

**CANADIAN ASSOCIATION
OF GEOGRAPHERS**

FINANCIAL STATEMENTS

Year ended December 31, 2019

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Canadian Association of Geographers

Qualified Opinion

We have audited the financial statements of the **Canadian Association of Geographers**, which comprise the statement of financial position as at **December 31, 2019**, and the statements of operations, 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.

Except as noted in the *Basis for Qualified Opinion* paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019 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 ("ASNPO").

Basis for Qualified Opinion

The Association has a number of internal divisions and study groups (collectively, "divisions") which manage specific operations within different geographical or operational areas. Funds that are provided to these divisions are recorded by the Association as expenditures in the statement of operations at the time the funds are transferred to the divisions. Each of the divisions uses a bank account which is separate from those owned by the Association, with balances reflecting funds collected which are in excess of expenditures incurred by the division. We were unable to obtain sufficient appropriate audit evidence about the balances in these bank accounts as at December 31, 2019. The restrictions in place relating to COVID-19 resulted in management of the divisions being unable to obtain the required supporting documentation. Consequently, we were unable to determine whether any adjustments are necessary to prepaids, accounts payable and accrued liabilities and expenditures.

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 Association 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 qualified 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



INDEPENDENT AUDITOR'S REPORT, continued

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. 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 Association'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 Association'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 Association 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.

**CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION
LICENSED PUBLIC ACCOUNTANTS**

**Ottawa, Ontario
May 19, 2020**

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CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With comparative figures for 2018)

	<u>2019</u>	<u>Restated 2018</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 162,007	\$ 161,556
Investments - Note 3	454,781	455,068
Accounts receivable - Note 4	59,971	71,332
Prepaid expenses	54,032	66,993
Restricted cash - Note 6	<u>70,107</u>	<u>70,159</u>
	<u>\$ 800,898</u>	<u>\$ 825,108</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,211	\$ 13,683
Unearned revenue - Note 5	63,107	70,325
Funds held in trust - Note 6	<u>70,107</u>	<u>70,159</u>
	145,425	154,167
NET ASSETS	<u>655,473</u>	<u>670,941</u>
	<u>\$ 800,898</u>	<u>\$ 825,108</u>

See accompanying notes

Approved on behalf of the board

Members Joseph Leydon



CANADIAN ASSOCIATION OF GEOGRAPHERS**STATEMENT OF OPERATIONS****Year ended December 31, 2019**

(With comparative figures for 2018)

	<u>2019</u>	Restated <u>2018</u>
REVENUES		
Annual General Meeting	\$ 3,786	\$ -
Canadian Geographer publication	33,217	31,716
Directory	-	33
External event registration revenue	39,665	32,262
Future meetings fund	3,546	3,330
Investment income	8,222	12,304
Memberships	61,373	47,306
Royalties	96,957	105,209
SSHRCC publication grant	-	28,050
Study groups	1,120	6,264
Wiley Grant for CAG-IGU-NCGE	-	19,231
	<u>247,886</u>	<u>285,705</u>
EXPENDITURES		
Advertising and promotion	264	2,594
Affiliation fees	3,725	4,835
Awards	7,108	7,852
Canadian Geographer publication	34,476	38,676
Division expenses	20,774	27,788
Division rebates and grants	-	100
External event registration expense	37,998	14,783
Honoraria	13,400	13,700
Interest and bank charges	133	-
Office and general	20,004	17,903
Other committees	-	2,651
Professional fees	9,147	11,225
Salaries and benefits	65,159	59,669
Student travel grant	10,109	26,800
Study group	10,108	5,781
Travel and meetings	29,482	44,188
Wiley Grant for CAG-IGU-NCGE	-	19,231
	<u>261,887</u>	<u>297,776</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(14,001)</u>	<u>(12,071)</u>
OTHER EXPENSES (INCOME)		
Loss (gain) on sale of marketable securities	178	(273)
Loss (gain) on foreign exchange	1,289	(3,522)
	<u>1,467</u>	<u>(3,795)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (15,468)</u>	<u>\$ (8,276)</u>

