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**THE CANADIAN GEOTECHNICAL SOCIETY**

**Financial Statements**

**Year Ended December 31, 2009**

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
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**Year Ended December 31, 2009**

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**AUDITORS' REPORT**

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To the Members of The Canadian Geotechnical Society :

We have audited the statement of financial position of The Canadian Geotechnical Society as at December 31, 2009 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Johnsen Archer LLP*

Vancouver, B.C.  
May 31, 2010

CHARTERED ACCOUNTANTS

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Financial Position**  
**December 31, 2009**

	2009	2008
<b>ASSETS</b>		
Current assets		
Cash - unrestricted	\$ 122,251	\$ 96,934
Short-term investments (Note 4)	237,066	234,849
Accounts receivable	70,123	81,984
Restricted cash - Cold Regions Division (Note 5)	16,276	16,276
Restricted cash - Engineering Geology Division (Note 5)	10,086	10,086
Prepaid expenses	150	-
	<b>455,952</b>	440,129
Long-term investments (Note 6)	168,069	171,207
Loans to Canadian Foundation for Geotechnique (Note 7)	125,000	135,000
	<b>\$ 749,021</b>	<b>\$ 746,336</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 38,520	\$ 86,696
Deferred revenue (Note 8)	12,374	14,000
	<b>50,894</b>	100,696
<b>NET ASSETS</b>		
Unrestricted	671,765	619,278
Internally restricted - Cold Regions Division	16,276	16,276
Internally restricted - Engineering Geology Division	10,086	10,086
	<b>698,127</b>	645,640
	<b>\$ 749,021</b>	<b>\$ 746,336</b>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2009**

	Unrestricted	Internally restricted - Cold Regions Division	Internally restricted - Engineering Geology Division	<b>2009</b>	2008
<b>Net assets - beginning of year</b>	<b>\$ 619,278</b>	<b>\$ 16,276</b>	<b>\$ 10,086</b>	<b>\$ 645,640</b>	<b>\$ 572,238</b>
Excess of revenue over expenditures	<b>52,487</b>	-	-	<b>52,487</b>	73,402
<b>Net assets - end of year</b>	<b>\$ 671,765</b>	<b>\$ 16,276</b>	<b>\$ 10,086</b>	<b>\$ 698,127</b>	<b>\$ 645,640</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Operations**  
**Year Ended December 31, 2009**

	2009	2008
<b>Revenue</b>		
Conferences ( <i>Schedule 2</i> )	\$ 22,813	\$ 50,800
Interest and other	6,644	11,580
Membership fees ( <i>Schedule 1</i> )	242,411	230,351
Publications	69,708	75,894
Sponsorships	8,500	-
	<b>350,076</b>	<b>368,625</b>
<b>Expenditures</b>		
Conferences ( <i>Schedule 3</i> )	12,516	8,361
Membership ( <i>Schedule 4</i> )	118,895	115,852
Publications	20,659	24,462
Society operations ( <i>Schedule 5</i> )	145,519	146,548
	<b>297,589</b>	<b>295,223</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 52,487</b>	<b>\$ 73,402</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2009**

	2009	2008
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 52,487	\$ 73,402
Changes in non-cash working capital:		
Short-term investments	(2,216)	(150,274)
Accounts receivable	11,861	(45,507)
Accounts payable and accrued liabilities	(48,177)	43,598
Deferred revenue	(1,626)	14,000
Prepaid expenses	(150)	-
	<b>(40,308)</b>	<b>(138,183)</b>
Cash flow from (used by) operating activities	<b>12,179</b>	<b>(64,781)</b>
<b>Investing activities</b>		
Purchase of long-term investments	3,138	(59,385)
Repayment (issuance) of loans receivable	10,000	(35,000)
Cash flow from (used by) investing activities	<b>13,138</b>	<b>(94,385)</b>
<b>Increase (decrease) in cash</b>	<b>25,317</b>	<b>(159,166)</b>
Cash - beginning of year	123,296	282,462
<b>Cash - end of year</b>	<b>\$ 148,613</b>	<b>\$ 123,296</b>
<b>Cash consists of:</b>		
Cash - unrestricted	\$ 122,251	\$ 96,934
Restricted cash - Cold Regions Division	16,276	16,276
Restricted cash - Engineering Geology Division	10,086	10,086
	<b>\$ 148,613</b>	<b>\$ 123,296</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2009**

