

# CANADIAN ASSOCIATION OF GEOGRAPHERS

## FINANCIAL STATEMENTS

Year ended December 31, 2018

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**Andrews & Co.**  
Chartered Professional Accountants • Professional Corporation



## INDEPENDENT AUDITOR'S REPORT

To: The Members of Canadian Association of Geographers

### *Opinion*

We have audited the financial statements of **Canadian Association of Geographers**, which comprise the statement of financial position as at **December 31, 2018**, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at **December 31, 2018**, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *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 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 opinion.

### *Other Information*

#### Emphasis of matter

We draw attention to Note 8 to the financial statements, which explains that certain comparative information presented for the December 31, 2017 Year-End has been restated. Our opinion is not modified in respect of this matter.

#### Other Matter

The financial statements for the year ended on December 31, 2017, excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those financial statements on July 23, 2018. As part of our audit of the financial statements for the year ended on December 31, 2018, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

### *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 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 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.



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## 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.

Ottawa, Ontario  
May 27, 2019

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**CANADIAN ASSOCIATION OF GEOGRAPHERS**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018**  
(With comparative figures for 2017)

	<u>2018</u>	<u>2017</u> Restated
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 161,556	\$ 81,560
Investments - Note 3	446,305	440,054
Accounts receivable - Note 4	71,332	151,131
Prepaid expenses	3,943	4,453
Restricted cash	<u>70,159</u>	<u>70,440</u>
	<u>\$ 753,295</u>	<u>\$ 747,638</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities - Note 5	\$ 25,828	\$ 27,259
Unearned revenue - Note 6	70,325	59,739
Funds held in trust - Note 7	<u>70,159</u>	<u>70,440</u>
	166,312	157,438
<b>BALANCE</b>	<u>586,983</u>	<u>590,200</u>
	<u>\$ 753,295</u>	<u>\$ 747,638</u>

See accompanying notes

Approved on behalf of the board

Members \_\_\_\_\_



# CANADIAN ASSOCIATION OF GEOGRAPHERS

## STATEMENT OF OPERATIONS

Year ended December 31, 2018

(With comparative figures for 2017)

	2018	2017
	<u>          </u>	<u>Restated</u>
<b>REVENUES</b>		
Annual General Meeting	\$ -	\$ 33,543
Investment income	12,304	13,063
Memberships	47,306	69,339
Royalties	105,209	86,128
Canadian Geographer publication	31,716	81,600
Directory	33	880
Study groups	4,981	3,283
SSHRCC publication grant	28,050	28,050
Future meetings fund	3,330	12,166
External event registration revenue	30,108	-
Wiley Grant for CAG-IGU-NCGE	19,231	-
	<u>282,268</u>	<u>328,052</u>
<b>EXPENDITURES</b>		
Salaries and benefits	59,669	80,201
Travel and meetings	44,188	48,126
Canadian Geographer publication	38,676	36,793
Office and general	17,903	15,214
Honoraria	13,700	12,350
Division rebates and grants	8,185	10,675
Professional fees	11,225	10,892
Other Committees	2,651	9,507
Affiliation fees	4,835	5,013
Awards	7,852	2,881
Translation	-	2,407
Publication of directory	-	1,274
Student Travel Grant	26,800	11,725
Advertising and promotion	2,594	1,086
Study group	7,353	705
External event registration expense	24,418	-
Wiley Grant for CAG-IGU-NCGE	19,231	-
	<u>289,280</u>	<u>248,849</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<u>(7,012)</u>	<u>79,203</u>
<b>OTHER INCOME</b>		
Gain on sale of marketable securities	273	-
Gain on foreign exchange	3,522	-
	<u>3,795</u>	<u>-</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ (3,217)</u>	<u>\$ 79,203</u>

See accompanying notes

**CANADIAN ASSOCIATION OF GEOGRAPHERS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended December 31, 2018**  
(With comparative figures for 2017)

	<u>2018</u>	<u>2017</u> Restated
<b>BALANCE, as previously stated</b>	<b>\$ 602,477</b>	<b>\$ 510,997</b>
Prior period adjustment - Note 8	<u>(12,277)</u>	<u>-</u>
<b>BALANCE, as restated</b>	<b>590,200</b>	<b>510,997</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><b>(3,217)</b></u>	<u><b>79,203</b></u>
<b>BALANCE, END OF YEAR</b>	<u><b>\$ 586,983</b></u>	<u><b>\$ 590,200</b></u>

See accompanying notes



# CANADIAN ASSOCIATION OF GEOGRAPHERS

## STATEMENT OF CASH FLOWS

Year ended December 31, 2018

(With comparative figures for 2017)

