
THE CANADIAN GEOTECHNICAL SOCIETY
Financial Statements
Year Ended December 31, 2022

THE CANADIAN GEOTECHNICAL SOCIETY
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Canadian Geotechnical Society

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, 2022, 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, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 ASNPO, 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 related 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.

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

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.
September 6, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
Current assets		
Cash	\$ 154,922	\$ 301,418
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)	22,987	18,203
Restricted cash - Geohazards Committee (Note 3)	10,154	10,154
Restricted cash - SMFD (Note 3)	3,486	-
Restricted cash - Transportation Committee (Note 3)	4,073	-
Accounts receivable	149,222	9,686
Advances receivable (Note 4)	40,000	47,000
Loans to Canadian Foundation for Geotechnique (Note 5)	335,000	335,000
	741,456	743,073
Intangible asset (Note 6)	85,751	32,549
Equipment (Note 7)	23	46
	\$ 827,230	\$ 775,668
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 80,495	\$ 68,332
Deferred revenue (Note 9)	68,169	57,560
	148,664	125,892
NET ASSETS		
Unrestricted	616,254	599,807
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	22,987	18,203
Internally restricted net assets - Geohazards Committee	10,154	10,154
Internally restricted net assets - SMFD	3,486	-
Internally restricted net assets - Transportation Committee	4,073	-
	678,566	649,776
	\$ 827,230	\$ 775,668

Covid -19 Risk (Note 13)

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, 2022

	2022	2021
Revenue		
Membership fees (<i>Schedule 3</i>)	\$ 227,167	\$ 218,843
Conferences (<i>Schedule 1</i>)	107,281	3,313
Interest and miscellaneous income	733	3,735
Publications	14,356	17,503
Restricted committees (<i>Schedule 5</i>)	8,147	-
Sponsorships	19,250	29,000
	376,934	272,394
Expenditures		
Conferences (<i>Schedule 2</i>)	20,843	4,234
Bad debt	-	15,750
Membership fees (<i>Schedule 4</i>)	87,360	89,286
Restricted committees (<i>Schedule 6</i>)	8,147	-
Publications-CFEM	4,307	5,251
Society operations (<i>Schedule 7</i>)	239,830	225,630
	360,487	340,151
Excess (deficiency) of revenue over expenditures for the year	\$ 16,447	\$ (67,757)

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Unrestricted	Internally restricted	2022	2021
Net assets - beginning of year	\$ 599,807	\$ 49,969	\$ 649,776	\$ 717,033
Restricted funds	-	12,344	12,344	500
Excess of revenue over expenditures	16,447	-	16,447	(67,757)
Net assets - end of year	\$ 616,254	\$ 62,313	\$ 678,567	\$ 649,776

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 16,447	\$ (67,757)
Items not affecting cash:		
Amortization	23	46
Restricted fund adjustment	12,344	500
	28,814	(67,211)
Changes in non-cash working capital:		
Accounts receivable	(139,536)	18,566
Advances receivable	7,000	(7,000)
Accounts payable and accrued liabilities	12,163	42,476
Deferred revenue	10,609	6,410
Prepaid expenses	-	8,500
	(109,764)	68,952
Cash flow from (used by) operating activities	(80,950)	1,741
Investing activity		
Development cost of online CFEM publication	(53,203)	(12,549)
Cash flow used by investing activity	(53,203)	(12,549)
Decrease in cash	(134,153)	(10,808)
Cash - beginning of year	351,387	362,195
Cash - end of year	\$ 217,234	\$ 351,387
Cash consists of:		
Cash	\$ 154,922	\$ 301,418
Restricted cash - Cold Regions Division	12,776	12,776
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	22,987	18,203
Restricted cash - Geohazards Committee	10,154	10,154
Restricted cash - SMFD	3,486	-
Restricted cash - Transportation Committee	4,073	-
	\$ 217,234	\$ 351,387

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

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. Due to the timing of conferences, expenditures related to conference revenue are occasionally recovered in a subsequent period, after the conference has taken place.

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THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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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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.

Intangible asset

The Canadian Foundation Engineering Manual is measured at cost and will be amortized on a straight-line basis over its estimated useful life of five years once it is in use.

Financial instruments

Financial instruments originated through arm's length transactions are initially measured at fair value. Financial instruments originated through related party transactions are initially measured at cost, except for derivative contracts and investments in equity or debt securities that are quoted in an active market. In subsequent periods financial instruments initially measured at cost continue to be measured at cost.

Subsequent measurement of financial instruments initially measured at fair value depends on their nature:

- Derivative contracts and investments in debt and equity securities that are quoted in an active market are subsequently measured at fair value;
- Financial instruments which management elects to measure at fair value are subsequently measured at fair value;
- All other financial assets and liabilities are measured at amortized cost.

