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**THE CANADIAN GEOTECHNICAL SOCIETY**

**Financial Statements**

**Year Ended December 31, 2016**

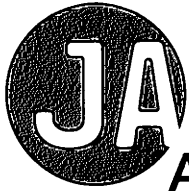
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**THE CANADIAN GEOTECHNICAL SOCIETY**  
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**Year Ended December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2016 and the statements of revenues and expenditures, 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 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.

### 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.

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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, 2016 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.

*Johnsen Archer LLP*

Surrey, B.C.  
July 27, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Financial Position**  
**December 31, 2016**

	2016	2015
<b>ASSETS</b>		
Current assets		
Cash	\$ 350,373	\$ 290,183
Restricted cash - Cold Regions Division (Note 3)	12,776	13,776
Restricted cash - Engineering Geology Division (Note 3)	8,836	8,836
Restricted cash - Education Committee (Note 3)	17,479	18,622
Investments (Note 4)	115,610	224,443
Accounts receivable	136,212	64,656
Advances receivable (Note 5)	45,000	45,000
Loans to Canadian Foundation for Geotechnique (Note 6)	235,000	235,000
	<b>921,286</b>	<b>900,516</b>
Equipment (Note 7)	1,463	-
	<b>\$ 922,749</b>	<b>\$ 900,516</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 48,606	\$ 41,953
Deferred revenue (Note 9)	70,183	66,821
	<b>118,789</b>	<b>108,774</b>
<b>NET ASSETS</b>		
Unrestricted net assets	764,869	750,508
Internally restricted net assets - Cold Regions Division	12,776	13,776
Internally restricted net assets - Engineering Geology Division	8,836	8,836
Internally restricted net assets - Education Committee	17,479	18,622
	<b>803,960</b>	<b>791,742</b>
	<b>\$ 922,749</b>	<b>\$ 900,516</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*



**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2016**

	2016	2015
<b>Revenue</b>		
Conferences ( <i>Schedule 1</i> )	\$ 118,199	\$ 61,591
Interest and miscellaneous income	3,585	4,860
Membership fees ( <i>Schedule 2</i> )	258,838	260,802
Publications	32,648	42,702
Sponsorships	12,500	12,500
	<b>425,770</b>	<b>382,455</b>
<b>Expenditures</b>		
Conferences ( <i>Schedule 3</i> )	5,052	3,641
Membership ( <i>Schedule 4</i> )	131,997	133,040
Publications-CFEM	9,908	12,787
Society operations ( <i>Schedule 5</i> )	266,595	231,238
	<b>413,552</b>	<b>380,706</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 12,218</b>	<b>\$ 1,749</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2016**

	Unrestricted	Internally restricted	2016	2015
<b>Net assets - beginning of year</b>	\$ 750,508	\$ 41,234	\$ 791,742	\$ 789,993
Excess of revenue over expenditures	14,361	(2,143)	12,218	1,749
<b>Net assets - end of year</b>	\$ 764,869	\$ 39,091	\$ 803,960	\$ 791,742

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 12,218	\$ 1,749
Item not affecting cash:		
Amortization of equipment	487	-
	<b>12,705</b>	<b>1,749</b>
Changes in non-cash working capital:		
Accounts receivable	(71,556)	(26,007)
Advances receivable	-	(25,000)
Accounts payable and accrued liabilities	6,653	(5,476)
Deferred revenue	3,362	(18,186)
	<b>(61,541)</b>	<b>(74,669)</b>
Cash flow used by operating activities	<b>(48,836)</b>	<b>(72,920)</b>
<b>Investing activities</b>		
Accrued interest on investments	(864)	(2,755)
Loans to Canadian Foundation for Geotechnique	-	(10,000)
Maturity of investments (net)	109,697	-
Purchase of equipment	(1,950)	-
Cash flow from (used by) investing activities	<b>106,883</b>	<b>(12,755)</b>
<b>Increase (decrease) in cash</b>	<b>58,047</b>	<b>(85,675)</b>
Cash - beginning of year	331,417	417,092
<b>Cash - end of year</b>	<b>\$ 389,464</b>	<b>\$ 331,417</b>
<b>Cash consists of:</b>		
Cash	\$ 350,373	\$ 290,183
Restricted cash - Cold Regions Division	12,776	13,776
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	17,479	18,622
	<b>\$ 389,464</b>	<b>\$ 331,417</b>



**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**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 short-term investments, accounts receivable, advances receivable, long-term investments 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.