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1. NATURE OF OPERATIONS

The Canadian Geotechnical 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 engineering and related geosciences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies

Effective January 1, 2009, the Society adopted the following new recommendations of the Canadian Institute of Chartered Accounts ("CICA") Handbook accounting requirements. The adoption of these standards did not have a significant impact on the Society's financial statements.

(a) Goodwill and intangible assets

Section 3064, "Goodwill and intangible assets," which replaces Section 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs," is effective for years beginning on or after October 1, 2008. This section establishes standards for the recognition, measurement, presentation and disclosure of intangible assets. Standards relating to goodwill are unchanged from those included in Section 3062.

(b) Disclosure of allocated expenses

Section 4470, "Disclosure of allocated expenses by not-for-profit organizations," is effective for fiscal years beginning on or after January 1, 2009. This section establishes standards for disclosing an entity's policies governing the allocation of common expenses to multiple functions or programs. When allocations of fundraising and general support expenses have been made to other functions, the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, and the basis on which such allocations have been made should be disclosed. In addition, the amounts allocated from each of these two categories and the amounts and the functions to which they have been allocated, should be disclosed.

The following amendments issued by the Accounting Standards Board in September 2008, which provide additional guidance on applying existing standards and are effective for fiscal years beginning on or after January 1, 2009, were also adopted:

- 1540, "Cash flow statements"
- 4400, "Financial statement presentation by not-for-profit organizations"
- 4430, "Capital assets held by not-for-profit organizations"
- 4460, "Disclosure of related party transactions by not-for-profit organizations"

*(continues)*



**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2009**

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

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. Areas requiring the use of estimates include accounts receivable. Such 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.

Investments

The investments are classified as held-for-trading and are recorded at fair value as management does not intend to hold the investments to maturity and the generation of trading profits resulting from short-term fluctuations in price is not management's primary objective. Fair values are referenced to published price quotations in an active market at year-end.

Investment fees and transaction costs are expensed when incurred.

Property and equipment

Property and equipment purchases are minimal and are expensed during the year of acquisition.

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.

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

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 is not recognized in these financial statements.

Future changes in significant accounting policies

The Canadian Accounting Standards Board requires all not-for-profit organizations to either continue with current Generally Accepted Accounting Principles for not-for-profit enterprises under Part V of the Handbook or adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Comparative information will be required for the previous fiscal year using the method adopted. The Society is currently assessing the impact of the transition to the method adopted and preparing to determine comparative information commencing January 1, 2010.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2009**

3. FINANCIAL INSTRUMENTS

Fair Value

The Society's carrying value of cash, short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments and/or they bear interest rates which approximate current market rates.

The fair value of the loan due from the Canadian Foundation for Geotechnique cannot be calculated with any degree of certainty as the amount is non-interest bearing.

Credit, Interest and Currency Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Currency risk is the risk to the Society's revenues that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. It is management's opinion that the Society is not exposed to significant credit, interest and currency risk.

4. SHORT-TERM INVESTMENTS

	Maturity	Interest	2009	2008
The Bank of Nova Scotia	March 2010	0.40%	\$ 206,189	\$ -
The Bank of Nova Scotia	June 2010	0.40%	30,877	-
The Bank of Nova Scotia	March 2009	2.75%	-	204,315
The Bank of Nova Scotia	June 2009	2.05%	-	30,534
			<b>\$ 237,066</b>	<b>\$ 234,849</b>

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

5. RESTRICTED CASH

Internally restricted - Cold Regions Division

The Board of Directors has internally restricted funds held in-trust to be used in the activities of the Cold Regions Division.

