



**CANADIAN INSTITUTE OF TRANSPORTATION ENGINEERS**  
**ITE Canadian District**

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**EXECUTIVE 2009-2011**

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April 12, 2011

Canadian Institute of Transportation Engineers  
PO Box 81009, 47B Harbour Square  
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**Attention: Mr. Gene Chartier, P.Eng.  
President, CITE**

Dear Gene :

**Reference : CITE Financial Review**

At the 2009 CITE annual meeting in Vancouver, the Board passed a motion to establish a Financial Review Committee (FRC) to review CITE Financial Statements and to report back to the Executive Committee at the earliest opportunity. A brief document summarizing the findings of the FRC is attached for your review.

To assist the FRC with the review, CITE retained Ms. Janeen Wetzstein of Dynamic Bookkeeping in Calgary, Alberta

In the opinion of the FRC, the revised 2007, 2008 and 2009 financial statements (included as Tables 3 and 4 of the report) provide a good representation of the financial state and worth of CITE. It is FRC's recommendation that motions be introduced at the 2010 annual meeting in Halifax, NS to rescind the original approved financial statements (included as Tables 1 and 2 in the report) and to approve the revised financial statements.

This completes our review of CITE finances. Members of the FRC will be available to attend the Executive Committee, Board and Business Meetings in Halifax, NS. Should you have any questions in the mean time, please contact the chair of the FRC.

Yours truly,

Andrew Vandertol, P.Eng.  
Chair, Financial Review Committee  
Phone : (403) 481-2948  
email : [neland@shaw.ca](mailto:neland@shaw.ca)

Jan Voss, P.Eng.  
Member – Financial Review Committee

John McGill, P.Eng.  
Member – Financial Review Committee

Attachments

**Review of the Canadian Institute of  
Transportation Engineers  
Financial Statements**

Prepared for:

Canadian Institute of  
Transportation Engineers (CITE)  
Executive Committee and Board

Prepared by:

Financial Review Committee  
Andrew Vandertol, P.Eng., Chair  
Jan Voss, P.Eng.  
John McGill, P.Eng.

April 21, 2011

# **REVIEW OF THE CANADIAN INSTITUTE OF TRANSPORTATION ENGINEERS FINANCIAL STATEMENTS**

## **Background**

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At the 2010 Canadian Institute of Transportation Engineers (CITE) annual meeting in Vancouver, the Board passed a motion to establish a Financial Review Committee (FRC) to review CITE financial statements. This review was precipitated upon discovery by the current CITE secretary treasurer, of a \$57,000 discrepancy, during the preparation of the 2009 year-end Balance Sheet. The primary objectives of the review were to:

- a) Determine the cause of the \$57,000 discrepancy.
- b) Establish financial reporting protocols going forward.

The FRC was comprised of the following individuals:

Andrew Vandertol, P.Eng., FITE, Chair  
Jan Voss, P.Eng., FITE  
John McGill, P.Eng., FITE

An initial meeting of the FRC was held on Tuesday, August 10, 2010 with CITE executive members to determine the best way to proceed. It was agreed that the FRC would be provided with CITE year-end financial statements (income statements and balance sheets) for the past six years (2004 to 2009 inclusive). The FRC would undertake an initial review of these financial statements and hold a telephone conference call as soon as possible to discuss initial findings.

## **INITIAL FINDINGS**

A meeting, with attendees Gene Chartier, Peter Truch, Jan Voss and Andrew Vandertol, was held on Friday, October 22, 2010 in Kelowna, BC to present the initial findings of the FRC.

The initial review identified numerous errors in each of the six years of financial statements examined. Basic accounting principles such as "Assets = Equity + Liabilities" were not observed. It was concluded that the current state of CITE's past financial statements was poor and that there were not one or two errors to account for the \$57,000 discrepancy, but a systemic series of errors over the six years of financial statements reviewed. In fact, two of the year-end financial statements were not "audited" by ITE members "in good standing" until after the annual general meeting and several were not published and presented to general membership prior to the annual meetings. In the opinion of the FRC, the financial oversight of the CITE bookkeeper by the CITE Executive, as well as the preparation and submission of financial statements to the membership over the past six years were grossly inadequate. The FRC recognizes the CITE Executive members typically have limited experience in reviewing and preparing financial statements. However, those limitations should have been raised immediately and external advisors retained, other than a bookkeeper, to assist CITE with the

financial statements rather than create a situation where at least six years of inaccurate financial statements have been prepared and issued.

