

**Canadian Association of
Geographers**

Year Ended December 31, 2020



Andrews & Co.
Chartered Professional Accountants • Professional Corporation

**CANADIAN ASSOCIATION
OF GEOGRAPHERS**

FINANCIAL STATEMENTS

Year ended December 31, 2020

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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, 2020**, 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, 2020 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. Many of the divisions use 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, 2020. 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.

Ottawa, Ontario
June 4, 2021


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CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	<u>2020</u>	<u>Restated 2019</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 164,580	\$ 157,157
Investments - Note 3	501,469	454,781
Accounts receivable - Note 4	31,712	26,754
Prepaid expenses	48,033	54,032
Restricted cash - Note 6	<u>79,687</u>	<u>74,955</u>
	<u>\$ 825,481</u>	<u>\$ 767,679</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 45,366	\$ 12,211
Unearned revenue - Note 5	92,444	92,085
Funds held in trust - Note 6	<u>79,687</u>	<u>74,955</u>
	217,497	179,251
NET ASSETS	<u>607,984</u>	<u>588,428</u>
	<u>\$ 825,481</u>	<u>\$ 767,679</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the board

Members JOSEPH T LEYDAN



CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF OPERATIONS
Year ended December 31, 2020

	<u>2020</u>	Restated <u>2019</u>
REVENUES		
Annual General Meeting	\$ -	\$ 3,786
External event registration revenue	6,724	39,665
Future meetings fund	-	3,546
Investment income	3,270	6,921
Memberships	51,100	61,373
Publications	33,473	33,913
Royalties	100,474	96,957
Study groups	<u>1,128</u>	<u>1,120</u>
	196,169	247,281
EXPENDITURES		
Advertising and promotion	-	264
Affiliation fees	3,862	3,725
Awards	530	7,108
Division expenses	4,141	20,774
External event registration expense	5,353	37,998
Honoraria	13,000	13,400
Interest and bank charges	1,666	133
Office and general	16,047	20,004
Professional fees	14,053	9,147
Publications	48,201	34,476
Salaries and benefits	65,290	65,159
Student travel grant	-	10,109
Study group	2,007	10,108
Travel and meetings	<u>970</u>	<u>29,482</u>
	175,120	261,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>21,049</u>	<u>(14,606)</u>
OTHER EXPENSES		
Loss on sale of marketable securities	13	178
Loss on foreign exchange	<u>1,480</u>	<u>1,289</u>
	1,493	1,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 19,556</u>	<u>\$ (16,073)</u>

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2020

	<u>2020</u>	Restated <u>2019</u>
NET ASSETS, as previously stated	\$ 588,428	\$ 670,941
Prior year adjustments - Note 7	<u>-</u>	<u>(66,439)</u>
NET ASSETS, as restated	588,428	604,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>19,556</u>	<u>(16,073)</u>
NET ASSETS, END OF YEAR	<u>\$ 607,984</u>	<u>\$ 588,428</u>

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF GEOGRAPHERS
STATEMENT OF CASH FLOWS
Year ended December 31, 2020

	<u>2020</u>	<u>Restated 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 19,556	\$ (16,073)
Items not affecting cash		
Loss on sale of securities	13	178
Loss on foreign exchange	<u>1,480</u>	<u>1,289</u>
	21,049	(14,606)
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	(4,958)	10,666
Decrease in prepaid expenses	5,999	12,961
Increase (decrease) in accounts payable and accrued liabilities	33,155	(1,473)
Increase (decrease) in unearned revenue	<u>359</u>	<u>(6,768)</u>
	55,604	780
CASH FLOWS FROM INVESTING ACTIVITY		
Net increase in investment	<u>(48,181)</u>	<u>(1,180)</u>
INCREASE (DECREASE) IN CASH	7,423	(400)
CASH, BEGINNING OF YEAR	<u>157,157</u>	<u>157,557</u>
CASH, END OF YEAR	<u>\$ 164,580</u>	<u>\$ 157,157</u>

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2020

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

The Association's 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.

Annual General Meeting, external event registration, membership, publication, royalty and study group revenues are recognized in the period in which they are earned.