See accompanying notes



CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2019
(With comparative figures for 2018)

	<u>2019</u>	Restated <u>2018</u>
NET ASSETS, BEGINNING OF YEAR, as previously stated	\$ 670,941	\$ 590,200
Prior year adjustment - Note 7	<u>-</u>	<u>89,017</u>
NET ASSETS, BEGINNING OF YEAR, as restated	670,941	679,217
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(15,468)</u>	<u>(8,276)</u>
NET ASSETS, END OF YEAR	<u>\$ 655,473</u>	<u>\$ 670,941</u>

See accompanying notes



CANADIAN ASSOCIATION OF GEOGRAPHERS**STATEMENT OF CASH FLOWS****Year ended December 31, 2019**

(With comparative figures for 2018)

	<u>2019</u>	Restated <u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (15,468)	\$ (8,276)
Adjustments for		
Loss (gain) on sale of securities	178	(273)
Loss (gain) on foreign exchange	<u>1,289</u>	<u>(7,166)</u>
	(14,001)	(15,715)
Change in non-cash working capital items		
Decrease in accounts receivable	11,361	79,799
Decrease in prepaid expenses	12,961	26,477
Decrease in accounts payable and accrued liabilities	(1,472)	(13,576)
(Decrease) increase in unearned revenue	<u>(7,218)</u>	<u>10,586</u>
	1,631	87,571
CASH FLOWS FROM INVESTING ACTIVITY		
Net increase in investment	<u>(1,180)</u>	<u>(7,575)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	451	79,996
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>161,556</u>	<u>81,560</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 162,007</u>	<u>\$ 161,556</u>

See accompanying notes



CANADIAN ASSOCIATION OF GEOGRAPHERS

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

(With comparative figures for 2018)

1. NATURE OF OPERATIONS

The Canadian Association of Geographers (the "Association") was incorporated without share capital under the Canada Business Corporations Act on February 22, 2008. The principal objective of the Association is the promotion of geography in Canada. Its principal activity is the publication of journals and other information for its members.

Effective July 8, 2014, the Association is a registered charity under paragraph 149(1)(f) of the Income Tax Act and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies are detailed below.

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions for not-for-profit organizations.

Membership, royalty and promotion, Annual General Meeting, Canadian Geographer and other publications and directory revenues are recognized in the period in which they are earned.

Unrestricted donations and government grants are recognized as revenue in the year during which they are received.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(c) Short-term investments

Short-term investments are recorded at cost.

(d) Deferred revenue

Deferred revenue represents fees relating to periods subsequent to the year-end date, which are classified as current if they will be recognized in the following year and long-term if they relate to a period more than one year after the balance sheet date.

(e) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. By their nature, these estimates are subject to measurement uncertainty. Items requiring the use of significant estimates include accrued liabilities. Actual results could differ from these estimates.

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2019
(With comparative figures for 2018)

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) **Financial instruments**

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, investments, accounts receivable and restricted cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and funds held in trust.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any subsequent improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

The Association's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

3. **INVESTMENTS**

	<u>2019</u>	Restated <u>2018</u>
Bond funds	\$ 218,420	\$ 216,826
Equities and options	78,000	156,979
Guaranteed investment certificates	<u>158,361</u>	<u>81,263</u>
	<u>\$ 454,781</u>	<u>\$ 455,068</u>

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2019
(With comparative figures for 2018)

4. **ACCOUNTS RECEIVABLE**

	<u>2019</u>	<u>Restated 2018</u>
Editorial revenue	\$ 33,217	\$ 33,913
Royalty revenue	19,134	26,254
Government remittances receivable	82	3,388
Other	<u>7,538</u>	<u>7,777</u>
	<u>\$ 59,971</u>	<u>\$ 71,332</u>

5. **UNEARNED REVENUE**

	<u>Restated Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
Membership	\$ 17,952	\$ 14,280	\$ (17,951)	\$ 14,281
50th Anniversary Fund	48,826	-	-	48,826
Future Meetings Fund	<u>3,547</u>	<u>-</u>	<u>(3,547)</u>	<u>-</u>
	<u>\$ 70,325</u>	<u>\$ 14,280</u>	<u>\$ (21,498)</u>	<u>\$ 63,107</u>

