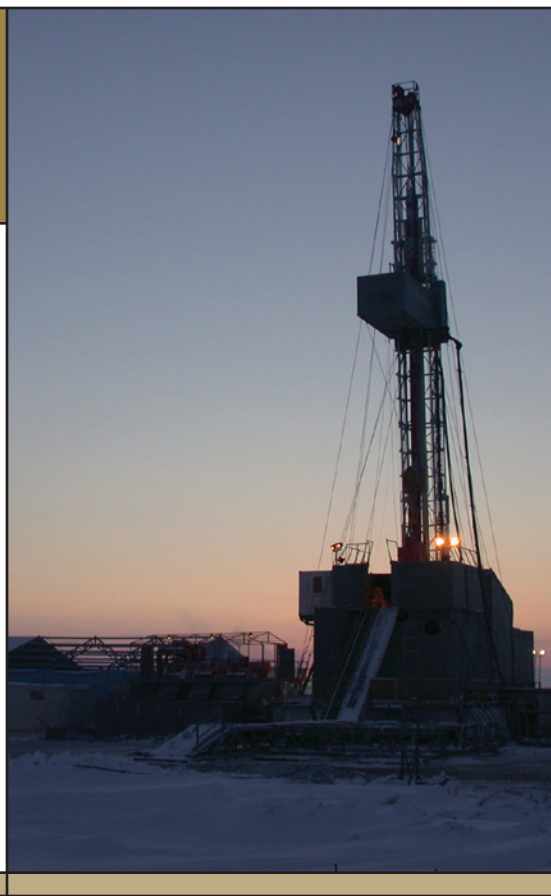




THE CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

2013
ANNUAL
REPORT



ASSOCIATION PROFILE

CAPL Mandate

The Canadian Association of Petroleum Landmen (CAPL) is a professional organization for people involved in all aspects of petroleum land management. The CAPL membership includes individuals responsible for the acquisition, administration and disposition of mineral and surface rights for petroleum exploration and production companies, as well as related service and financial institutions in the Canadian energy industry.

The organization's mandate is to provide and promote activities to enhance the value of its membership and promote the role of the Landman Profession. The association achieves these goals through the volunteer efforts of its members represented by a Board of Directors consisting of 14 elected volunteers. The CAPL's objectives include:

- Promotion of education and training in petroleum land management, including a structured mentorship program, student scholarship program and support of educational institution curriculums, and student body organizations,
- Engagement and input in public and government relations,
- Encouragement of fellowship and cooperation among its members through Association-sponsored activities, and
- Establishment of the highest professional and ethical standards.

From the first meeting in 1948, with eight members in attendance, to a present-day membership exceeding 1,700, CAPL has not only grown in numbers but in strength, credibility and integrity. Today, CAPL has gained the stature, trust and respect of its industry peer organizations, government and stakeholders. The focus going forward is to continually strive for ways to provide its membership with top-quality education opportunities, member value and benefits, and a framework for the development of the highest professional and ethical standards, while exercising financial discipline for the challenging times that face our members and industry.

The day-to-day operations of the CAPL are carried out by its full-time staff members, Denise Grieve, Karin Steers, Irene Krickhan and Kaitlin Polowski. This dedicated group works tirelessly to ensure that all activities, educational seminars and administrative details are executed on a timely and accurate basis.

The success of the CAPL is in large part due to the generous support of its corporate and industry sponsors. These organizations range from industry companies who afford their CAPL members the time to participate on volunteer committees, to financial support from numerous corporations related to both the Land Profession and the Oil and Gas Industry. The CAPL gratefully acknowledges their generosity and invaluable contributions, without which the CAPL would not be able to provide the high standards of quality which has been achieved.



CAPL 2013 Board of Directors

Back Row, L-R: Andrew D. Weldon, Connie DeCiancio, Kent Gibson, Jasone Blazevec, Sally Jackson, Brad Reynolds, Nikki Sitch.
Front Row, L-R: Joanna Shea, Jan McKnight, Margaret Ariss, John Covey, Gloria Boogmans, Keely O'Neil, Rob Mardjetko.



