

Financial Statements of

**CANADIAN GEOSCIENCE COUNCIL
- CONSEIL GÉOSCIENTIFIQUE CANADIEN**

Years ended March 31, 2005 and 2004

June 7, 2005

AUDITORS' REPORT

To the Members of
Canadian Geoscience Council - Conseil Géoscientifique Canadien

We have audited the balance sheet of Canadian Geoscience Council - Conseil Géoscientifique Canadien as at March 31, 2005 and the statements of revenue, expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

May 18, 2005

June 7, 2005

CANADIAN GEOSCIENCE COUNCIL - CONSEIL GÉOSCIENTIFIQUE CANADIEN

Balance Sheets

March 31, 2005 and 2004

	2005	2004
Assets		
Cash	\$ 20,190	\$ 26,926
Accounts receivable:		
Natural Resources Canada	40,000	35,000
Other	400	800
	<u>40,400</u>	<u>35,800</u>
GST paid on purchases	1,256	1,176
Investments (note 4)	134,918	159,700
	<u>\$ 196,764</u>	<u>\$ 223,602</u>
Liabilities and Surplus		
Accounts payable	\$ 5,706	\$ 6,156
Surplus	191,058	217,446
	<u>\$ 196,764</u>	<u>\$ 223,602</u>

Future operations (note 2)

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

CANADIAN GEOSCIENCE COUNCIL - CONSEIL GÉOSCIENTIFIQUE CANADIEN

Statements of Revenue, Expenditures and Surplus

Years ended March 31, 2005 and 2004

	2005	2004
Revenue:		
Natural Resources Canada block funding	\$ 40,000	\$ 35,000
Society dues	20,100	11,691
Interest	5,283	5,770
Provincial government grants	3,400	2,000
	<u>68,783</u>	<u>54,461</u>
Expenditures:		
Operating:		
Business Manager's Office	33,529	50,606
Executive travel	16,848	12,602
Financial Director's Office	3,742	5,384
Council meetings	12,005	2,914
Career booklets and other publications	1,086	1,087
Memberships	500	500
President's Office	2,440	71
Administrative Director's Office	1,909	-
	<u>72,059</u>	<u>73,164</u>
Natural Resources Canada funded:		
International Geological Correlation Project:		
Activities	9,432	9,228
Administration costs	1,109	1,191
International Union of Geological Sciences:		
Membership	7,371	7,186
	<u>17,912</u>	<u>17,605</u>
Committees/studies/projects:		
EdGeo	5,000	-
Miscellaneous	200	-
	<u>5,200</u>	<u>-</u>
	<u>95,171</u>	<u>90,769</u>
Excess of expenditures over revenue	(26,388)	(36,308)
Surplus, beginning of year	217,446	253,754
Surplus, end of year	<u>\$ 191,058</u>	<u>\$ 217,446</u>

See accompanying notes to financial statements.

CANADIAN GEOSCIENCE COUNCIL - CONSEIL GÉOSCIENTIFIQUE CANADIEN

Statements of Cash Flows

Years ended March 31, 2005 and 2004

	2005	2004
Cash provided by (used in):		
Operations:		
Excess of expenditures over revenue	\$ (26,388)	\$ (36,308)
Accrual of interest on investments, an item not involving cash	(5,218)	(5,770)
Changes in non-cash operating accounts:		
Accounts receivable	(4,600)	(16,300)
GST paid on purchases	(80)	243
Accounts payable	(450)	826
Deferred revenue	-	(3,094)
	(36,736)	(60,403)
Investments		
Proceeds from sale of investments	115,093	-
Purchase of investments	(85,093)	-
	30,000	-
Decrease in cash	(6,736)	(60,403)
Cash, beginning of year	26,926	87,329
Cash, end of year	\$ 20,190	\$ 26,926

See accompanying notes to financial statements.

CANADIAN GEOSCIENCE COUNCIL - CONSEIL GÉOSCIENTIFIQUE CANADIEN

Notes to Financial Statements

Years ended March 31, 2005 and 2004

1. Operations:

The Council is a non-profit organization chartered under the provisions of part II of the Canada Corporation Act, and its principal activities include promoting scientific awareness and education, providing expert advice concerning the earth sciences, attending and participating in related international conferences, and providing liaison between various levels of government and companies involved in geological activities.

2. Future operations:

Principally, as a result of decreases in National Resources Canada block funding and society dues, the Council experienced a deficiency of revenue over expenditures and negative cash flow from operations in 2005 and 2004. Consequently, the Council is seeking additional sources of funding and its long-term viability rests on its ability to obtain additional sources of funding.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations. Accordingly, these financial statements do not include any adjustments to the specific amounts and classification of assets and liabilities, which might be necessary should the Council be unable to continue as a going concern.

3. Significant accounting policies:

(a) Fund accounting:

The Council follows the restricted fund method of accounting for contributions.

(b) Investments:

Investments are carried at cost plus accrued interest.

(c) Revenue recognition:

The Council recognizes revenue on an accrual basis, whereby amounts granted relating to the current fiscal year, but not received until after year-end, are recognized as revenue.

4. Investments:

	Maturity	Interest	Carrying value
Industrial Alliance Pacific Life			
- Guaranteed Interest Certificate	July 31, 2005	3.25%	\$ 48,184
- Guaranteed Interest Certificate	August 27, 2007	3.30%	86,734
			<u>\$ 134,918</u>

The market value of investments is estimated by management to approximate their carrying value.

CANADIAN GEOSCIENCE COUNCIL - CONSEIL GÉOSCIENTIFIQUE CANADIEN

Balance Sheets

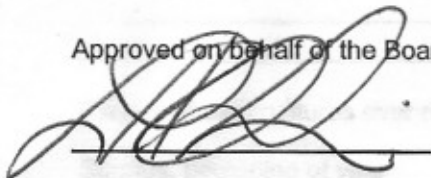
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