

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION
Financial Statements
Year Ended December 31, 2012

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

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Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Unit Holders 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, 2012 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 audit opinion.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Society of Exploration Geophysicists Foundation as at December 31, 2012 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.

Comparative Information

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes that Canadian Society of Exploration Geophysicists Foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. I was not engaged to report on the restated comparative information, and as such, it is unaudited.

Calgary, Alberta
June 7, 2013


CHARTERED ACCOUNTANT

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Financial Position

December 31, 2012

	<i>December 31</i> 2012	<i>December 31</i> 2011	<i>January 1</i> 2011
ASSETS			
CURRENT			
Cash	\$ 26,927	\$ 66,776	\$ 34,413
Term deposits	67,000	651,295	648,149
Accounts receivable	77,790	72,662	59,197
Goods and services tax recoverable	2,420	40	-
Prepaid expenses	7,182	3,080	3,510
	181,319	793,853	745,269
Endowment funds	956,791	-	-
Restricted Funds	12,850	-	-
	\$ 1,150,960	\$ 793,853	\$ 745,269
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	\$ 16,572	\$ 2,353	\$ 8,081
Deferred income	32,000	2,000	-
	48,572	4,353	8,081
NET ASSETS			
General fund	132,747	789,500	737,188
Endowment fund	956,791	-	-
Restricted fund	12,850	-	-
	1,102,388	789,500	737,188
	\$ 1,150,960	\$ 793,853	\$ 745,269

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Revenues and Expenditures

Year Ended December 31, 2012

	2012	2011
REVENUES		
General donations	\$ 28,251	\$ 36,124
Interest and other	28,593	26,841
Outreach programs	97,041	89,000
USO	6,550	5,595
CDL	15,000	15,000
Scholarship	37,150	39,750
	<u>212,585</u>	<u>212,310</u>
EXPENDITURES		
Administration	12,821	15,224
Outreach	66,969	64,388
Interest and bank charges	380	173
Scholarships	38,000	36,000
USO	26,391	28,482
Fundraising	18,558	-
CDL	12,678	15,731
	<u>175,797</u>	<u>159,998</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 36,788	\$ 52,312

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2012

	General Fund	Endowment Fund	Restricted Fund	2012	2011
NET ASSETS - BEGINNING OF YEAR	\$ 789,500	\$ -	\$ -	\$ 789,500	\$ 737,188
Excess of revenues over expenditures	36,788	-	-	36,788	52,312
Donations	-	275,500	600	276,100	-
Transfer of funds	(693,541)	681,291	12,250	-	-
NET ASSETS - END OF YEAR	\$ 132,747	\$ 956,791	\$ 12,850	\$ 1,102,388	\$ 789,500

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 36,788	\$ 52,312
Changes in non-cash working capital:		
Accounts receivable	(5,129)	(13,465)
Accounts payable	14,220	(5,728)
Deferred income	30,000	2,000
Prepaid expenses	(4,102)	430
GST payable (receivable)	(2,380)	(40)
	<u>32,609</u>	<u>(16,803)</u>
Cash flow from operating activities	<u>69,397</u>	<u>35,509</u>
FINANCING ACTIVITIES		
Donations to endowment fund	275,500	-
Donations to restricted fund	600	-
Cash flow from financing activities	<u>276,100</u>	<u>-</u>
INCREASE IN CASH FLOW	345,497	35,509
Cash - beginning of year	<u>718,071</u>	<u>682,562</u>
CASH - END OF YEAR	\$ 1,063,568	\$ 718,071
CASH CONSISTS OF:		
Cash	\$ 26,927	\$ 66,776
Term deposits	67,000	651,295
Endowment funds	956,791	-
Restricted funds	12,850	-
	<u>\$ 1,063,568</u>	<u>\$ 718,071</u>

CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2012

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPO had no impact on net assets as at January 1, 2011 or revenues and expenditures or cash flows for the year ended December 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

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 recieved 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, reasearch and contiuing 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 earned on the endowment funds annually. The Foundation also receives donations from time to time for specific requests and these funds are held outside of the operating funds and disbursed in accordance with the request.

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CANADIAN SOCIETY OF EXPLORATION GEOPHYSICISTS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2012

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

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.

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.