Financial instruments carried at cost are tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that will subsequently be measured at fair value are expensed when incurred. Transaction costs on financial instruments that will subsequently be measured 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.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

4. 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.

5. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2022	2021
Due dates:		
May 31, 2024	\$ 100,000	\$ 100,000
May 31, 2025	100,000	100,000
May 31, 2027	100,000	100,000
February 28, 2028	35,000	35,000
	\$ 335,000	\$ 335,000

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

The Society has an economic interest in the CFG, which funds awards, prizes, and distinguished lectures held by the Society, in addition to the above interest-free loans.

6. INTANGIBLE ASSET

Intangible asset consists of costs to date for the development of an online version of the Canadian Foundation Engineering Manual ("CFEM"). Amortization has not commenced, as the manual is not ready for publication.

7. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 1,950	\$ 1,927	\$ 23	\$ 46

As at 31 December 2022, 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 the following government remittances payable:

	2022	2021
Goods and Services Tax payable	\$ 11,919	\$ 265

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

9. DEFERRED REVENUE

	2022	2021
Balance at beginning of year	\$ 57,560	\$ 51,150
Current year additions	69,030	57,560
Less: amounts taken into revenue during the year	(58,421)	(51,150)
Balance at end of year	\$ 68,169	\$ 57,560

Deferred revenue represents 2023 membership fees received during the year.

10. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, 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 and sponsors. In order to reduce its credit risk, the Society does not extend credit to members and requests that most payments be made by credit card. The Society has a significant number of members which minimizes concentration of credit risk from members.

An allowance for doubtful accounts of \$nil (2021: \$15,750) is established based on the collectability of sponsorship revenue.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

11. RELATED PARTY TRANSACTIONS

	2022	2021
Michel Aubertin <i>Executive Director</i> Consulting fees	70,618	66,795
Karma-Link Management Services <i>Management services</i> Administration	104,758	102,000
Publishing	58,500	58,500
	\$ 233,876	\$ 227,295

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. NEW INITIATIVES

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

13. COVID-19 RISK

Novel coronavirus ("Covid-19") has had a significant impact on businesses through the restrictions put in place by the Canadian federal government. While the Society's operations have not been significantly impacted, it continues to closely monitor operations and assess the impact that Covid-19 will have on its activities.

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Revenues

(Schedule 1)

Year Ended December 31, 2022

	2022	2021
GeoNiagara 2021	\$ -	\$ 3,313
GeoCalgary 2022	106,256	-
Other conference income	1,025	-
	\$ 107,281	\$ 3,313

Schedule of Conference Expenditures

(Schedule 2)

Year Ended December 31, 2022

	2022	2021
Student assistance	\$ 5,900	\$ 274
Net Legget dinner costs	431	3,960
Conferences	14,512	-
	\$ 20,843	\$ 4,234

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Membership Fees

(Schedule 3)

Year Ended December 31, 2022

	2022	2021
Membership fees collected directly		
Membership fees collected directly	\$ 227,167	\$ 216,818
Membership fees collected through other societies		
International Association of Hydrogeologists	\$ -	\$ 2,025
	\$ 227,167	\$ 218,843

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2022

	2022	2021
Memberships		
Canadian Federation of Earth Sciences	\$ -	\$ 2,000
Canadian Permafrost Association	3,860	-
Assistance Students	-	229
Publications		
Karma Link (formerly Geotechnical News)	\$ 58,500	\$ 58,500
Canadian Geotechnical Journal	25,000	28,557
	\$ 83,500	\$ 87,057

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Restricted Committees Revenues *(Schedule 5)*
Year Ended December 31, 2022

	2022	2021
Restricted committees		
Transportation committee	\$ 8,147	\$ -

During the year, the Society recognized two new restricted funds, Soil Mechanics and Foundations ("SMFD"), and Transportation committee.

Schedule of Restricted Committees Expenditures *(Schedule 6)*
Year Ended December 31, 2022

	2022	2021
Restricted committees		
Transportation committee	\$ 8,147	\$ -

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2022

(Schedule 7)

	2022	2021
Administration	\$ 105,598	\$ 102,330
Amortization	23	46
Audit fees	22,930	14,706
Bank and credit card charges	7,136	8,104
Certificates and awards	-	5,479
Cross Canada lecture tour recovery	(1,749)	-
New initiatives (<i>Note 12</i>)	5,000	959
Office	3,306	2,597
Postage and courier	64	754
Secretary and executive director fees	70,618	66,795
Telephone & internet	1,245	1,201
Translation	3,462	4,451
Travel	11,790	890
Website	10,407	17,318
	\$ 239,830	\$ 225,630