PRESIDENT

John Covey

Mandate

The CAPL President is charged with leading the Board of Directors, the Office Staff and the entire organization for the 12 month period commencing on May 1 following the April general election. The President oversees and has involvement in every committee. Responsibility for portfolios is delegated to the elected Board members. Guidelines for conduct were reviewed and goals for the Board discussed and agreed upon. The President presides over monthly Board meetings and General meetings. Signing authority of all contracts awarded and cheques signed on behalf of the Association is restricted to two of the four officers of the Association: the President, Vice President, Finance Director and Secretary. Finances are closely monitored by the Director of Finance, the Association Accountant and the President and disclosed openly at each Board meeting. The President is the principle point of contact for media, industry, regulatory and stakeholder organizations, with any inquiries dealt with either directly or delegated to the appropriate Director. The President is the Officer responsible for the Annual Conference held during his or her year of office, continuing that which began during his or her previous term as Vice President.

2013 Summary

The Year began with a historic event, that being the June flood. CAPL was able to use the ticket sales from the Dustup event to make a significant donation to the Red Cross for disaster relief.

Donna Phillips and Margaret Elekes and their team, working within our mandate of education, hosted a tremendously successful conference in Toronto, in September, with such high profile key note speakers as Chris Hadfield, Brian Burke, Drew Rosenhaus and Cabbie Richards. The New Playbook mixed it up and instead of topical speakers, delegates were treated to a new concept with a learning and interactive approach. Two streams were presented, one being negotiations by Moibus Leadership and the other being public relations by National Public Relations.

In October, we saluted our invaluable office staff and celebrated 20 years of service by Denise and Karin.

I attended the American Association of Professional Landmen annual conference in Washington, D.C. in June as a guest of the AAPL. I also attended their annual winter NAPE in Houston in February as a guest of the AAPL. That is an impressive event, with attendance at around 18,000. AAPL is considering holding a regional NAPE in Calgary in 2016, certainly something in which CAPL is interested in participating and has been in discussions for the last year.

The overall financial results for the year ending December 31, 2013 showed a \$136,684.00 surplus, revenue over expenses. Because of this surplus, we will be able to dedicate much needed funds to the update of the office website, replacement of office equipment and a new lease in the present office or another site. The Technology Committee and building of the new CAPL website is a continuing evolution and changes will be up and running to meet Membership demands.

Related to Communications and Technology, we are making changes to be compliant with the anti-spam laws effective July 1, 2014. Further development of our on-line capabilities are moving forward including upgraded functionality in the CAPL Office which is aimed at enhancing member's abilities to access services and information. The Office has full control of this process now. The Negotiator Committee continues to publish a high quality magazine and has been nominated for an award through the AAPL.

The Aboriginal Consultation Policy was introduced in the fall with a significant effort put forward by CAPL's Field Access Management (FAM) Committee, led by Jasone Blasevic, As a stakeholder, CAPL participating with CAPP & EPAC had significant input in this multi-year review process.

The new Alberta Surface Lease and the Alberta Right Away Agreement were finalized this past year. The Business Development portfolio, led by Andy Weldon and Joanna Shea, were finally able to proceed with online access to our precedent agreements.

The new Freehold Lease was finally introduced to industry. This was given the endorsement by the Board and is now on our website.

With the creation of the Alberta Energy Regulator, a number of issues came to the forefront, most notably were Directive 6 and the LLR. Changes have been initiated to deal with the impact of the unintended consequences that affect stakeholders. CAPL and its members were at the forefront of this change.

Our Education program continues to evolve with new courses and Professionalism has added two more designations, those being Certified Mineral Landman (CML) and Certified Surface Landman (CSL).

Your PR Committee attended numerous trade shows, agricultural exhibitions and educational institution job fairs/networking events, creating awareness of and promotion of the role of the Landman. Another successful Stampede steer raffle raised in excess of \$16,500 for the 4-H movement in Alberta in 2013.

Content quality of our publications, CAPL courses, seminars, general meetings and the annual conference remain a core focus of this Association. Accountability of the BOD continues to be the highest priority.

Our Association is one of the finest if not the finest in the industry and guided by its mandates of education, training, engagement and input in public and government relations, fellowship and cooperation, along with its professional and ethical standards. With the tireless volunteerism CAPL members contribute, we shall continue to succeed.

VICE PRESIDENT

Gloria Boogmans

Mandate

The primary role of the Vice President is to provide support and assistance to the President as required in coordinating the associations major activities. One of the most important responsibilities is to provide support and direction to the CAPL office and staff. Other duties include acting as the Board Liaison to the General Meetings Committee, and the 2014 Annual Conference Committee.