It was concluded by the FRC that, given the state of the financial records, the best approach would be to “draw a line in the sand” and go forward from that point. The recommendation of the FRC was that a new bookkeeper be retained by CITE and that the last two years (namely 2008 and 2009) of financial statements be reconstructed using an approved accounting program for presentation to the membership at the 2011 Halifax conference. This was agreed to by all those in attendance at the October 22, 2010 meeting with one caveat, namely, that A. Vandertol meet with an external accountant to determine if two years was sufficient or additional years needed to be reviewed. This meeting was held on Monday, November 8, 2010 in Calgary with Mr. Leo Kelly, a partner in Kelly & Creaghan Chartered Accountants. The accountant’s reaction, based on a quick overview of the financial statements, was that CITE has a significant problem on their hands. He agreed with the FRC suggestion that, assuming nothing nefarious has taken place, CITE should draw a “line in the sand” and go forward from that point. He had no issue with the FRC’s suggestion of going back only two years.

On December 23, 2010, the CITE Executive Committee held a conference call and subsequently instructed the FRC to proceed to reconstruct financial statements for three year (2007, 2008 and 2009) instead of two years (2008 and 2009). The FRC proceeded on this basis.

Dynamic Bookkeeping in Calgary was retained by CITE to assist the FRC with the reconstruction of 2007, 2008 and 2009 CITE year-end financial statements.

For information purposes the 2007 and 2008 year-end financial statements as approved at the CITE annual general meetings in 2008 and 2009 are included as Tables 1 and 2. Please note that Table 1 also includes the draft of 2009 income statement although this was not approved at the CITE 2010 annual general meeting.

## **REVISED FINANCIAL STATEMENTS**

The revised 2007, 2008 and 2009 financial statements are summarized on Tables 3 and 4. Table 3 summarizes the income statements for each of the three years while Table 4 summarizes the balance sheets for each of the three years. To produce the revised financial statements, Dynamic Bookkeeping was provided the following information:

- Monthly bank statements for all CITE’s accounts, including chequing, GIC’s, etc.
- Year end information for the John Vardon Scholarship Fund and Michel van Aerde Scholarship
- Copies of all invoices sent out by CITE such as Website and Transportation Talk advertisements

- All cheques received and issued by CITE

A review of the revised financial statements, as summarized on Tables 3 and 4, identify a number of issues that need to be addressed by the CITE Executive Committee and Board.

1. **Outstanding Accounts Receivable (A/R):** As of December 31, 2009, the A/R was \$85,632.35. This is way in excess of CITE's Website and Transportation Talk invoices which total \$52,743.25 for all 2009. As well, a review of the 2009 A/R aging records indicate that \$34,504.41 of the total \$85,632.35 was for invoices issued prior to 2009. A more concerted effort needs to be undertaken by CITE to collect outstanding A/R and, if some of the invoices issued by CITE in 2007 and 2008 are not collectable, they should be written off to more accurately reflect the financial worth of CITE.
2. **Conference Seed Money:** As of December 31, 2009, the conference seed money account stood at \$51,000. However, a further review of the conference seed money indicates that \$47,000 in seed money was issued for the 2009 Montreal conference, none of which had been returned by the year end 2009. If these monies are not collectable, they should be written off to more accurately reflect the financial worth of CITE.
3. **Federal Government Sales Tax (GST):** On the 2009 Balance Sheet the GST liability has been broken into two numbers. CITE paid \$564.04 in 2009 for GST in 2007 and 2008. However, the revised financial statements indicate that CITE should have received a refund totaling \$4,546.67 (\$546.04 plus \$3,982.66). As a result CITE should consider submitting revised 2007 and 2008 GST claims to obtain the refunds.
4. **TD Chequing Overdraft:** The revised CITE Balance Sheets show an overdraft in the amount of \$20.34 for the TD Chequing account. The TD account was supposedly closed with a cheque (#0832, dated July 14, 2008) made out to CITE in the amount of \$3,513.80. This cheque was cashed and recorded on the TD account statement on September 09, 2008. However, TD account statements were sent to CITE for September, October, November and December 2008, each with a monthly fee charge of \$4.95 plus overdraft interest charges for a total of \$20.34. There are no further TD account statements in the 2009 binders and there is no record that the \$20.34 overdraft was ever cleared.