	2018	2017
	<u>          </u>	<u>Restated</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenditures	\$ (3,217)	\$ 79,203
Adjustments for		
Gain on sale of securities	(273)	-
Gain Loss on Foreign Exchange	<u>(7,166)</u>	<u>-</u>
	(10,656)	79,203
Change in non-cash working capital items		
Decrease in accounts receivable	79,799	57,802
Decrease (increase) in prepaid expenses	510	(3,831)
Decrease in accounts payable and accrued liabilities	(1,432)	(76,294)
Increase (decrease) in unearned revenue	<u>10,586</u>	<u>(26,537)</u>
	78,807	30,343
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Net decrease in investment	<u>1,189</u>	<u>23,461</u>
<b>INCREASE IN CASH</b>	79,996	53,804
<b>CASH, BEGINNING OF YEAR</b>	<u>81,560</u>	<u>27,756</u>
<b>CASH, END OF YEAR</b>	<u>\$ 161,556</u>	<u>\$ 81,560</u>

See accompanying notes



# CANADIAN ASSOCIATION OF GEOGRAPHERS

## NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2018

(With comparative figures for 2017)

### 1. NATURE OF OPERATIONS

The Canadian Association of Geographers's (the "Association") principal objective is the promotion of geography in Canada. Its principal activity is the publication of journals and other information for its members. The Association was incorporated without share capital under the Business Corporations Act on February 22, 2008. Effective July 8, 2014, the Association is a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada) and, such, is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies the Canadian accounting standards for not-for-profit organizations.

#### (a) Revenue recognition

The Association follows the deferral method of accounting for contributions for not-for-profit organizations. Membership, royalties and promotion, Annual General Meeting, Canadian Geographer publication and directory revenues are recognized in the period to which they are earned. Unrestricted donations and government grants are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (b) Financial instruments

The Association's financial instruments consist of cash, term deposits, advances receivable, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Association is not exposed to significant interest, currency or credit risks.

Transaction cost incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All the other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets measured at cost are tested for impairment when there are indicators of impairment and the amount of the write-down is recognized in net income when incurred.

#### (c) 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.





# CANADIAN ASSOCIATION OF GEOGRAPHERS

## NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2018

(With comparative figures for 2017)

### 3. INVESTMENTS

	2018	2017 Restated
Bond funds	\$ 216,826	\$ 220,579
Equities and options	156,979	189,575
Guaranteed investment certificates	72,500	29,900
	\$ 446,305	\$ 440,054

### 4. ACCOUNTS RECEIVABLE

	2018	2017 Restated
Editorial revenue	\$ 33,913	\$ 64,101
Royalty revenue	26,254	86,034
Other	11,165	996
	\$ 71,332	\$ 151,131

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

There are no amounts payable for government remittances included in accounts payable in the current or prior year.

### 6. UNEARNED REVENUE

	Balance, beginning of year	Received	Recognized	Balance, end of year
Membership	\$ 4,036	\$ 47,066	\$ (33,150)	\$ 17,952
50th Anniversary Fund	48,826	-	-	48,826
Future meetings fund	6,877	-	(3,330)	3,547
	\$ 59,739	\$ 47,066	\$ (36,480)	\$ 70,325

**CANADIAN ASSOCIATION OF GEOGRAPHERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended December 31, 2018**  
(With comparative figures for 2017)

**7. FUNDS HELD IN TRUST**

	2018	2017 Restated
Robin P. Armstrong Memorial Fund	\$ 32,516	\$ 32,848
Suzanne Mackenzie Memorial Fund	37,643	37,592
Total	\$ 70,159	\$ 70,440

**8. PRIOR PERIOD ADJUSTMENT**

The comparative figures have been retroactively restated to reflect errors and elements which were not previously recorded. As a result, retained earnings as at December 31, 2017 have decreased by \$12,277.

A \$14,000 GIC invested in September 2013 from the Robin Armstrong Fund was never recorded on the books. The GIC reached maturity on September 12th, 2018. The prior year figures were adjusted to represent the investment in the books and the correct accrued interest related to it. Investments have gone up by \$14,000.

An amount related to a sponsorship by Wiley for the 2018 IGU was recorded as a 2017 revenue. An adjustment has been recorded to record the sponsorship in 2018 instead. Therefore, the revenue has decreased by \$19,230 in the prior period and increased by the same amount in 2018.

Finally, an adjustment has been made to correct the valuation of one of the investment accounts at December 31, 2017. The adjustment lowers the value of the investment by \$7,047.

**9. Financial risk and concentration of credit risk**

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligation on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operation requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fill its obligations.

(b) Credit risk

The Association does have credit risk in accounts receivable of \$71,332 (2017 - \$151,131). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties.

(c) Interest rate risk

The Association is not exposed to significant interest risk on its financial instruments.

There has been no change to the risk exposures from 2017.

# CANADIAN ASSOCIATION OF GEOGRAPHERS

## NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2018

(With comparative figures for 2017)

10. **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, 2018, the approximate value of the Dr. Otis P. Starkey bequest is \$15,000 (2017 - \$15,000).

11. **Associate members**

The Association receives memberships on behalf and to the credit of the American Association of Geographers ("AAG"). Memberships received for the AAG during the year were \$14,839 (2017 - \$8,260). The AAG receives memberships on behalf of the Canadian Association of Geographers which are recorded by the Association as revenue from associate members.