2013 Summary

- Encouraged our capable and dedicated office staff to embrace an environment of greater involvement and ownership of their roles and to have a greater voice in the formation and administration of office procedures and policies, including the development of a new on-line registration system and website. Provided encouragement for staff to attend courses and seminars to enhance their knowledge and performance.
- The 2013 Annual Conference, The New Playbook, held in Toronto and co-chaired by Donna Phillips and Margaret Elekes was very successful and the interactive educational program was outstanding.
- As the Board designate to the 2014 Annual Conference Committee, chaired by Donna Bowles, I am eager to report that Donna and her highly experienced team are well on the way to planning a dynamic conference to be held in Jasper.
- As Board liaison to the General Meetings Committee, provided support and guidance to an efficient and skilled group that continues to provide the membership with relevant monthly general meetings.

BUSINESS DEVELOPMENT ALBERTA, SASKATCHEWAN & BRITISH COLUMBIA

Andrew D. Weldon

Mandate

The primary focus of this portfolio is to act as liaison between the CAPL and the various Government departments and agencies in dealing primarily with title and mineral regulations. This portfolio is also responsible for the management of the various model Form Agreements that are copyrighted by the CAPL and for the establishment of new committees in the creation of new model Form Documents.

2013 Summary

- In Alberta, continued participation on the Alberta Government's Business Process Review Committee (BPR) and the Alberta Tenure Industry Advisory Committee (TIAC).
- Participation in updates to Alberta P&NG Regulations primarily relating to changes to Continuation of Primary Leases and Intermediate Licence respecting Sections 14, 16 and 17 of the P&NG Regulations.
- Creation of Committee to provide input to Alberta Energy Regulator regarding changes to Licence Liability Ratings.
- In British Columbia continued participation on the Business Tenure Working Group and specifically on increasing the efficiencies on dealing with Deferred Parcels for posting; and discussing Tenure Options for Unconventional Resource plays and associated Continuation Approaches.
- Finalization of the Freehold P&NG Lease through the joint chairmanship of Bob Howard and Michelle Radomski, and started posting Form documentations on the CAPL website free to download to members.

SECRETARY / SOCIAL

Sally Jackson

Mandate

The Social portfolio provides CAPL members with opportunities to expand their professional networks through a variety of events, networking activities and general meetings. Each year the various Social Committees endeavor to maintain the current events, while looking for new opportunities to keep the membership actively engaged.

COMMUNICATIONS

Brad Reynolds

Mandate

The mandate of the Communications Portfolio is to keep the membership informed on a timely basis of ongoing activities and initiatives both within the CAPL and in the industry in general. The primary means to accomplish this is through *The Negotiator*, the newsletter of the CAPL. Published monthly from September through June, it is the main source of constitutional, educational, technical, organizational and social information for our members. Through the efforts of a large network of volunteers, *The Negotiator* has established itself as a premier and award winning industry publication. Alliances with governments, interest groups and other industry organizations enable *The Negotiator* to publish articles of interest and relevance and to keep our membership apprised of new and ongoing initiatives and upcoming industry events.

2013 Summary

- The key message from the Communications Committee is that we are always looking for article submissions on relevant industry topics. The effort and thought put into these articles by our contributors is what makes *The Negotiator* such an educational and informative publication.
- A highlight for 2013 was the diversification of articles that we were able to establish. One significant addition was the contribution of articles from the PJVA. Additionally, we received some informative articles on recent case law and some great articles on the proper interpretation of the CAPL Operating Procedure.
- Another highlight for 2013 was the incorporation of articles on topics not typically thought of as relating directly to Land. One example was an article from the February 2013 edition which discussed the relationship between oil and gas production from unconventional reservoirs and water use.
- For 2014 we will continue to look for articles which are informative and thought provoking. The goal will be to keep the readers informed of current events and initiatives and provide a forum to educate and foster discussion amongst CAPL members.

TECHNOLOGY

Rob Mardjetko

Mandate

Technology has become ubiquitous within business world. It enhances and expedites many of our day to day challenges, and allows us to react and respond quickly in an ever changing environment. It is because of this that the CAPL is in the midst of a major rework and overhaul of its website to meet the growing needs of our membership. The goal is to have a site that is clean, clear, and provides information in a timely manner to the membership.

2013 Summary

- Came up with a total website rework plan.
- Put together a team to get the CAPL website rework "going."
- Successfully integrated the CAPL Conference into the website (including registration)!
- Set the stage for my successor to be able to "run with it" as it relates to finishing the website rebuild.