## **RECOMMENDATIONS**

To ensure that CITE's finances are properly handled going forward, the FRC has recommended the following:

- That CITE prepare a policy document for review and approval by the membership that clearly spells out the financial procedures and policies of the Canadian District. This should include, for example:

- How much cash to always have in reserve
- Guidelines for amount of accounts receivable
- Audit procedures
- Membership reporting guidelines
- Format for financial statements

Everything to date has been based on verbal direction from Executive Committee members which has led to some misinterpretation and errors

- That CITE retain a new bookkeeper to replace the previous bookkeeper to record transactions. The FRC recommends that Ms. Janeen Wetzstein of Dynamic Bookkeeping be retained
- That the bookkeeper should use a recognized financial accounting package (e.g. QuickBooks). The QuickBooks accounting package was used by Dynamic Bookkeeping to prepare revised 2007, 2008 and 2009 financial statements
- That the bookkeeper prepare interim financial statements every four months for review by the CITE Executive Committee
- That the year-end financial statements be reviewed by an external accountant. This review is not intended to be an audit but a check on the work done by the bookkeeper
- That CITE's year-end financial statements be sent to the membership a minimum of thirty (30) days prior to the annual meeting. The information sent to the membership should include:
  - The approved budget
  - The actual year end statements
  - The previous two year's actual year end statements for comparison purposes
- That CITE undertake a review of the roles and responsibilities of each of the Executive Committee members. The current Secretary/Treasurer position is probably the most onerous, particularly now that the CITE treasurer has taken over the finances for the annual meetings. The FRC suggests that possible additional responsibilities, such as preparing/reviewing interim and year-end financial statements and collection of A/R, be assigned to the Vice President.

**Table 1: Original CITE Net Income Statements**

	Jan - Dec, 2007	Jan - Dec, 2008	Jan - Dec, 2009
<b>REVENUE</b>			
Membership / District Dues	50,205.78	59,648.80	54,664.22
Currency Exchange	856.11	3,503.37	7,926.31
Transportation Talk Advertisements	2,050.00	5,723.22	7,093.79
Website Advertisements (Job Postings)	36,700.00	24,524.11	45,650.08
CITE Bookstore	416.10	80.00	-
Annual Conference	33,012.14	12,816.92	22,000.00
Education / Training	1,839.12	10,162.58	-
Interest	2,073.66	2,687.52	2,584.23
Miscellaneous	5,379.66	41,130.00	5,360.00
<b>Total Revenue</b>	<b>132,532.57</b>	<b>160,276.52</b>	<b>145,278.63</b>
<b>EXPENSES</b>			
Cost of Goods Sold	2,016.00	-	-
Executive Expenses	16,143.38	21,555.27	32,166.55
Director Expenses	6,454.39	6,483.17	10,537.27
Administrator Expenses	460.00	3,347.28	7,310.06
CITE Appointee Travel Expenses	6,584.47	8,133.01	2,524.18
Telephone	1,895.71	97.66	1,418.95
Postage / Fax	380.80	2,111.98	740.22
Printing / Stationary	17.14	1,032.50	10.67
Secretarial / Bookkeeping	997.50	1,583.29	2,043.04
Bank Charges	1.49	326.68	114.76
CITE Elections	4,730.27	-	-
Transportation Talk	11,757.60	8,289.75	11,196.24
Website	3,755.91	6,700.00	15,107.28
Bookstore	300.00	-	-
Annual Conference	-	-	-
Members Support Programs	2,435.42	4,604.84	7,244.83
Section Rebates	2,600.00	2,750.00	2,500.00
Chapter Rebates	100.00	1,250.00	1,000.00
Recipient Awards	2,500.00	5,376.22	7,000.00
Awards Travel Expenses	2,357.10	5,915.79	6,769.43
Certificates	218.05	104.83	-
Technical Project Development	5,560.00	9,294.02	6,235.96
Technical Project - School Sites	-	-	170.74
Technical Project - CCG Update	4,007.87	8,881.17	8.36
Technical Project - Pedestrian Signal	-	-	-
Technical Project - Site Design	28,418.07	29,048.33	1,163.81
Miscellaneous	2,912.93	-	6,485.66
<b>Total Expenses</b>	<b>106,604.10</b>	<b>126,885.79</b>	<b>121,748.01</b>
<b>Net Income (Loss)</b>	<b>25,928.47</b>	<b>33,390.73</b>	<b>23,530.62</b>

