



**Kenway Mack
Slusarchuk Stewart** LLP
Chartered Professional Accountants,
Chartered Accountants



CSPG Foundation

Financial Statements

August 31, 2018



Independent Practitioners' Review Engagement Report

To: The Trustees of
CSPG Foundation

We have reviewed the accompanying financial statements of **CSPG Foundation** that comprise the statement of financial position as at **August 31, 2018**, and the statements of operations and 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of CSPG Foundation as at August 31, 2018, 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.

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants,
Chartered Accountants

November 20, 2018

CSPG Foundation
Statement of Financial Position

As at August 31,	2018	2017
Assets		
Current assets		
Cash	\$ 53,729	\$ 62,922
Marketable investments	40,082	21,911
Accounts receivable	43	299
Prepaid expenses	3,294	1,330
Due from CSPG (note 4)	10,875	9,071
	<u>108,023</u>	<u>95,533</u>
Restricted marketable investments (note 5)	<u>1,626,161</u>	<u>1,612,022</u>
	<u>\$ 1,734,184</u>	<u>\$ 1,707,555</u>
Liability and Net Assets		
Current liability		
Accounts payable and accrued liabilities	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Net Assets		
Internally restricted (note 6)	1,626,160	1,612,022
Unrestricted	103,024	90,533
	<u>1,729,184</u>	<u>1,702,555</u>
	<u>\$ 1,734,184</u>	<u>\$ 1,707,555</u>

Approved on behalf of the board



Trustee



Trustee

CSPG Foundation

Statement of Operations and Changes in Net Assets

Year ended August 31,	2018	2017
Revenues		
Individual donations	\$ 29,359	\$ 6,487
Corporate donations	1,408	10,000
	<u>30,767</u>	<u>16,487</u>
Expenses		
Outreach and philanthropy (note 7)	133,047	105,159
Office and administration	13,402	5,796
Professional fees	5,000	7,000
Awards	-	10,000
	<u>151,449</u>	<u>127,955</u>
Investment income (expense)		
Realized gain on investments	64,657	31,588
Unrealized gain on investments	62,853	61,346
Interest, dividends	38,716	44,826
Investment management fees	(18,915)	(19,073)
	<u>147,311</u>	<u>118,687</u>
Excess of revenues over expenses	26,629	7,219
Balance, beginning of year	<u>1,702,555</u>	<u>1,695,336</u>
Balance, end of year	<u>\$ 1,729,184</u>	<u>\$ 1,702,555</u>

CSPG Foundation

Statement of Cash Flows

Year ended August 31,	2018	2017
Operating activities		
Excess of revenues over expenses	\$ 26,629	\$ 7,219
Item not affecting cash		
Unrealized gain on investments	(62,853)	(61,346)
	(36,224)	(54,127)
Change in non-cash working capital items		
Accounts receivable	256	837
Prepaid expenses	(1,964)	-
Accounts payable and accrued liabilities	-	2,000
	(37,932)	(51,290)
Investing activities		
Reinvested investment income	(84,457)	(57,341)
Withdrawals of marketable investments	115,000	112,500
	30,543	55,159
Financing activity		
Advances to CSPG	(1,804)	(16,044)
Decrease in cash	(9,193)	(12,175)
Cash, beginning of year	62,922	75,097
Cash, end of year	\$ 53,729	\$ 62,922

CSPG Foundation

Notes to Financial Statements

August 31, 2018

1. **Nature of operations**

On June 1, 1992 by way of Trust Deed amended and restated June 8, 2011, the Canadian Society of Petroleum Geologists ("CSPG") settled the CSPG Educational Trust Fund ("the Trust"). The Trust changed its name to CSPG Foundation ("the Foundation") effective March 31, 2015. The Foundation is a registered charity and accordingly is not subject to income tax. The purpose of the Foundation is to apply the income of the Foundation for the advancement of petroleum geoscientific education through such methods which include but are not limited to providing bursaries, scholarships and field study grants, and donations to any university which is a qualified donee under the income tax act upon the university's undertaking to apply the same in the manner directed by the trustees.

2. **Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations ("ASNFPO").

3. **Significant accounting policies**

(a) **Financial instruments**

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for restricted and unrestricted marketable investments, which are measured at fair value. Unrealized gains or losses are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, and due from CSPG.

Financial liabilities measured at amortized cost include accounts payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

CSPG Foundation

Notes to Financial Statements

August 31, 2018

3. **Significant accounting policies, continued**

(b) **Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on investments is recorded on an accrual basis. Other investment income is recorded as received.

(c) **Donated materials and services**

The Foundation records the value of contributed materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

4. **Due from CSPG**

The amounts due from CSPG are unsecured, non-interest bearing with no specified terms of repayment. CSPG is a related party which appoints all of the Foundation's trustees.

5. **Restricted marketable investments**

Under the guidance of the Trustees, the investments are managed by external investment advisors in a pooled investment account. At year end the Foundation had an accumulated unrealized investment gain of \$372,931 (2017 - \$310,077).

6. **Net assets**

The unrestricted amounts are limited to 10% of the capital of the Foundation plus current year excess revenues over expenses ("excess") excluding unrealized gains. The excess becomes part of capital on November 30 of each year unless it is approved for disbursement by the board prior to that date.

At year end, the capital of the Foundation is defined as the opening net assets of the Foundation less the accumulated unrealized gains on marketable investments at the end of the year less any unrealized losses on market investments during the year.

The remaining net assets are internally restricted. Internally restricted net assets are not available for current use under the terms of the Foundation agreement. Included within restricted net assets balance as at August 31, 2018 is \$8,739 (2017 - \$8,739) in funds which the Foundation has designated for the issuance of the Baillie Award.

CSPG Foundation

Notes to Financial Statements

August 31, 2018

7. Related party transactions

The Foundation was established to act as the primary source for the Educational Outreach funding for the CSPG. The CSPG is registered under the Canada Not-for-profit Corporations Act as a not for profit organization. The CSPG controls the Foundation through its ability to appoint Trustees of the Foundation. During the year the Foundation had the following transactions with the CSPG:

- donations were made to CSPG to support the CSPG Outreach programs and awards totaling \$105,495 (2017 - \$90,159);

- CSPG collected donations on behalf of the Foundation in the amount of \$12,970 (2017 - \$2,428);

- the Foundation paid CSPG for administrative services provided in the amount of \$8,100 (2017- \$3,659).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

8. Financial instruments

The Foundation's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations.

(a) Interest rate risk

The Foundation's exposure to interest rate fluctuations is with respect to the Foundation's holdings at the Calgary Foundation having floating interest rates on certain investments.

(b) Market risk

The Foundation is exposed to the risk that the fair value of investments will fluctuate due to changing prices on public markets and the fair value of fixed rate interest bearing investments will fluctuate with changes in market interest rates.

The carrying amounts of financial assets recognized in the financial statements consist of those:

	<u>2018</u>	<u>2017</u>
Measured at amortized cost	\$ 64,647	\$ 72,292
Measured at fair value	1,666,243	1,633,933
	<u>\$ 1,730,890</u>	<u>\$ 1,706,225</u>