Investment income is recognized when earned.

Unrestricted donations and government grants are recognized as revenue in the year 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) Investments

Investments are recorded at cost.

(d) Restricted cash

Restricted cash represents funds that have been received for specific purposes. Investment income earned on this restricted cash is reinvested in the respective fund. An off-setting liability is recognized as funds held in trust.

(e) Property, plant and equipment

The Association expenses its capital assets in the year of purchase. No capital expenditures occurred during the current or the prior year.

(f) Unearned revenue

Unearned 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.

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2020

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(g) **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.

(h) **Financial instruments**

(i) **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.

(ii) **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.

(iii) **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>2020</u>	<u>2019</u>
Bond funds	\$ 313,481	\$ 218,420
Equities and options	182,950	78,000
Guaranteed Investment Certificates	<u>5,038</u>	<u>158,361</u>
	<u>\$ 501,469</u>	<u>\$ 454,781</u>

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2020

4. **ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>Restated 2019</u>
Royalty revenue	\$ 21,913	\$ 19,134
Government remittances receivable	4,117	82
Other	<u>5,682</u>	<u>7,538</u>
	<u>\$ 31,712</u>	<u>\$ 26,754</u>

5. **UNEARNED REVENUE**

	<u>Restated Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
Membership	\$ 14,281	\$ 14,204	\$ (14,281)	\$ 14,204
50th Anniversary Fund	<u>77,804</u>	<u>436</u>	<u>-</u>	<u>78,240</u>
	<u>\$ 92,085</u>	<u>\$ 14,640</u>	<u>\$ (14,281)</u>	<u>\$ 92,444</u>

6. **RESTRICTED CASH / FUNDS HELD IN TRUST**

	<u>2020</u>	<u>Restated 2019</u>
Robin P. Armstrong Memorial Fund	\$ 33,124	\$ 34,121
Suzanne Mackenzie Fund	<u>46,563</u>	<u>40,834</u>
Total	<u>\$ 79,687</u>	<u>\$ 74,955</u>

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2020

7. PRIOR PERIOD ADJUSTMENT

The comparative amounts have been retroactively restated to reflect errors and elements of the Association's operations that were not recorded correctly. As a result, retained earnings as at December 31, 2018 have decreased by \$66,439.

The Association receives a grant each year relating to its publications. In prior years, this grant has been recognized as revenue in the year prior to the one to which it relates.

The Association has created a number of Funds whose purpose is to finance specific awards and events. Investment income derived from these Funds should be used to increase the value of the Funds but in the past it has been treated as investment income from general operations and increased cash and/or general investments.

The prior year amounts have been adjusted to correct the timing of the grant revenue, as well as to exclude investment income that was incorrectly treated as revenue from operations. The impacts of these adjustments are as follows:

- to decrease net assets as at December 31, 2018 by \$33,912 to reflect the grants being recognized in the incorrect period and a further \$32,527 to reflect investment income previously recognized that should have been recorded as an increase in the related Funds;

- to decrease cash and cash equivalents as at December 31, 2019 by \$4,850 to reallocate balances related to specified Funds;

- to decrease accounts receivable as at December 31, 2019 by \$33,217 to exclude a balance that was not receivable at that date;

- to increase restricted cash and funds held in trust as at December 31, 2019 by \$4,848 to reflect all amounts relating to these balances;

- to increase unearned revenue as at December 31, 2019 by \$28,978 for investment income that should be included in the value of the related Fund;

- to increase the deficiency of revenue over expenditures by \$605 for the year ended December 31, 2019, being the net impact of the grant and investment income transactions during 2019.

8. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

CANADIAN ASSOCIATION OF GEOGRAPHERS
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2020

9. 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, investments and restricted cash with a financial institution, and its accounts receivable. To mitigate this risk, the Association places its cash and cash equivalents, investments and restricted cash 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.

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, 2020, the approximate value of the Dr. Otis P. Starkey bequest is \$15,000 (2019 - \$15,000).

11. 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 \$9,431 (2019 - \$10,822). 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, 2020

12. **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.



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