

CANADIAN FOUNDATION FOR GEOTECHNIQUE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

CANADIAN FOUNDATION FOR GEOTECHNIQUE
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Revenues and Expenditures	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 10



INDEPENDENT AUDITOR'S REPORT

To the members of: Canadian Foundation for Geotechnique

We have audited the accompanying financial statements of Canadian Foundation for Geotechnique, which comprise the statement of financial position as at December 31, 2017 and the statements of changes in net assets, revenues and expenditures 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Foundation for Geotechnique as at December 31, 2017 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.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario
June 15, 2018

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 38,977	\$ 77,758
Investments (note 4)	684,192	600,383
Accounts receivable	5,482	9,712
Prepaid expenses	<u>1,000</u>	<u>1,000</u>
	<u>\$ 729,651</u>	<u>\$ 688,853</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 5,500
Deferred income	<u>7,500</u>	<u>12,500</u>
Current liabilities before callable debt	11,000	18,000
Callable debt (note 6)	<u>255,000</u>	<u>255,000</u>
	<u>266,000</u>	<u>273,000</u>
NET ASSETS		
NET ASSETS	<u>463,651</u>	<u>415,853</u>
	<u>\$ 729,651</u>	<u>\$ 688,853</u>

**CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
NET ASSETS, beginning of year	\$ 415,853	\$ 403,914
Net revenues over expenditures for the year	<u>47,798</u>	<u>11,939</u>
NET ASSETS, end of year	<u>\$ 463,651</u>	<u>\$ 415,853</u>

**CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
REVENUES		
Donations and contributions	\$ 48,854	\$ 6,102
Investment income	27,217	18,309
CCLT sponsorships	17,500	20,000
	<u>93,571</u>	<u>44,411</u>
EXPENDITURES		
Cross-Canada lecture tours	18,727	11,173
Awards and prizes	9,322	6,526
CFG national graduate scholarship	5,000	5,000
CGS colloquium	5,000	5,000
Professional fees	4,236	3,950
Bad debts	2,500	0
Office	921	738
Interest and bank charges	67	85
	<u>45,773</u>	<u>32,472</u>
NET REVENUES OVER EXPENDITURES for the year	<u><u>\$ 47,798</u></u>	<u><u>\$ 11,939</u></u>

CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 47,798	\$ 11,939
Items not requiring an outlay of cash		
Unrealized gain/loss on investments	<u>(23,758)</u>	<u>0</u>
	24,040	11,939
Changes in non-cash working capital		
Accounts receivable	4,230	(2,361)
Accounts payable and accrued liabilities	(2,000)	0
Deferred income	<u>(5,000)</u>	<u>5,000</u>
	<u>21,270</u>	<u>14,578</u>
CASH USED IN INVESTING ACTIVITIES		
Short term investments	<u>(60,051)</u>	<u>(7,535)</u>
NET (DECREASE) INCREASE IN CASH	(38,781)	7,043
NET CASH, beginning of year	<u>77,758</u>	<u>70,715</u>
NET CASH, end of year	<u>\$ 38,977</u>	<u>\$ 77,758</u>

CANADIAN FOUNDATION FOR GEOTECHNIQUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. NATURE OF ORGANIZATION

Canadian Foundation for Geotechnique is a not for profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Canadian Foundation for Geotechnique is exempt from income tax. Its purpose is to recognize and foster excellence in the geotechnical field in Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Revenue is recognized as earned and collection is reasonably assured.

Unrestricted contributions are recognized as received or if collection is reasonably assured. Included in donations and contributions revenue is a donation of securities for \$26,159.

Restricted contributions are recorded as revenue once the related expense occurs.

Investment income is recorded on an accrual basis in the period it is earned.

Deferred income is comprised of sponsorship income restricted for future Cross-Canada lecture tours.

(b) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and guaranteed investment certificates, which are measured at fair value. Changes in fair value are recognized in net surplus.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and callable debt.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CANADIAN FOUNDATION FOR GEOTECHNIQUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from their financial instruments.

The extent of the organization's exposure to these risks did not change in 2017 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

4. INVESTMENTS

Investments consist of:

	2017	2016
Russell LifePoints Balanced Growth Portfolio	\$ 414,230	\$ 364,313
Scotia Mortgage Corporation special rate GIC bearing interest at 1.75% - due June 13, 2020	50,356	0
Montreal Trust Company of Canada ultimate laddered GIC bearing interest at 2.2% - due September 20, 2022	50,183	0
Bank of Nova Scotia Special Rate GIC bearing interest at 1.5% - due September 16, 2017	0	50,598
Bank of Nova Scotia Equity Powered GIC - due April 5, 2019	50,006	50,006
Bank of Nova Scotia ultimate laddered GIC bearing interest at 2.3% - due May 29, 2018	45,341	44,434
Bank of Nova Scotia ultimate laddered GIC bearing interest at 1.976% - due March 16, 2021	<u>74,076</u>	<u>91,032</u>
	<u>\$ 684,192</u>	<u>\$ 600,383</u>

5. CANADIAN GEOTECHNICAL SOCIETY

The organization was established to fund the awards, prizes and lectures of the Canadian Geotechnical Society (CGS). CGS is federally incorporated without share capital as a not for profit organization. CGS operates to promote the technical competence and excellence of Canadian geotechnical engineering and related geoscience professionals. The board of directors of the foundation is separate from CGS and, thus, the foundation is separately managed. CGS may request support from the foundation for its initiatives, but the ultimate decisions on transactions with CGS are made by the foundation's board of directors.

During the year, the organization renewed its interest free loans with CGS (see note 6). CGS has an economic interest in CFG because of this. In addition, donations of \$7,195 were received through CGS and Cross-Canada lecture tours expenses of \$18,727 were paid to CGS. Transactions are recorded at the exchange amount.

CANADIAN FOUNDATION FOR GEOTECHNIQUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

6. LONG TERM DEBT

	2017	2016
Non-interest bearing, unsecured callable debt from the Canadian Geotechnical Society due within 45 days of demand under terms extending to May 2020	\$ 100,000	\$ 100,000
Non-interest bearing, unsecured callable debt from the Landslides Committee of the Canadian Geotechnical Society due within 45 days of demand under terms extending to February 2018	35,000	35,000
Non-interest bearing, unsecured callable debt from the Ottawa Geotechnical Group due within 45 days of demand under terms extending to May 2019	10,000	10,000
Non-interest bearing, unsecured callable debt from the Geotechnical Society of Edmonton due within 45 days of demand for a term extending to February 2026	5,000	5,000
Non-interest bearing, unsecured callable debt from the Canadian Geotechnical Society due within 45 days of demand under terms extending to May 2022	100,000	100,000
Non-interest bearing, unsecured callable debt from the Geotechnical Society of Edmonton due within 45 days of demand for a term extending to August 2025	<u>5,000</u>	<u>5,000</u>
	255,000	255,000
Less current portion:		
Callable debt	<u>255,000</u>	<u>255,000</u>
	<u>\$ 0</u>	<u>\$ 0</u>

Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, regular principal payments required on all long term debt for the next five years are due as follows:

2018	\$ 35,000
2019	10,000
2020	100,000
2021	0
2022	100,000
Thereafter	<u>10,000</u>
	<u>\$ 255,000</u>