6. **FUNDS HELD IN TRUST**

	<u>2019</u>	<u>Restated 2018</u>
Robin P. Armstrong Memorial Fund	\$ 31,774	\$ 32,516
Suzanne MacKenzie Memorial Fund	<u>38,333</u>	<u>37,643</u>
	<u>\$ 70,107</u>	<u>\$ 70,159</u>

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2019
(With comparative figures for 2018)

7. PRIOR YEAR ADJUSTMENT

The comparative amounts have been retroactively restated to reflect errors and elements of the Association's operations that were not previously recorded. As a result, retained earnings as at December 31, 2017 have increased by \$89,017.

The Association has a number of internal divisions and study groups which have their own bank accounts that have not been recorded in these financial statements. Revenues and expenses associated with these divisions and study groups have historically been recorded at the time that cash is transferred to them as opposed to when transactions with third parties have actually taken place.

The prior year amounts have been adjusted to record the prepaid amounts to these divisions and study groups ahead of expenses being incurred, as well as to correct the timing of the revenues and expenses of the divisions and study groups. The impact of these adjustments are as follows:

- to increase net assets as at December 31, 2017 by \$89,017 to reflect the cumulative impact of funds transferred to the divisions and study groups ahead of a transaction with a third party taking place;
- to increase prepaid expenses as at December 31, 2018 by \$63,050 to reflect amounts transferred to the divisions and study groups ahead of the transaction with a third party taking place;
- to increase investments by \$8,763 as at December 31, 2018 to record a Guaranteed Investment Certificate held by one of the divisions;
- to decrease accounts payable and accrued liabilities as at December 31, 2018 by \$12,146 to eliminate amounts recorded as due to the divisions and study groups;
- to increase the deficiency of revenues over expenditures by \$5,058 for the year ended December 31, 2018, being the net impact of transactions with the divisions and study groups during 2018.

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2019
(With comparative figures for 2018)

8. FINANCIAL INSTRUMENTS

The Association's main financial risk exposures and its financial risk management policies are as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk associated with its holdings of cash and cash equivalents and investments with a financial institution and its accounts receivable. To mitigate this risk, the Association places its cash and cash equivalents and investments with a Canadian chartered bank and as a result, management considers the credit risk to be low. The Association manages its accounts receivable by having set credit policies and by its review and follow up of aged receivables. Management believes that all accounts receivable at the year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

(b) Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations when they come due. The Association is exposed to liquidity risk in its accounts payable and accrued liabilities. Management considers that sufficient liquidity is maintained by regular monitoring of cash flow requirements to ensure that it has the necessary funds to meet its obligations. As a result, in the opinion of management, the liquidity risk exposure to the Association is low.

There have been no significant changes in the Association's risk exposure compared to the prior year.

9. STARKEY-ROBINSON AWARD

The Association administers a bequest made by the late Dr. Otis P. Starkey which is used to issue an award to support student research in regional geography of Canada. The award is funded entirely from the remaining value of the bequest capital.

As at December 31, 2019, the approximate value of the Dr. Otis P. Starkey bequest is \$15,000 (2018 - \$15,000).

10. ASSOCIATE MEMBERS

The Association receives memberships on behalf of, and to the credit of, the American Association of Geographers ("AAG"). Memberships received for the AAG during the year were \$10,822 (2018 - \$14,839). The AAG receives memberships on behalf of the Association which are recorded by the Association as revenue from associate members.

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2019
(With comparative figures for 2018)

11. **SUBSEQUENT EVENTS**

Beginning in March 2020, the Governments of Canada and Ontario, as well as a number of foreign governments, instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets, as well as consumer activity, which may significantly impact the Association's financial position, its results of operations and its cash flows. It is not currently possible to accurately quantify or estimate that impact. No adjustments have been made to these financial statements in relation to the COVID-19 virus.