FIELD ACQUISITION & MANAGEMENT

Jasone Blazevic, PSL

Mandate

The Field Acquisition and Management (FAM) portfolio represents the surface components of the land profession. The committee is responsible for ensuring that access to land balances industry needs, economic drivers, environmental considerations and stakeholder concerns. This can be achieved by drawing upon the experience and expertise which the committee has and using the various liaisons within FAM who engage external stakeholders.

2013 Summary

- FAM has been and will continue to be actively engaged in the Alberta Governments proposed single approach regulator and proposed regional plans within Alberta.
- FAM is a strong supporter of maintaining and enhancing professional conduct within industry and will continue to promote this with the Professionalism and Education Committees.
- FAM was engaged in re-developing the Surface Right Act in Saskatchewan as the Government goes through the process of updating its regulations.
- FAM will be working on increasing CAPL's voice within the different regulatory channels as well as the various NGO's who influence surface access within the energy industry.

MEMBER SERVICES

Nikki Stitch

Mandate

The membership admissions committee meets on a monthly basis to review new member applications and changes to existing membership status. Recommendations are then submitted to the CAPL Board for approval; once approved new members are welcomed to CAPL by letter and at the General Meetings. The Merit Awards committee has been hard at work getting ready to recognize some of CAPL's many volunteers from 2013.

2013 Summary

- In 2013, the membership admissions committee expanded the additional member services available to members including deals on personal insurance, fitness and technology.
- The membership admissions committee has been studiously reviewing and requesting changes to the CAPL Bylaws to make the application process more transparent for the committee, members and potential members.

PROFESSIONALISM

Kent Gibson

Mandate

The Professionalism Portfolio's mandate is to continually increase and improve the view of landmen as professionals within the Oil and Gas community. It provides the CAPL membership with professional designations reflecting a standard of excellence in line with our industry peers, as well as ensures members uphold a high level of professional and ethical conduct.

2013 Summary

- There was a large focus on effectively implementing and communicating the new CML/CSL designations to membership.
- Worked with professional designation holders to ensure all re-certification requirements were in line with the new re-certification cycle and completed by year end 2013.
- In 2013 there were (6) CAPL members who received their Professional designation, one (1) P.Land, four (4) CMLs and one (1) CSL.

PUBLIC RELATIONS

Keely O'Neil

Mandate

The Public Relations Committee is responsible for promoting the CAPL and the land profession within industry and the communities in which it operates. Our goal is to educate and create awareness of the role of the Landman and the contributions made by the 1,700 members of our Association.

2013 Summary

- Committee struck to review and update all CAPL media items, including the booth and promo items.
- Committee reviewing publication distribution for our agriculture sector.
- Continued commitment from the PR committee to achieve the CAPL calendar and annual report.
- Another successful year for the Steer committee raising funds to support Alberta 4-H.

SPECIAL EVENTS

2013 CAPL Conference

Donna Phillips & Margaret Elekes

Event Vision

The New Playbook – a new compressed conference format that would provide an interactive program, maximum networking opportunities and the flexibility required in our fast paced lives.

2013 Summary

- The new conference format from Sunday to Tuesday night was well received – delegates enjoyed the format and welcomed the change.
- The interactive program was well attended, extremely educational and the feedback from delegates was outstanding.
- The activities and evening events provided maximum networking opportunities and allowed delegates and guests to thoroughly enjoy themselves.
- Overall the conference was a huge success – we executed on the New Playbook and the committee's vision was realized.

CAPL/PLM Mentoring Committee

Brad Johnston & Sandy Sandhar

Event Vision

The CAPL Mentoring Committee endeavors to unite each student enrolled in the University of Calgary's Petroleum Land Management Program with an experienced industry Landman. The purpose of these relationships is to facilitate the student's transition from university student to business professional and our goal is to provide a positive influence on the student, which will foster his or her entry into the land profession and we expect the experience will prove to be a rewarding one for all parties involved.

2013 Summary

- Our Committee was able to recruit 15 Landmen, who are all members of CAPL, to act as individual mentors for the 3rd year students at the U of C.
- We continued the tradition of holding a "Meet Your Mentor Night" for the students to get together with their mentors shortly after the pairings were made.
- This year, we were able to hold an additional networking event for our students and mentors due to a generous donation to our program from PLS Inc. We held a wonderful night of bowling, great food, and lots of laughs and valuable networking for all involved.

