
THE CANADIAN GEOTECHNICAL SOCIETY

Financial Statements

Year Ended December 31, 2010

THE CANADIAN GEOTECHNICAL SOCIETY
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Year Ended December 31, 2010

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INDEPENDENT AUDITORS' 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, 2010, and the statements of operations, 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 generally accepted accounting principles, 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, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that in our opinion, these principles have been applied on a basis consistent with the preceding year.

Vancouver, B.C.
August 17, 2011

Johnsen Archer LLP

CHARTERED ACCOUNTANTS

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2010

	2010	2009
ASSETS		
CURRENT		
Cash - unrestricted	\$ 98,283	\$ 122,251
Restricted cash - Cold Regions Division	16,276	16,276
Restricted cash - Engineering Geology Division	10,086	10,086
Restricted cash - Education Committee	16,536	-
Short-term investments (Note 4)	50,413	237,066
Accounts receivable (Note 5)	98,107	55,123
Prepaid expenses	-	150
	289,701	440,952
Long-term accounts receivable (Note 5)	16,000	15,000
Long-term investments (Note 6)	270,971	168,069
Loans to Canadian Foundation for Geotechnique (Note 7)	225,000	125,000
	\$ 801,672	\$ 749,021
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 65,178	\$ 38,520
Deferred revenue (Note 8)	24,831	12,374
	90,009	50,894
NET ASSETS		
Unrestricted	668,765	671,765
Internally restricted - Cold Regions Division	16,276	16,276
Internally restricted - Engineering Geology Division	10,086	10,086
Internally restricted - Education Committee	16,536	-
	711,663	698,127
	\$ 801,672	\$ 749,021

ON BEHALF OF THE BOARD



Director

Director

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Operations
Year Ended December 31, 2010

	2010	2009
REVENUE		
Conferences (<i>Schedule 1</i>)	\$ 45,794	\$ 22,813
Interest and other	6,314	6,644
Membership fees (<i>Schedule 2</i>)	225,146	242,411
Publications	48,934	69,708
Sponsorships	7,000	8,500
	333,188	350,076
EXPENSES		
Conferences (<i>Schedule 3</i>)	11,568	12,516
Membership (<i>Schedule 4</i>)	98,595	104,824
Publications - CFEM	11,787	20,660
Society operations (<i>Schedule 5</i>)	197,704	159,589
	319,654	297,589
EXCESS OF REVENUE OVER EXPENSES	\$ 13,534	\$ 52,487

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2010

	Unrestricted	Internally restricted	2010	2009
NET ASSETS - BEGINNING OF YEAR	\$ 655,231	\$ 42,898	\$ 698,129	\$ 645,640
Excess of revenue over expenses	13,534	-	13,534	52,487
NET ASSETS - END OF YEAR	\$ 668,765	\$ 42,898	\$ 711,663	\$ 698,127

Internally restricted funds of \$42,898 consist of restricted amounts from Cold Regions Division (\$16,276), Engineering Geology Division (\$10,086), and Education Committee (\$16,536).

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 13,534	\$ 52,487
Changes in non-cash working capital:		
Short-term investments	186,653	57,168
Accounts receivable	(42,984)	26,861
Accounts payable and accrued liabilities	26,660	(48,176)
Deferred revenue	12,457	(1,626)
Prepaid expenses	150	(150)
	182,936	34,077
Cash flow from operating activities	196,470	86,564
INVESTING ACTIVITIES		
Long-term accounts receivable	(1,000)	(15,000)
Loans to Canadian Foundation for Geotechnique	(100,000)	10,000
Long-term investments	(102,902)	(56,247)
Cash flow used by investing activities	(203,902)	(61,247)
INCREASE (DECREASE) IN CASH FLOW	(7,432)	25,317
Cash - beginning of year	148,613	123,296
CASH - END OF YEAR	\$ 141,181	\$ 148,613
CASH CONSISTS OF:		
Cash - unrestricted	\$ 98,283	\$ 122,251
Restricted cash - Cold Regions Division	16,276	16,276
Restricted cash - Engineering Geology Division	10,086	10,086
Restricted cash - Education Committee	16,536	-
	\$ 141,181	\$ 148,613

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2010

1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "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 engineers and related geosciences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of amended accounting standards

Effective January 1, 2010 the Society adopted amendments to the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 4400, "Financial Statement Presentation by Not-for-Profit Organizations," and 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations".

The amendments remove the requirement to disclose net assets invested in property and equipment, clarify property and equipment recognition criteria and amortization, add a requirement to disclose the allocated fundraising and general support expenses and add a requirement to follow Handbook Section 1540, Cash Flow Statements.

The application of these amendments did not have a material impact on the Society's financial statements.

Management's estimates

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. Such estimates include valuation of accounts receivable. 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 practically determined is not recognized in these financial statements.

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

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

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THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2010

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

Allocation of expenses

Management allocates human resource expenses based on the respective time the employees commit to specific areas of operations.

Financial instruments

The Society applies the CICA Handbook sections 3855, "Financial Instruments - Recognition and Measurement" and, as permitted for not-for-profit organizations, 3861, "Financial Instruments - Disclosure and Presentation". Under these sections, all financial instruments are classified into one of five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments are initially measured fair value. After initial recognition, held-for trading and available-for-sale financial assets are measured at the balance sheet date at fair value, and loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

1. Held for trading:

Cash and restricted cash are recorded at fair value with any subsequent changes in fair value recorded as a charge to the statement of operations.

2. Available-for-sale:

The Society does not currently hold any financial assets classified as available-for-sale.

3. Held-to-maturity:

Short-term investments and long-term investments are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses. The Society intends to hold these investments to maturity.