**Table 2: Original CITE Balance Sheets**

	<u>Dec 31, 07</u>	<u>Dec 31, 08</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Chequing/Savings</b>		
	Cash (Overdraft)	-
	Scotiabank	(527.90)
	TD Chequing (Overdraft)	42,117.71
	<u>76,772.03</u>	<u>(20.34)</u>
<b>Total Chequing/Savings</b>	<u>76,772.03</u>	<u>41,569.47</u>
<b>Accounts Receivable</b>		
	Accounts Receivable	48,200.80
<b>Total Accounts Receivable</b>	<u>48,200.80</u>	<u>41,840.85</u>
<b>Other Current Assets</b>		
	Conference Seed Money	16,000.00
	Manulife Bank	1,726.85
<b>Total Other Current Assets</b>	<u>16,000.00</u>	<u>17,726.85</u>
<b>Total Current Assets</b>	<u>140,972.83</u>	<u>101,137.17</u>
<b>Fixed Assets</b>		
	John Vardon Scholarship	-
	Computer Hardware	50,000.00
	Manulife	2,217.72
	Scotia GIC	33,080.40
	Michel Van Aerde Scholarship	-
<b>Total Fixed Assets</b>	<u>33,080.40</u>	<u>102,217.72</u>
<b>TOTAL ASSETS</b>	<u><u>174,053.23</u></u>	<u><u>203,354.89</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
	Accounts Payable	10,572.40
<b>Total Accounts Payable</b>	<u>10,572.40</u>	<u>3,189.29</u>
<b>Other Current Liabilities</b>		
	GST/HST Payable (Refund)	(2,061.70)
<b>Total Other Current Liabilities</b>	<u>(2,061.70)</u>	<u>536.01</u>
<b>Total Current Liabilities</b>	<u>(2,061.70)</u>	<u>3,725.30</u>
<b>Total Liabilities</b>	<u>(2,061.70)</u>	<u>3,725.30</u>
<b>Equity</b>		
	Capital Gain (loss)	-
	Retained Earnings	-
	Net Income	139,614.06
<b>Total Equity</b>	<u>25,928.47</u>	<u>168,926.59</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>174,053.23</u></u>	<u><u>203,354.90</u></u>