- We held a Mentor Appreciation Event to thank and honor all of the mentors for their contribution to the program and to welcome the graduating class of 2013 to the land industry.
- We continue to strive to find new ways to make this program even better for our students and mentors. The feedback we receive from our pairings continues to be very positive and we feel that this program is extremely valuable for our student protégés and mentors alike.

CAPL Steer Classic

Terry Cutting

Event Vision

The CAPL in keeping with its vision to maintain a positive profile for its members and stakeholders through community involvement, has continued as in the past 9 years to contribute to the community through a major event sponsorship at the Calgary Stampede in conjunction with a fundraiser benefiting the 4-H Foundation of Alberta. Our involvement with these organizations has allowed the CAPL to be visible and to provide a greater understanding out in the community of what the CAPL represents.

2013 Summary

- CAPL continued its support and contribution to the 4-H Foundation and the Calgary Stampede in 2013 through its Calgary Stampede Steer Classic sponsorship. With the assistance of our generous sponsors, the steer was raffled off with all the proceeds going to the benefit of 4-H.
- Thanks to all the sponsors and ticket purchasers who supported the 2012 fundraiser, enabling CAPL to donate \$16,500 to the 4-H Foundation. The foundation provides for the development of youths as self-reliant, contributing individuals with marketable skills to succeed in today's society.
- Through the 4-H fundraiser and Reserve Steer sponsorship, over the past 9 years CAPL has helped raise \$111,500 for the 4-H Foundation.
- CAPL plans to continue its support of this worthwhile cause for the tenth successive year in 2014.
- The Partnership between the CAPL and the 4-H Foundation has been very beneficial for both, with new programs being supported and the start of two scholarships being available on behalf of the CAPL.

2013 Merit Awards

Larry B. Buzan, P. Land

Event Vision

Each year CAPL honors those from its own ranks and our friends of CAPL by recognizing the monumental and specific contributions made by both its members and industry supporters. This is bestowed on both individuals and corporations; for a variety of exemplary and repeated donations of time, for their personal involvement, for excellent behaviours and expertise – and – in the tradition of the CAPL, examples to all of us. This is reflected in both the membership and in the communities in which we live and work; examples of professionalism and volunteerism. This year's event was a terrific night – a night where we awarded nine recipients with CAPL Merit Awards at the Westin Hotel on Wednesday, May 23, 2013. This was also the first business meeting of the new CAPL Board of Directors, and was led by our President, John Covey. Over 230 were in attendance that evening.

2013 Summary

The 2012 Herb Hughes Memorial Award – The recipient of the highest and most prestigious award of our Association was Ian Clark and is intended to give recognition to a member whose has made outstanding contributions to our Association and the oil & gas industry; and whose professional conduct is exemplary. Introduced by past president Guy Anderson, he remarked on Ian's past and current support of the Association, his presidency of the Association, his volunteerism, teaching, mentoring, professionalism and contributions to both our CAPL and local communities – an example to us all over many, many years. Congratulations Ian!

The 2012 Distinguished Citizen Award – The recipient of the second highest award of our Association was Bruce McFarlane and this award is a special recognition presented only when the CAPL decides to award it and only for those active CAPL members who raise the profile of all Landmen; who enhance the image of Landmen; who contribute to the professionalism and education of Landmen; whose activities outside the CAPL bring credit to the CAPL not only because of who they are but because of the merit of what they are doing; and which results in dedicated service to the community or to the business world. Introduced by member and past CAPL Conference Program Chair, Tom Emerson, Tom remarked on the multiple and significant contributions, in time served and fund-raising, of how Bruce McFarlane has been a leader "on and off the field" as it were. A recipient of the prestigious Johnson Award from his alma mater Queen's University, Bruce has dedicated himself, quietly, to a variety of charitable causes and focuses on education-with-a-future. Queen's University, Bruce's activities in support of these and other local charities stand as a testament to the perseverance and consistency Bruce is made of. "How can we who have so much give back in relation to that measure of fortune we have?" is his motto he learned by application in his life.

The 2012 Special Recognition Award – The recipient of this award was Lawrence Fisher. Awarded only when nominated and deserved, this award is made to individual CAPL members who work in their respective oil & gas and personal communities and by contributing, honour all Landmen both by their ethical and professional conduct but who also provide long-term or exemplary contributions having a lasting impact on the Association. Introduced by member James Armstrong, James remarked that Lawrence has "life-time service" as his middle name, and his years of working with future landmen though the University of Calgary and Mount Royal University in his efforts to teach, to impart wisdom and pass on character, and then superseding those efforts by personally taking an interest in his students over many years.

