
THE CANADIAN GEOTECHNICAL SOCIETY
Financial Statements
Year Ended December 31, 2012

THE CANADIAN GEOTECHNICAL SOCIETY
Index to Financial Statements
Year Ended December 31, 2012

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
Schedule of Conference Revenues (<i>Schedule 1</i>)	10
Schedule of Membership Fees (<i>Schedule 2</i>)	10
Schedule of Conference Expenditures (<i>Schedule 3</i>)	11
Schedule of Membership Expenditures (<i>Schedule 4</i>)	11
Schedule of Society Operations Expenditures (<i>Schedule 5</i>)	12

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, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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, 2012, December 31, 2011, and January 1, 2011, its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Surrey, B.C.
August 28, 2013

Johnsen Archer LLP

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2012

	December 31 2012	December 31 2011	January 1 2011
ASSETS			
Current assets			
Cash	\$ 209,359	\$ 230,003	\$ 98,283
Restricted cash - Cold Regions Division (Note 4)	14,276	14,276	16,276
Restricted cash - Engineering Geology Division (Note 4)	8,836	8,836	10,086
Restricted cash - Education Committee (Note 4)	16,536	16,536	16,536
Short-term investments (Note 6)	52,538	115,298	50,413
Accounts receivable	112,981	70,290	98,107
Prepaid expenses	27,500	-	-
	442,026	455,239	289,701
Long-term accounts receivable	-	11,000	16,000
Long-term investments (Note 7)	159,173	158,363	270,971
Loans to Canadian Foundation for Geotechnique (Note 8)	225,000	225,000	225,000
	\$ 826,199	\$ 849,602	\$ 801,672
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 15,048	\$ 35,858	\$ 40,402
Deferred revenue (Note 9)	62,096	64,825	24,831
	77,144	100,683	65,233
NET ASSETS			
Unrestricted	709,407	709,271	693,541
Internally restricted - Cold Regions Division	14,276	14,276	16,276
Internally restricted - Engineering Geology Division	8,836	8,836	10,086
Internally restricted - Education Committee	16,536	16,536	16,536
	749,055	748,919	736,439
	\$ 826,199	\$ 849,602	\$ 801,672

ON BEHALF OF THE BOARD

Director

Director

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Operations
Year Ended December 31, 2012

	2012	2011
Revenues		
Conferences (<i>Schedule 1</i>)	\$ 70,635	\$ 18,324
Interest and miscellaneous income	6,804	6,222
Membership fees (<i>Schedule 2</i>)	251,862	254,739
Publications	43,751	59,137
Sponsorships	26,500	22,000
	399,552	360,422
Expenditures		
Conferences (<i>Schedule 3</i>)	3,007	3,818
Donations	60,000	-
Membership (<i>Schedule 4</i>)	129,286	125,497
Publications - CFEM	18,217	39,852
Society operations (<i>Schedule 5</i>)	188,906	175,525
	399,416	344,692
Excess of revenues over expenditures for the year	\$ 136	\$ 15,730

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2012

	Unrestricted	Internally Restricted	2012	2011
Net assets - beginning of year	\$ 709,271	\$ 39,648	\$ 748,919	\$ 736,439
Excess of revenues over expenditures	136	-	136	15,730
Cold Regions Division donation	-	-	-	(2,000)
Engineering Geology Division donation	-	-	-	(1,250)
Net assets - end of year	\$ 709,407	\$ 39,648	\$ 749,055	\$ 748,919

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 4*).

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2012

	2012	2011
Operating activities		
Excess of revenues over expenditures	\$ 136	\$ 15,730
Changes in non-cash working capital:		
Short-term investments	62,760	(64,885)
Accounts receivable	(42,691)	27,817
Prepaid expenses	(27,500)	-
Accounts payable and accrued liabilities	(20,810)	(4,544)
Deferred revenue	(2,729)	39,994
	(30,970)	(1,618)
Cash flow from (used by) operating activities	(30,834)	14,112
Investing activities		
Long-term accounts receivable	11,000	5,000
Long-term investments	(810)	112,608
Cash flow from investing activities	10,190	117,608
Financing activity		
Donations from internally restricted funds	-	(3,250)
Increase (decrease) in cash flow	(20,644)	128,470
Cash - beginning of year	269,651	141,181
Cash - end of year	\$ 249,007	\$ 269,651
Cash flows supplementary information		
Interest received	\$ 5,294	\$ 5,374
Cash consists of:		
Cash - unrestricted	\$ 209,359	\$ 230,003
Restricted cash - Cold Regions Division	14,276	14,276
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	16,536	16,536
	\$ 249,007	\$ 269,651

THE CANADIAN GEOTECHNICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2012

1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "Society" or "CGS") is incorporated under the laws of Canada as a not-for-profit organization 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. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society has chosen to adopt accounting standards for not-for-profit organizations ("ASNPO"). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in no changes to beginning net assets or restatement of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies - Accounting standards for not-for-profit organizations

With regard to the Society's transition from former Canadian generally accepted accounting principles ("GAAP") to ASNPO, the Society has made the following elections available under the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1501:

Financial instruments

The Society has applied Handbook Section 3856, "Financial instruments", to the opening balance sheet for the first year presented in the financial statements for the year of adoption of ASNPO. Any difference between the recognition and measurement of financial instruments at that date, in accordance with Handbook Section 3856, and the prior year's closing balance sheet is recorded as an adjustment to opening net assets at the date of transition to ASNPO.