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**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**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 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**

	<b>2016</b>	<b>2015</b>
RBC redeemable mutual funds	\$ 115,610	\$ 114,746
Tangerine GIC matured on May 4, 2016, bore interest at 1.65% per annum	-	55,642
Tangerine GIC matured on May 4, 2016, bore interest at 1.45% per annum	-	54,055
	<b>\$ 115,610</b>	<b>\$ 224,443</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**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**

	<b>2016</b>	<b>2015</b>
<b>Due dates:</b>		
February 28, 2018	\$ 35,000	\$ 35,000
May 31, 2020	100,000	100,000
May 31, 2022	100,000	100,000
	<b>\$ 235,000</b>	<b>\$ 235,000</b>

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 mature May 31, 2020 and 2022 matured on February 18, 2016 and December 31, 2015, respectively, and were renewed.

**7. EQUIPMENT**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 1,950	\$ 487	\$ 1,463	\$ -

As at December 31, 2017, 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 \$683 (2015: \$969).

**9. DEFERRED REVENUE**

Deferred revenue represents 2017 membership fees received during the year.

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**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 (2015: \$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 approximates their carrying values as these investments bear interest at market rates.

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

**11. DIRECTOR COMPENSATION**

During the year, the Society paid \$60,810 (2015: \$37,324) to the Executive Director and \$103,918 (2015: \$99,539) 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. Current year costs incurred for website upgrades.

**THE CANADIAN GEOTECHNICAL SOCIETY**

**Schedule of Conference Revenues**

*(Schedule 1)*

**Year Ended December 31, 2016**

	2016	2015
Annual conference	\$ 112,140	\$ 53,962
Other conferences	6,059	7,629
	<b>\$ 118,199</b>	<b>\$ 61,591</b>

**Schedule of Membership Fees**

*(Schedule 2)*

**Year Ended December 31, 2016**

	2016	2015
<b>Membership fees collected directly</b>		
Membership fees	\$ 254,354	\$ 255,026
<b>Membership fees collected through other societies</b>		
Canadian Society for Civil Engineers	3,404	3,996
International Association of Hydrogeologists	780	1,375
North American Geosynthetics Society	300	405
	<b>4,484</b>	<b>5,776</b>
	<b>\$ 258,838</b>	<b>\$ 260,802</b>

**THE CANADIAN GEOTECHNICAL SOCIETY**

**Schedule of Conference Expenditures**

*(Schedule 3)*

**Year Ended December 31, 2016**

	2016	2015
Annual conference supplies	\$ 149	\$ 150
Student assistance	3,343	1,936
Net Legget dinner costs (recovery)	1,560	1,555
	\$ 5,052	\$ 3,641

**Schedule of Membership Expenditures**

*(Schedule 4)*

**Year Ended December 31, 2016**

	2016	2015
<b>Membership fees submitted to other societies</b>		
Canadian Federation of Earth Sciences	\$ 2,000	\$ 2,000
Canadian Society for Civil Engineering	8,694	8,280
Canadian Society of Engineering Management	400	150
Engineering Institute of Canada	2,870	2,788
International Association of Engineering Geology	5,848	5,181
International Association of Hydrogeologists	3,460	3,460
International/North American Geosynthetics Society	4,766	4,217
International Society for Rock Mechanics	3,450	3,480
	31,488	29,556
<b>Publications</b>		
BiTech - Geotechnical News	56,760	56,910
Canadian Geotechnical Journal	43,749	46,574
	100,509	103,484
	\$ 131,997	\$ 133,040

**THE CANADIAN GEOTECHNICAL SOCIETY**  
**Schedule of Society Operations Expenditures**  
**Year Ended December 31, 2016**

*(Schedule 5)*

	2016	2015
Administration - GGMI	\$ 103,918	\$ 99,539
Amortization	487	-
Audit fees	9,243	9,040
Bank and credit card charges	1,074	515
Certificates and awards	3,099	1,700
Cross Canada lecture tour	7,553	8,016
Insurance	247	269
Meetings	2,418	2,953
Merchant fees	7,633	7,558
Office	5,114	754
Postage and courier	362	600
Printing and graphics	215	198
New initiatives (Note 12)	36,051	11,915
Secretary and executive director fees	60,810	56,788
Sections subsidies	500	759
Telephone & internet	1,076	937
Translation	5,971	6,489
Travel	11,855	7,289
Website	8,969	15,919
	<b>\$ 266,595</b>	<b>\$ 231,238</b>