
THE CANADIAN GEOTECHNICAL SOCIETY

Financial Statements

Year Ended December 31, 2018

THE CANADIAN GEOTECHNICAL SOCIETY
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Canadian Geotechnical Society

Report on the Financial Statements

Opinion

We have audited the financial statements of The Canadian Geotechnical Society (the Society), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Johnsen Archer LLP

Surrey, B.C.
June 19, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 323,840	\$ 385,984
Restricted cash - Cold Regions Division (Note 3)	12,776	12,776
Restricted cash - Engineering Geology Division (Note 3)	8,836	8,836
Restricted cash - Education Committee (Note 3)	14,479	14,479
Restricted cash - Geohazards Committee (Note 3)	10,154	-
Investments (Note 4)	117,971	116,552
Accounts receivable	98,937	75,838
Advances receivable (Note 5)	35,000	15,000
Loans to Canadian Foundation for Geotechnique (Note 6)	235,000	235,000
	856,993	864,465
Equipment (Note 7)	366	732
	\$ 857,359	\$ 865,197
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 27,403	\$ 46,568
Deferred revenue (Note 9)	69,880	56,588
	97,283	103,156
NET ASSETS		
Unrestricted net assets	713,831	725,950
Internally restricted net assets - Cold Regions Division	12,776	12,776
Internally restricted net assets - Engineering Geology Division	8,836	8,836
Internally restricted net assets - Education Committee	14,479	14,479
Internally restricted net assets - Geohazards Committee	10,154	-
	760,076	762,041
	\$ 857,359	\$ 865,197

ON BEHALF OF THE BOARD

Director

Director



TAXATION • ACCOUNTING • ASSURANCE

The accompanying notes form an integral part of these financial statements.

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2018

	2018	2017
Revenue		
Conferences (<i>Schedule 1</i>)	\$ 80,103	\$ 48,396
Interest and miscellaneous income	4,248	2,839
Membership fees (<i>Schedule 2</i>)	227,819	249,320
Publications	31,759	27,897
Sponsorships	11,000	11,500
	354,929	339,952
Expenditures		
Conferences (<i>Schedule 3</i>)	3,889	8,537
Membership (<i>Schedule 4</i>)	115,918	127,720
Publications-CFEM	22,017	8,257
Society operations (<i>Schedule 5</i>)	215,070	237,357
	356,894	381,871
Deficiency of revenue over expenditures for the year	\$ (1,965)	\$ (41,919)

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2018

	Unrestricted	Internally restricted	2018	2017
Net assets - beginning of year	\$ 725,950	\$ 36,091	\$ 762,041	\$ 803,960
Deficiency of revenue over expenditures	(12,119)	10,154	(1,965)	(41,919)
Net assets - end of year	\$ 713,831	\$ 46,245	\$ 760,076	\$ 762,041

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
Operating activities		
Deficiency of revenue over expenditures for the year	\$ (1,965)	\$ (41,919)
Item not affecting cash:		
Amortization	366	731
	(1,599)	(41,188)
Changes in non-cash working capital:		
Accounts receivable	(23,099)	60,374
Advances receivable	(20,000)	30,000
Accounts payable and accrued liabilities	(19,165)	(2,038)
Deferred revenue	13,292	(13,595)
	(48,972)	74,741
Cash flow from (used by) operating activities	(50,571)	33,553
Investing activity		
Accrued interest on investments	(1,419)	(942)
Increase (decrease) in cash	(51,990)	32,611
Cash - beginning of year	422,075	389,464
Cash - end of year	\$ 370,085	\$ 422,075
Cash consists of:		
Cash	\$ 323,840	\$ 385,984
Restricted cash - Cold Regions Division	12,776	12,776
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	14,479	14,479
Restricted cash - Geohazards Committee	10,154	-
	\$ 370,085	\$ 422,075

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

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 investments, accounts receivable, advances receivable 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, 2018

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

Investments

Investments are measured at cost plus accrued interest, which approximates fair value.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at a declining balance rate of:

Computer equipment	50%
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Equipment is amortized at one-half the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposition.

