

**CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION**  
**Financial Statements**  
**Year Ended December 31, 2015**

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

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Year Ended December 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Society of Exploration Geophysicists Foundation

I have audited the accompanying financial statements of Canadian Society of Exploration Geophysicists Foundation, which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Society of Exploration Geophysicists Foundation derives revenue from donations, sponsorships and other fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Society of Exploration Geophysicists Foundation. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2015, current assets and net assets as at December 31, 2015.

### Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion

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Independent Auditor's Report to the Members of Canadian Society of Exploration Geophysicists  
Foundation *(continued)*

paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Society of Exploration Geophysicists Foundation as at December 31, 2015 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.

Calgary, Alberta  
May 4, 2016

*Murray Hunter*

CHARTERED ACCOUNTANT

**CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION**

**Statement of Financial Position**

**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 146,823	\$ 91,620
Term deposits	278,746	291,239
Accounts receivable	103,441	11,179
Goods and services tax recoverable	-	2,870
Prepaid expenses	6,748	9,535
	<u>535,758</u>	406,443
Restricted fund	112,634	114,413
Endowment fund	1,511,939	1,509,696
	<u>\$ 2,160,331</u>	<u>\$ 2,030,552</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 51,520	\$ 24,674
Goods and services tax payable	28	-
Deferred income	90,575	35,040
	<u>142,123</u>	59,714
<b>NET ASSETS</b>		
General fund	393,635	346,729
Restricted fund	112,634	114,413
Endowment fund	1,511,939	1,509,696
	<u>2,018,208</u>	1,970,838
	<u>\$ 2,160,331</u>	<u>\$ 2,030,552</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION**

**Statement of Revenues and Expenditures**

**For the Year Ended December 31, 2015**

	Total 2015	Total 2014
<b>REVENUES</b>		
General donations	\$ 20,878	\$ 115,422
Outreach programs	62,019	67,866
USO	51,549	42,725
CDL	15,565	16,358
Scholarships	21,306	32,015
Travel grant	15,000	16,000
Interest and other	24,400	23,426
	<u>210,717</u>	<u>313,812</u>
<b>EXPENDITURES</b>		
Interest and bank charges	247	256
Administration	15,221	19,168
Special projects	6,725	-
Outreach	77,379	106,099
Scholarships	28,500	32,000
USO	48,011	48,041
Fund development	4,182	6,024
CDL	11,453	14,086
Travel grant	8,825	23,413
	<u>200,543</u>	<u>249,087</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 10,174</b>	<b>\$ 64,725</b>

**CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2015**

	General Fund	Restricted Fund	Endowment Fund	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 347,077	\$ 114,413	\$ 1,509,348	\$ 1,970,838	\$ 1,749,442
Excess of revenues over expenses	10,174	-	-	<b>10,174</b>	64,725
Contributions	-	100	8,097	<b>8,197</b>	102,913
Scholarships paid	-	(4,000)	-	<b>(4,000)</b>	(4,000)
Interest and dividends	-	-	36,384	<b>36,384</b>	31,781
Realized and unrealized investment gains	-	2,121	4,061	<b>6,182</b>	35,674
Management investment fee	-	-	(9,567)	<b>(9,567)</b>	(9,697)
Transfer to general fund	36,384	-	(36,384)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 393,635</b>	<b>\$ 112,634</b>	<b>\$ 1,511,939</b>	<b>\$ 2,018,208</b>	<b>\$ 1,970,838</b>

**CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION**

**Statement of Cash Flows**

**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 10,174	\$ 64,725
Item not affecting cash:		
Increase in market value of securities	6,182	35,674
	<u>16,356</u>	<u>100,399</u>
Changes in non-cash working capital:		
Accounts receivable	(92,262)	96,018
Accounts payable	26,846	11,983
Deferred income	55,535	(71,960)
Prepaid expenses	2,787	459
Goods and services tax payable	2,898	(2,870)
	<u>(4,196)</u>	<u>33,630</u>
Cash flow from operating activities	<u>12,160</u>	<u>134,029</u>
<b>INVESTING ACTIVITIES</b>		
Investment fees paid	(9,567)	(9,697)
Schlorships paid out of restricted funds	(4,000)	(4,000)
Cash flow used by investing activities	<u>(13,567)</u>	<u>(13,697)</u>
<b>FINANCING ACTIVITIES</b>		
Interest and dividends earned	36,384	31,781
Donations received	8,197	102,913
Cash flow from financing activities	<u>44,581</u>	<u>134,694</u>
<b>INCREASE IN CASH FLOW</b>	<b>43,174</b>	<b>255,026</b>
Cash - beginning of year	<u>2,006,968</u>	<u>1,751,942</u>
<b>CASH - END OF YEAR</b>	<b>\$ 2,050,142</b>	<b>\$ 2,006,968</b>
<b>CASH CONSISTS OF:</b>		
Cash and term deposits	\$ 425,569	\$ 383,207
Restricted investments	112,634	114,065
Endowment investments	1,511,939	1,509,696
	<u>\$ 2,050,142</u>	<u>\$ 2,006,968</u>



# CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2015

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### 1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with accounting standards for not-for-profit organizations.

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### 2. DESCRIPTION OF OPERATIONS

The Canadian Society of Exploration Geophysicists Foundation ( the Foundation) was established through Articles of Association in the Province of Alberta and registered in the name CSEG Foundation on July 13,2005 and received charitable status in 2006. The Foundation commenced operations effective January 1, 2007.

The Foundation's mandate is to establish programs and support post secondary education in geophysics and the earth sciences through scholarships, research and continuing education courses.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. In preparing these financial statements, management is required to make estimates and assumptions. In management's opinion, the financial statements have been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below:

#### Revenue Recognition

The Foundation receives donations from the Canadian Society of Exploration Geophysicists and other supporters of the Foundation. Revenue is recognized when donations are received. In addition, the foundation earns interest on money held on deposit including amounts to be accrued up to the reporting date of the financial statements presented.

#### Endowment and restricted funds

The Foundation has established an endowment fund to provide support for its operations and other projects or scholarships that are deemed to promote the objects of the Foundation. These funds are held as a separate fund and are accounted for separately from the operating funds of the Foundation. It is the intention of the Foundation to only disburse interest and dividends earned on the endowment and restricted funds annually.

#### Income taxes

The Foundation meets certain exemptions as allowed for not-for-profit organizations and accordingly, no provision for income taxes is required or reflected in the accompanying financial statements.

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Notes to Financial Statements

Year Ended December 31, 2015

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Volunteer Services

Many of the activities necessary to conduct the day to day operations of the Foundation are carried out through volunteer efforts. However, due to the difficulties in determining fair values for these services, no amounts are included in the accompanying financial statements for these services.

Use of Estimates

In preparing these financial statements, the Board of Directors must make estimates and assumptions concerning values of certain assets and liabilities, net income and related disclosures reported in these financial statements. Actual results could differ from these estimates.

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4. FINANCIAL INSTRUMENTS

The carrying values of all of the assets, except prepaid expenses, and liabilities in the accompanying statements of financial position approximate fair value due to the relatively short-term maturities of these instruments.

The Foundation's revenues are derived from and dependent upon donations. Accordingly, concentrations of credit and liquidity risk are considered minimal.

Some of the assets held in the Foundation's endowment fund are invested in bonds and marketable securities that are managed by the Calgary Foundation which had a market value of \$ 739,527 as at December 31, 2015 ( 2014- \$ 618,649 ). These securities trade in an open market and are subject to the risk that fluctuations in value can occur from various factors including economic, political and industry events overall and specific to the underlying securities. The Foundation's current policy is to monitor the investment returns and performance of the fund and to take appropriate action if the fund does not meet the measurement objectives expected.

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