

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION
Financial Statements
Year Ended December 31, 2017

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

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Year Ended December 31, 2017

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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, 2017 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 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, 2017, current assets and net assets as at December 31, 2017.

Qualified Opinion

(continues)

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

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, 2017 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 5, 2018

CHARTERED ACCOUNTANT

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Financial Position

December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 104,638	\$ 89,593
Term deposits	231,816	251,578
Accounts receivable	144,069	153,725
Goods and services tax recoverable	-	54
Prepaid expenses	9,209	17,204
	489,732	512,154
Restricted fund	116,899	115,152
Endowment fund	1,608,515	1,548,780
	\$ 2,215,146	\$ 2,176,086
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 28,610	\$ 46,040
Deferred income	92,699	81,188
	121,309	127,228
NET ASSETS		
General fund	368,423	384,926
Restricted fund	116,899	115,152
Endowment fund	1,608,515	1,548,780
	2,093,837	2,048,858
	\$ 2,215,146	\$ 2,176,086

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Revenues and Expenditures

Year Ended December 31, 2017

	Total 2017	Total 2016
REVENUES		
General donations	\$ 53,531	\$ 15,040
Outreach programs	8,332	22,750
USO	9,700	28,413
CDL	18,000	10,000
Scholarships	16,953	20,470
Travel grant	15,000	10,000
Interest and other	18,843	22,522
ESFS	146,574	123,448
Special projects	6,492	16,700
Fund development	1,000	-
	294,425	269,343
EXPENDITURES		
Interest and bank charges	262	243
Administration	62,804	46,739
Special projects	16,128	27,430
Outreach	22,690	26,149
Scholarships	19,000	20,500
USO	32,310	37,088
Fund development	10,014	14,163
CDL	13,347	12,533
Travel grant	8,859	6,410
ESFS	145,491	109,469
	330,905	300,724
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (36,480)	\$ (31,381)

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2017

	General Fund	Restricted Fund	Endowment Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 384,926	\$ 115,152	\$ 1,548,780	\$ 2,048,858	\$ 2,018,208
Deficiency of revenues over expenditures	(36,480)	-	-	(36,480)	(31,381)
Contributions	-	7,300	500	7,800	12,925
Scholarships paid	-	(6,000)	-	(6,000)	(4,000)
Interest and dividends	-	447	19,977	20,424	25,130
Realized and unrealized investment gains	-	-	71,686	71,686	39,265
Management investment fee	-	-	(12,451)	(12,451)	(11,289)
Transfer to general fund	19,977	-	(19,977)	-	-
NET ASSETS - END OF YEAR	\$ 368,423	\$ 116,899	\$ 1,608,515	\$ 2,093,837	\$ 2,048,858

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Deficiency Of Revenues Over Expenditures	\$ (36,480)	\$ (31,381)
Item not affecting cash:		
Increase in market value of securities	71,686	39,265
	<u>35,206</u>	<u>7,884</u>
Changes in non-cash working capital:		
Accounts receivable	9,656	(50,284)
Accounts payable	(17,430)	(5,480)
Deferred income	11,511	(9,387)
Prepaid expenses	7,995	(10,456)
Goods and services tax payable	54	(82)
	<u>11,786</u>	<u>(75,689)</u>
Cash flow from operating activities	<u>46,992</u>	<u>(67,805)</u>
INVESTING ACTIVITIES		
Investment fees paid	(12,451)	(11,289)
Scholarships paid out of restricted funds	(6,000)	(4,000)
Cash flow used by investing activities	<u>(18,451)</u>	<u>(15,289)</u>
FINANCING ACTIVITIES		
Interest and dividends earned	20,424	25,130
Donations received	7,800	12,925
Cash flow from financing activities	<u>28,224</u>	<u>38,055</u>
INCREASE (DECREASE) IN CASH FLOW	56,765	(45,039)
Cash - beginning of year	<u>2,005,103</u>	2,050,142
CASH - END OF YEAR	2,061,868	2,005,103
CASH CONSISTS OF:		
Cash and term deposits	\$ 336,454	\$ 341,171
Restricted investments	116,899	115,152
Endowment investments	1,608,515	1,548,780
	<u>\$ 2,061,868</u>	<u>\$ 2,005,103</u>

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2017

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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CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2017

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 \$ 969,387 as at December 31, 2017 (2016- \$ 790,175). 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 \$ 992,172.06 at December 31, 2017 invested in various guaranteed investment securities bearing interest at rates ranging from 1.75% to 2.72% with maturities from April, 2018 to December, 2022 and is subject to interest rate risk should interest rates change over the period of time these investments are held.