4. Loans and receivables:

Accounts receivable, long-term accounts receivable and loans to Canadian Foundation for Geotechnique are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses.

5. Other financial liabilities:

Accounts payable and accrued liabilities are measured at amortized cost and approximate their fair values due to the relatively short periods to maturity.

6. Transaction costs:

Transaction that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method.

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THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2010

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

Future accounting framework

The CICA is issuing a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will be required to choose between International Financial Reporting Standards and Accounting Standards for Not-For-Profit Organizations. Early adoption of these standards is permitted. The Society is planning to adopt Accounting Standards for Not-For-Profit Organizations and is currently assessing the impact of the transition to that method and preparing to determine comparative information.

3. FINANCIAL INSTRUMENTS

The Society has exposure to the following risk from its use of financial instruments:

Fair Value

The Society's carrying value of cash, restricted cash, short-term investments, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of long-term investments approximates its fair value as these investments bear interest at market rates.

The fair value of the loan due from the Canadian Foundation for Geotechnique and long-term accounts receivable cannot be calculated with any degree of certainty as the amounts are non-interest bearing.

Credit risk, currency risk and interest rate 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

	2010	2009
ING GIC maturing in May, 2011, bearing interest at 1.25% per annum	\$ 50,413	\$ -
Scotiabank GIC maturing March, 2010 bearing interest at 0.40% per annum	-	206,189
Scotiabank GIC maturing June, 2010 bearing interest at 0.40% per annum	-	30,877
	\$ 50,413	\$ 237,066

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Notes to Financial Statements
Year Ended December 31, 2010

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

5. LONG-TERM ACCOUNTS RECEIVABLE

Long-term accounts receivable consists of seed money provided to conference organizers.

	2010	2009
Seed Money - ISL 2012	\$ 15,000	\$ 15,000
Seed Money - EIC Climate 2013	1,000	-
	\$ 16,000	\$ 15,000

These amounts are unsecured and non-interest bearing, and are due upon completion of the conference. As the conferences will not be held in the next fiscal year, these accounts receivable have been classified as long-term assets in these financial statements.

Included in accounts receivable is seed money of \$20,000 (2009: \$10,000) provided to conference organizers for conferences to be held in the next fiscal year.

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Notes to Financial Statements
Year Ended December 31, 2010

6. LONG-TERM INVESTMENTS

	2010	2009
Scotiabank GIC maturing May, 2012, bearing interest at 2.75% per annum	\$ 62,696	\$ 61,018
ING GIC maturing May, 2012, bearing interest at 1.75% per annum	50,825	-
ING GIC maturing May, 2013, bearing interest at 2.5% per annum	50,578	-
Ontario savings bond, maturing June, 2014, bearing interest at 1.25% per annum	106,872	107,051
	\$ 270,971	\$ 168,069

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

7. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2010	2009
February 2016	\$ 100,000	\$ -
February 2018	25,000	25,000
February 2011	100,000	100,000
	\$ 225,000	\$ 125,000

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

During the year, \$100,000 of the loan originally due February 2011 was extended until February 2016.

8. DEFERRED REVENUE

Deferred revenue represents 2011 membership fees received during the year.

9. 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, 2010

	2010	2009
CGS annual conference	\$ 33,044	\$ 22,313
Other conferences	12,750	500
	\$ 45,794	\$ 22,813

Schedule of Membership Income

(Schedule 2)

Year Ended December 31, 2010

	2010	2009
Membership fees collected directly		
Membership fees	\$ 216,233	\$ 232,551
Membership fees collected through other societies		
Canadian Society for Civil Engineers	5,676	5,553
Engineering Institute of Canada	512	1,000
International Association of Hydrogeologists	2,725	3,307
	8,913	9,860
	\$ 225,146	\$ 242,411

Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2010

	2010	2009
CGS annual conference	\$ 2,536	\$ 3,471
CGS annual conference - student assistance	1,293	1,906
Other conferences	7,739	7,139
	\$ 11,568	\$ 12,516

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Schedule of Membership Expenditures
Year Ended December 31, 2010

(Schedule 4)

	2010	2009
Membership fees submitted to other societies		
Canadian Federation of Earth Sciences	\$ 3,138	\$ 3,000
Canadian Society for Civil Engineering	7,853	6,333
Canadian Society of Engineering Management	300	160
Engineering Institute of Canada	2,338	2,760
International Association of Engineering Geology	6,093	8,489
International Association of Hydrologists	5,405	6,600
International North American Geosynthetics Society	4,337	4,805
International Society for Rock Mechanics	2,850	2,700
Other	750	500
	33,064	35,347
Publications		
BiTech - Geotechnical News	43,969	45,514
Canadian Journal of Earth Sciences	120	660
Canadian Geotechnical Journal	21,442	21,305
Canadian Ground Engineering	-	1,998
	65,531	69,477
	\$ 98,595	\$ 104,824

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2010

(Schedule 5)

	2010	2009
Administration - GGAM	\$ 78,308	\$ 64,697
Advertising and promotion	-	263
Annual report	901	978
Audit fees	8,943	8,440
Bank and credit card charges	93	152
Bookkeeping	3,495	6,018
Certificates and awards	1,029	(114)
Cross Canada Lecture Tour	280	328
Education and professional development	1,950	-
Insurance	210	200
Meetings	2,543	2,540
Merchant fees	5,870	5,669
Office equipment and maintenance	270	443
Postage and courier	499	1,253
Printing and graphics	1,372	308
Secretary general fees	46,494	49,380
Telecommunications	1,268	906
Translation	4,820	2,684
Travel	-	1,587
Website	39,359	13,857
	\$ 197,704	\$ 159,589