

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION
Financial Statements
Year Ended December 31, 2016

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

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Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

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, 2016 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, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Society of Exploration Geophysicists Foundation as at December 31, 2016 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
June 13, 2017



CHARTERED ACCOUNTANT

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Financial Position

December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 89,593	\$ 146,823
Term deposits	251,578	278,746
Accounts receivable	153,725	103,441
Goods and services tax recoverable	54	-
Prepaid expenses	17,204	6,748
	<u>512,154</u>	<u>535,758</u>
Restricted fund	115,152	112,634
Endowment fund	1,548,780	1,511,939
	<u>\$ 2,176,086</u>	<u>\$ 2,160,331</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 46,040	\$ 51,520
Goods and services tax payable	-	28
Deferred income	81,188	90,575
	<u>127,228</u>	<u>142,123</u>
NET ASSETS		
General fund	384,926	393,635
Restricted fund	115,152	112,634
Endowment fund	1,548,780	1,511,939
	<u>2,048,858</u>	<u>2,018,208</u>
	<u>\$ 2,176,086</u>	<u>\$ 2,160,331</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Revenues and Expenditures

For the Year Ended December 31, 2016

	Total 2016	Total 2015
REVENUES		
General donations	\$ 15,040	\$ 20,878
Outreach programs	22,750	62,019
USO	28,413	51,549
CDL	10,000	15,565
Scholarships	20,470	21,306
Travel grant	10,000	15,000
Interest and other	22,522	24,400
ESFS	123,448	-
Special projects	16,700	-
	<u>269,343</u>	<u>210,717</u>
EXPENDITURES		
Interest and bank charges	243	247
Administration	46,739	15,221
Special projects	27,430	6,725
Outreach	26,149	77,379
Scholarships	20,500	28,500
USO	37,088	48,011
Fund development	14,163	4,182
CDL	12,533	11,453
ESFS	109,469	-
Travel grant	6,410	8,825
	<u>300,724</u>	<u>200,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (31,381)</u>	<u>\$ 10,174</u>

See notes to financial statements

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2016

	General Fund	Restricted Fund	Endowment Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 393,635	\$ 112,634	\$ 1,511,939	\$ 2,018,208	\$ 1,970,838
Deficiency of revenues over expenses	(31,381)	-	-	(31,381)	10,174
Contributions	-	4,060	8,865	12,925	8,197
Scholarships paid	-	(4,000)	-	(4,000)	(4,000)
Interest and dividends	-	2,458	22,672	25,130	36,384
Realized and unrealized investment gains	-	-	39,265	39,265	6,182
Management investment fee	-	-	(11,289)	(11,289)	(9,567)
Transfer to general fund	22,672	-	(22,672)	-	-
NET ASSETS - END OF YEAR	\$ 384,926	\$ 115,152	\$ 1,548,780	\$ 2,048,858	\$ 2,018,208

See notes to financial statements

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (31,381)	\$ 10,174
Increase in market value of securities	39,265	6,182
	<u>7,884</u>	<u>16,356</u>
Changes in non-cash working capital:		
Accounts receivable	(50,284)	(92,262)
Accounts payable	(5,480)	26,846
Deferred income	(9,387)	55,535
Prepaid expenses	(10,456)	2,787
Goods and services tax payable	(82)	2,898
	<u>(75,689)</u>	<u>(4,196)</u>
Cash flow from operating activities	<u>(67,805)</u>	<u>12,160</u>
INVESTING ACTIVITIES		
Investment fees paid	(11,289)	(9,567)
Scholarships paid out of restricted funds	(4,000)	(4,000)
Cash flow used by investing activities	<u>(15,289)</u>	<u>(13,567)</u>
FINANCING ACTIVITIES		
Interest and dividends earned	25,130	36,384
Donations received	12,925	8,197
Cash flow from financing activities	<u>38,055</u>	<u>44,581</u>
INCREASE (DECREASE) IN CASH FLOW	(45,039)	43,174
Cash - beginning of year	<u>2,050,142</u>	<u>2,006,968</u>
CASH - END OF YEAR	\$ 2,005,103	\$ 2,050,142
CASH CONSISTS OF:		
Cash and term deposits	\$ 341,171	\$ 425,569
Restricted investments	115,152	112,634
Endowment investments	1,548,780	1,511,939
	<u>\$ 2,005,103</u>	<u>\$ 2,050,142</u>

See notes to financial statements

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

1. BASIS OF PRESENTATION

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

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.

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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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.

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 \$ 790,175 as at December 31, 2016 (2015- \$ 739,527). 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.

The Foundation also has \$ 1,125,339 at December 31, 2016 invested in various guaranteed investment securities bearing interest at rates ranging from 1.5% to 2.56% with maturities from May,2017 to February, 2021 and is subject to interest rate risk should interest rates change over the period of time these investments are held.
