 |
| Insurance | 269 | 269 |
| Meetings | 2,953 | 3,555 |
| Merchant fees | 7,558 | 6,547 |
| Office supplies | 754 | 141 |
| Postage and courier | 600 | 626 |
| Printing and graphics | 198 | 98 |
| New initiatives | 11,915 | 1,878 |
| Secretary and executive director fees | 56,788 | 69,270 |
| Sections subsidies | 759 | - |
| Telephone & internet | 937 | 910 |
| Translation | 6,489 | 4,165 |
| Travel | 7,289 | 1,021 |
| Website | 15,919 | 11,440 |
| | \$ 231,238 | \$ 195,417 |