The Society regularly reviews its capital assets to eliminate obsolete items.

Equipment is written down when it no longer provides any long-term service potential to the Society. Any write-down is recognized as an expense to the extent an asset's carrying value exceeds its residual value.

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

Investments, which consist primarily of mutual funds can be liquidated on a short-term basis and have no set maturity date.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

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.

6. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2018	2017
Due dates:		
May 31, 2020	\$ 100,000	\$ 100,000
May 31, 2022	100,000	100,000
February 28, 2028	35,000	35,000
	\$ 235,000	\$ 235,000

The loans to Canadian Foundation for Geotechnique are non-interest bearing, unsecured and notwithstanding the dates shown above, are due on demand. During the year, the loans which matured on February 28, 2018 were renewed and are now collectible on February 28, 2028.

7. EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 1,950	\$ 1,584	\$ 366	\$ 732

As at December 31, 2018, no events or changes in circumstances had occurred which indicated that the carrying amounts of equipment require a write-down.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances for Goods and Services Tax payable of \$1,106 (2017: \$227).

9. DEFERRED REVENUE

	2018	2017
Balance at beginning of year	\$ 56,588	\$ 70,183
Current year additions	69,880	56,588
Less: amounts taken into revenue during the year	(56,588)	(70,183)
Balance at end of year	\$ 69,880	\$ 56,588

Deferred revenue represents 2019 membership fees received during the year.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

10. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, 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 (2017: \$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.

The fair values of investments approximate their carrying values as these investments bear interest at market rates.

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

11. DIRECTOR COMPENSATION

During the year, the Society paid \$63,236 (2017: \$62,595) to the Executive Director and \$86,795 (2017: \$95,707) to an external contractor.

12. NEW INITIATIVES

New initiatives represent one time project costs related to specific yearly initiatives planned by the board of directors.

13. COMPARATIVE FIGURES

Some of the 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, 2018

	2018	2017
Annual conference	\$ 69,949	\$ 48,396
Geohazards 7 conference	10,154	-
	\$ 80,103	\$ 48,396

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2018

	2018	2017
Membership fees collected directly		
Membership fees	\$ 222,248	\$ 245,680
Membership fees collected through other societies		
Canadian Society for Civil Engineers	3,376	2,320
International Association of Hydrogeologists	1,180	1,170
North American Geosynthetics Society	1,015	150
	5,571	3,640
	\$ 227,819	\$ 249,320

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2018

	2018	2017
Annual conference supplies	\$ -	\$ 657
Student assistance	1,452	4,229
Net Legget dinner costs	2,437	3,651
	\$ 3,889	\$ 8,537

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2018

	2018	2017
Membership fees submitted to other societies		
Canadian Federation of Earth Sciences	\$ 2,000	\$ 2,000
Canadian Society for Civil Engineering	6,090	8,700
Canadian Society of Engineering Management	450	500
Engineering Institute of Canada	4,476	4,572
International Association of Engineering Geology	5,217	6,228
International Association of Hydrogeologists	4,435	3,585
International/North American Geosynthetics Society	4,671	5,018
International Society for Rock Mechanics	3,300	3,360
	30,639	33,963
Publications		
BiTech - Geotechnical News	51,030	53,400
Canadian Geotechnical Journal	34,249	40,357
	85,279	93,757
	\$ 115,918	\$ 127,720

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2018

(Schedule 5)

	2018	2017
Administration - GGMI	\$ 86,795	\$ 95,707
Amortization	366	731
Audit fees	9,250	9,070
Bank and credit card charges	7,910	7,068
Certificates and awards	1,536	1,925
Cross Canada lecture tour	5,885	6,802
Insurance	247	247
Meetings	3,149	3,561
New initiatives (Note 12)	3,125	13,808
Office	97	2,454
Postage and courier	1,137	249
Secretary and executive director fees	63,236	62,595
Sections subsidies	1,696	1,201
Telephone & internet	3,160	2,858
Translation	4,329	6,013
Travel	7,925	11,938
Website	15,227	11,130
	\$ 215,070	\$ 237,357