

CANADIAN FOUNDATION FOR GEOTECHNIQUE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

CANADIAN FOUNDATION FOR GEOTECHNIQUE
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YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Canadian Foundation for Geotechnique

Opinion

We have audited the accompanying financial statements of Canadian Foundation for Geotechnique, which comprise the statement of financial position as at December 31, 2018 and the statements of revenues and expenditures and 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, these financial statements present fairly, in all material respects, the financial position of Canadian Foundation for Geotechnique as at December 31, 2018 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.

Basis of 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 Canadian Foundation for Geotechnique in accordance with the 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 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

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

Guelph, Ontario
June 28, 2019

Chartered Professional Accountants
Licensed Public Accountants

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CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 25,990	\$ 38,977
Investments (note 4)	681,110	684,192
Accounts receivable	5,848	5,482
Prepaid expenses	<u>1,000</u>	<u>1,000</u>
	<u>\$ 713,948</u>	<u>\$ 729,651</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,501	\$ 3,500
Deferred income	<u>10,000</u>	<u>7,500</u>
Current liabilities before callable debt	13,501	11,000
Callable debt (note 6)	<u>255,000</u>	<u>255,000</u>
	<u>268,501</u>	<u>266,000</u>
NET ASSETS		
NET ASSETS	<u>445,447</u>	<u>463,651</u>
	<u>\$ 713,948</u>	<u>\$ 729,651</u>

CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUES		
CCLT sponsorships	\$ 20,000	\$ 17,500
Donations and contributions	8,404	48,854
Investment income	<u>(11,955)</u>	<u>27,217</u>
	<u>16,449</u>	<u>93,571</u>
EXPENDITURES		
Cross-Canada lecture tours	13,446	18,727
Awards and prizes	9,255	9,322
CFG national graduate scholarship	5,000	5,000
Professional fees	4,631	4,236
Office	1,267	921
CGS colloquium	1,000	5,000
Interest and bank charges	54	67
Bad debts	<u>0</u>	<u>2,500</u>
	<u>34,653</u>	<u>45,773</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES for the year	(18,204)	47,798
NET ASSETS, beginning of year	<u>463,651</u>	<u>415,853</u>
NET ASSETS, end of year	<u><u>\$ 445,447</u></u>	<u><u>\$ 463,651</u></u>

CANADIAN FOUNDATION FOR GEOTECHNIQUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenditures for the year	\$ (18,204)	\$ 47,798
Items not requiring an outlay of cash		
Unrealized loss on investments	<u>(17,134)</u>	<u>(23,758)</u>
	(35,338)	24,040
Changes in non-cash working capital		
Accounts receivable	(366)	4,230
Accounts payable and accrued liabilities	1	(2,000)
Deferred income	<u>2,500</u>	<u>(5,000)</u>
	<u>(33,203)</u>	<u>21,270</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Short term investments	<u>20,216</u>	<u>(60,051)</u>
NET DECREASE IN CASH	(12,987)	(38,781)
NET CASH, beginning of year	<u>38,977</u>	<u>77,758</u>
NET CASH, end of year	<u>\$ 25,990</u>	<u>\$ 38,977</u>

CANADIAN FOUNDATION FOR GEOTECHNIQUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

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, 2018

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 its financial instruments.

The extent of the organization's exposure to these risks did not change in 2018 compared to the previous period.

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

4. INVESTMENTS

Investments consist of:

	2018	2017
Russell LifePoints Balanced Growth Portfolio	\$ 417,099	\$ 414,230
Bank of Nova Scotia ultimate laddered GIC bearing interest at 2.3% - due May 29, 2018	0	45,341
Bank of Nova Scotia Equity Powered GIC - due April 5, 2019	50,006	50,006
Scotia Mortgage Corporation special rate GIC bearing interest at 1.75% - due June 13, 2020	51,368	50,356
Bank of Nova Scotia ultimate laddered GIC bearing interest at 1.976% - due March 16, 2021	60,586	74,076
Montreal Trust Company of Canada ultimate laddered GIC bearing interest at 2.2% - due September 20, 2022	51,418	50,183
Bank of Nova Scotia Special Rate GIC bearing interest at 3.0% - due July 31, 2023	<u>50,633</u>	<u>0</u>
	<u>\$ 681,110</u>	<u>\$ 684,192</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 \$6,281 (2017 - \$7,195) were received through CGS and Cross-Canada lecture tours expenses of \$13,446 (2017 - \$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, 2018

6. CALLABLE DEBT

	2018	2017
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 Standing Committee on Geohazards of the Canadian Geotechnical Society due within 45 days of demand under terms extending to February 2028	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:

2019	\$ 10,000
2020	100,000
2021	0
2022	100,000
2023	0
Thereafter	<u>45,000</u>
	<u>\$ 255,000</u>