At the date of transition to ASNPO, an entity is permitted to designate any financial asset or financial liability to be measured at fair value in accordance with Handbook Section 3856, "Financial instruments", paragraph 3856.13(a). The Society has not utilized this election.

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. 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.

(continues)

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2012

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

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 if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with 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 such financial instruments are expensed when incurred. Transaction costs associated with financial instruments carried at amortized cost are offset against the instrument and amortized over the life of the instrument.

4. RESTRICTED CASH

These funds 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.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2012

5. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, short-term investments, 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 currency risk or interest rate risk.

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 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 fair values of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying values due to the immediate or short term maturity of these instruments.

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

The fair values of the loans due from the Canadian Foundation for Geotechnique are not practicable to determine as the amounts are non-interest bearing.

6. SHORT-TERM INVESTMENTS

	2012	2011
ING GIC matured on May 4, 2012, bearing interest at 1.75% per annum	\$ -	\$ 50,877
Scotia Bank GIC matured on May 19, 2012, bearing interest at 2.75% per annum	-	64,421
ING GIC maturing on May 4, 2013, bearing interest at 2.50% per annum	52,538	-
	<u>\$ 52,538</u>	<u>\$ 115,298</u>

The short-term investments are recorded at amortized cost plus accrued interest.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2012

7. LONG-TERM INVESTMENTS

	2012	2011
ING GIC maturing on May 4, 2013, bearing interest at 2.50% per annum	\$ -	\$ 51,253
ING GIC maturing on May 4, 2014, bearing interest at 1.45% per annum	51,768	-
Ontario savings bond, maturing on June 21, 2014, bearing interest at 1.25% per annum	107,405	107,110
	\$ 159,173	\$ 158,363

The long-term investments are recorded at amortized cost plus accrued interest.

8. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2012	2011
Due December 31, 2015	\$ 100,000	\$ 100,000
Due February 18, 2016	100,000	100,000
Due 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.

9. DEFERRED REVENUE

Deferred revenue represents 2013 membership fees received during the year.

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Revenues

(Schedule 1)

Year Ended December 31, 2012

	2012	2011
CGS annual conference	\$ 50,635	\$ 9,135
Other conferences	20,000	9,189
	\$ 70,635	\$ 18,324

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2012

	2012	2011
Membership fees collected directly		
Membership fees	\$ 243,676	\$ 246,141
Membership fees collected through other societies		
Canadian Society for Civil Engineers	5,896	4,991
Engineering Institute of Canada	315	232
International Association of Hydrogeologists	1,975	3,375
	8,186	8,598
	\$ 251,862	\$ 254,739

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2012

	2012	2011
CGS student assistance	\$ 2,048	\$ 1,725
Net Legget dinner costs	959	2,093
	\$ 3,007	\$ 3,818

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2012

	2012	2011
Membership fees submitted to other societies		
Canadian Federation of Earth Sciences	\$ 2,982	\$ 2,961
Canadian Society for Civil Engineering	8,970	10,910
Canadian Society of Engineering Management	200	-
Engineering Institute of Canada	2,898	2,565
International Association of Engineering Geology	6,402	7,111
International Association of Hydrologists	4,550	4,335
International/North American Geosynthetics Society	4,304	3,742
International Society for Rock Mechanics	2,970	2,910
Other	-	750
	33,276	35,284
Publications		
BiTech - Geotechnical News	43,750	42,438
Canadian Geotechnical Journal	52,260	47,775
	96,010	90,213
	\$ 129,286	\$ 125,497

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2012

(Schedule 5)

	2012	2011
Administration - GGMI	\$ 74,152	\$ 67,175
Annual report	-	421
Audit fees	9,202	8,617
Bank and credit card charges	132	91
Bookkeeping	-	3,668
Certificates and awards	1,593	1,523
Cross Canada Lecture Tour	1,386	382
Education and professional development	1,700	4,395
Insurance	210	210
Meetings	2,164	3,125
Merchant fees	7,543	8,060
Office supplies	774	250
Postage and courier	1,104	2,311
Printing and graphics	193	124
Secretary general fees	70,829	64,242
Telephone & internet	1,132	1,016
Translation	3,655	1,957
Travel	747	-
Website	12,390	7,958
	\$ 188,906	\$ 175,525