Internally restricted - Engineering Geology Division

The Board of Directors has internally restricted funds held in-trust to be used in the activities of the Engineering Geology Division.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2009**

6. LONG-TERM INVESTMENTS

	Maturity	Interest	2009	2008
Scotia Mortgage Corporation	May 2010	2.75%	\$ -	\$ 59,385
Scotia Mortgage Corporation	May 2012	2.75%	<b>61,018</b>	-
Ontario Savings Bond	June 2014	1.75%	<b>107,051</b>	111,822
			<b>\$ 168,069</b>	<b>\$ 171,207</b>

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

7. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

The loans receivable from the Canadian Foundation for Geotechnique is non-interest bearing, unsecured with no principal payments required, and matures on the following dates:

	2009	2008
February 2011	\$ 100,000	\$ 100,000
February 2018	<b>25,000</b>	35,000
	<b>\$ 125,000</b>	<b>\$ 135,000</b>

During the year, \$10,000 of the loan was recalled by the Society and advanced as part of the seed funds for the 2012 International Symposium on Landslides to be held in Banff.

8. DEFERRED REVENUE

Deferred revenue represents 2010 membership fees received during the year.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Schedule of Membership Income**  
**Year Ended December 31, 2009**

*(Schedule 1)*

	2009	2008
Membership fees collected directly	\$ 232,551	\$ 223,598
Membership fees collected through other Societies:		
Canadian Society for Civil Engineers	5,553	4,759
Engineering Institute of Canada	1,000	1,994
International Association of Hydrogeologists	3,307	-
	<b>\$ 242,411</b>	<b>\$ 230,351</b>

**Schedule of Conferences Revenue**  
**Year Ended December 31, 2009**

*(Schedule 2)*

	2009	2008
CGS annual conference	\$ 22,313	\$ 49,525
Other conferences	500	1,275
	<b>\$ 22,813</b>	<b>\$ 50,800</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**

**Schedule of Conference Expenditures**

*(Schedule 3)*

**Year Ended December 31, 2009**

	2009	2008
CGS annual conference	\$ 3,471	\$ 4,752
CGS annual conference - student assistance	1,906	2,142
Other conferences	7,139	1,467
	<b>\$ 12,516</b>	<b>\$ 8,361</b>

**Schedule of Membership Expenditures**

*(Schedule 4)*

**Year Ended December 31, 2009**

	2009	2008
Membership fees submitted to other Societies:		
Canadian Federation of Earth Sciences	\$ 3,000	\$ 3,905
Canadian Society for Civil Engineering	6,333	7,180
Canadian Society of Engineering Management	160	240
Engineering Institute of Canada	2,760	2,880
International Association of Engineering Geology	8,489	11,708
International Association of Hydrologists	6,600	6,276
International Geosynthetics Society / North American Geosynthetics Society	4,805	7,282
International Society for Rock Mechanics	2,700	2,686
Other	500	-
Publications:		
BiTech - Geotechnical News	45,514	39,270
Canadian Journal of Earth Sciences	660	476
Canadian Geotechnical Journal	21,305	17,081
Canadian Ground Engineering	1,998	-
Cross Canada Lecture Tour	328	2,708
Plaques and awards (recovery)	(114)	1,421
Website	13,857	12,739
	<b>\$ 118,895</b>	<b>\$ 115,852</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Schedule of Society Operations Expenditures**  
**Year Ended December 31, 2009**

*(Schedule 5)*

	2009	2008
Administrator salary and benefits	\$ -	\$ 51,880
Advertising and promotion	263	3,282
Annual report	978	11,578
Audit fees	8,440	8,500
Bank and credit card charges	152	618
Bookkeeping	6,018	-
Management fees	64,697	5,275
Meetings	2,540	530
Office and miscellaneous	7,431	8,792
Office equipment and maintenance	443	6,881
Secretary general fees	49,380	43,260
Telecommunications	906	2,378
Translation	2,684	1,517
Travel	1,587	2,057
	<b>\$ 145,519</b>	<b>\$ 146,548</b>