**Table 3: Revised CITE Net Income Statements**

	Jan - Dec, 2007	Jan - Dec, 2008	Jan - Dec, 2009
<b>REVENUE</b>			
Annual Conference	28,628.13	22,369.17	22,000.00
Bookstore Sales	534.75	-	-
Currency Exchange	2,732.37	1,629.62	7,926.31
Education/Training	1,840.12	2,000.00	860.00
Interest Income	1,608.92	2,999.43	2,559.12
John Vardon Scholarship	-	1,750.00	500.00
Membership Dues	55,172.15	62,395.00	54,664.22
Miscellaneous Revenue	-	984.38	4,000.00
Program Service Fees	3,300.00	1,500.00	-
Transportation Talk Advertising	2,050.00	6,675.00	7,093.75
Website Advertisements	35,500.00	55,393.04	45,650.00
<b>Total Revenue</b>	<b>131,366.44</b>	<b>157,695.64</b>	<b>145,253.40</b>
<b>EXPENSES</b>			
Administrative			
Administrator Hon. & Travel	3,507.93	4,619.31	9,399.15
Annual Conference	9,764.15	-	-
Award Recipient Prizes/Cont	-	5,202.38	3,134.37
Award Recipient Travel	4,921.54	1,904.76	7,439.32
Bank Charges	449.56	164.56	114.76
Bookstore	-	7,165.36	-
Chapter Rebates	-	952.38	-
CITE Appointee Travel	4,436.22	12,955.57	6,231.83
CITE Elections	1,398.82	-	-
Director Expenses	9,121.17	15,730.26	10,754.00
Executive Expenses	15,296.54	18,223.23	37,877.34
Interest Expense	325.31	-	-
John Vardon Scholarship	-	2,000.00	2,000.00
Membership Support Programs	1,998.79	2,125.90	3,200.00
Michel Van Aerde Award	-	-	2,000.00
Miscellaneous	3,570.74	3,103.34	348.50
Planning Support System Project	5,000.00	10,000.00	-
Postage, Mailing Service	1,649.42	1,846.37	2,752.46
Printing and Copying	13,728.19	12,927.16	1,484.89
Project - School Sites	-	-	363.47
Project - Site Design Program	22,500.00	6,337.41	-
Secretarial/Bookkeeping	997.50	1,579.97	2,608.41
Section Rebates	2,100.00	4,250.00	10,000.00
Telephone, Telecommunications	-	-	753.36
Transportation Talk	-	-	11,101.81
Transit Priority Signal Project	5,000.00	7,500.00	-
Website	763.07	14,895.43	10,486.43
<b>Total Expenses</b>	<b>106,528.95</b>	<b>133,483.39</b>	<b>122,050.10</b>
<b>Net Income (Loss)</b>	<b>24,837.49</b>	<b>24,212.25</b>	<b>23,203.30</b>

**Table 4: Revised CITE Balance Sheets**

	<b>Dec 31, 07</b>	<b>Dec 31, 08</b>	<b>Dec 31, 09</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Chequing/Savings</b>			
Scotiabank	155.85	41,867.71	13,762.43
TD Chequing (Overdraft)	79,092.03	(20.34)	(20.34)
<b>Total Chequing/Savings</b>	<b>79,247.88</b>	<b>41,847.37</b>	<b>13,742.09</b>
<b>Accounts Receivable</b>			
Accounts Receivable	44,042.66	69,302.66	85,632.35
<b>Total Accounts Receivable</b>	<b>44,042.66</b>	<b>69,302.66</b>	<b>85,632.35</b>
<b>Other Current Assets</b>			
Conference Seed Money	9,000.00	9,000.00	51,000.00
<b>Total Other Current Assets</b>	<b>9,000.00</b>	<b>9,000.00</b>	<b>51,000.00</b>
<b>Total Current Assets</b>	<b>132,290.54</b>	<b>120,150.03</b>	<b>150,374.44</b>
<b>Fixed Assets</b>			
<b>Computer Hardware</b>			
Manulife	33,080.40	-	-
John Vardon Scholarship	-	51,769.86	51,764.38
Scotia GIC	-	15,754.94	5,894.06
Michel Van Aerde Scholarship	43,722.49	44,082.49	44,502.49
<b>Total Fixed Assets</b>	<b>76,802.89</b>	<b>111,607.29</b>	<b>102,160.93</b>
<b>TOTAL ASSETS</b>	<b>209,093.43</b>	<b>231,757.32</b>	<b>252,535.37</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
Accounts Payable	-	-	-
<b>Total Accounts Payable</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Current Liabilities</b>			
Michel Van Aerde Award			(564.04)
GST Liability (Refund)			(3,982.66)
GST/HST Payable (Refund)	(573.09)	(2,121.45)	(4,546.70)
<b>Total Other Current Liabilities</b>	<b>(573.09)</b>	<b>(2,121.45)</b>	<b>(4,546.70)</b>
<b>Total Current Liabilities</b>	<b>(573.09)</b>	<b>(2,121.45)</b>	<b>(4,546.70)</b>
<b>Total Liabilities</b>	<b>(573.09)</b>	<b>(2,121.45)</b>	<b>(4,546.70)</b>
<b>Equity</b>			
Retained Earnings	184,829.03	209,666.52	233,878.77
Net Income	24,837.49	24,212.25	23,203.30
<b>Total Equity</b>	<b>209,666.52</b>	<b>233,878.77</b>	<b>257,082.07</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>209,093.43</b>	<b>231,757.32</b>	<b>252,535.37</b>