The 2012 Awards of Merit – The recipients were Carla Neumeier, Michelle Radomski, and Dean Gould of this Award to CAPL Members who have made significant contributions to the Association by their participation on committees and in special events during 2012. Each of the recipients were tireless contributors to our Association on the Education Committee, Freehold lease Committee, Public Relations Committee and Conference Committee.

The 2012 Bright Lights Awards – The recipients were Steve Brisbois and Matias Fernandez of this Award to members of CAPL whose membership has been for less than five years, and who has demonstrated enthusiasm, energy and a willingness to make a positive contribution to our Association. Steve has been an outstanding member of the CAPL Education Committee as coordinator for all the Oil & Gas Law courses for years and active on our Conference Committees, while Matias has been an outstanding member of the 2012 CAPL Conference Administration Committee and a member of the CAPL Technology Committee. Each contributed extra time as volunteers for other causes as well.

The 2012 Outstanding Grad Award – The recipient of this award was Kayley Walters. The Outstanding Grad Award is given to a former or existing student volunteer of CAPL who has graduated from an accredited university or college within the last three years. This individual has demonstrated enthusiasm, energy, an interest in volunteerism within their educational program and the Association, and a willingness to make a positive contribution to our Association during 2012. This is the first time CAPL has made this award since we started offering it over two years ago. Kayley has been and is a member of the Education Committee and is a Course Coordinator, a graduate of the U of C's 2011 PLM program and has provided enthusiastic assistance in all areas. One of her nominators said it best – "She is always happy to take on new challenges and commitments."

Congratulations to all!

INDEPENDENT AUDITOR'S REPORT

To the Members of the Canadian Association of Petroleum Landmen

We have audited the accompanying financial statements of Canadian Association of Petroleum Landmen, which comprise the balance sheets as at December 31, 2013 and December 31, 2012 and the statements of revenues and expenditures and members' equity and cash flows for the years ended December 31, 2013 and December 31, 2012, 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 private enterprises, 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Association of Petroleum Landmen 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 Association of Petroleum Landmen. Therefore, we were 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 years ended December 31, 2013 and December 31, 2012, current assets and net assets as at December 31, 2013 and December 31, 2012.

Qualified Opinion

In our 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 Association of Petroleum Landmen as at December 31, 2013 and December 31, 2012 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Numeis LLP

CHARTERED ACCOUNTANTS
Calgary, Alberta, April 1, 2014

FINANCIAL STATEMENTS

Balance Sheet

December 31	2013	2012
ASSETS		
CURRENT		
Cash	\$ 506,260	\$ 342,251
Term deposits	970,027	956,725
Accounts receivable	26,813	13,316
Goods and services tax recoverable	14,568	35,164
Inventory	48,419	53,955
Prepaid expenses	18,457	35,562
	1,584,544	1,436,973
EQUIPMENT (Note 3)	21,399	25,273
	\$ 1,605,943	\$ 1,462,246
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 70,108	\$ 43,541
Deferred revenue	374,340	393,894
	444,448	437,435
MEMBERS' EQUITY	1,161,495	1,024,811
	\$ 1,605,943	\$ 1,462,246
COMMITMENTS (Note 7)		

Statement of Revenues and Expenditures and Members' Equity

Year Ended December 31	2013	2012
REVENUES		
Annual meeting and conference	\$ 562,652	\$ 707,092
Membership dues	490,684	486,194
Education seminars	466,990	520,440
Social events	206,991	274,717
Communications	161,805	120,900
Meetings	89,080	120,164
Public relations	35,635	35,822
Field services	30,215	412
Business development	12,495	17,808
Technology	9,050	15,233
Professionalism	8,000	6,200
Member services	205	150
Interest income	17,991	14,483
	2,091,793	2,319,615
EXPENDITURES		
Annual meeting and conference	537,681	618,545
Education seminars	337,655	341,620
Social events	222,674	278,005
Communications	102,417	102,760
Meetings	223,772	252,786
Public relations	72,401	81,409
Field services	46,303	22,856
Business development	22,878	26,455
Technology	31,695	42,329
Professionalism	40,145	18,357
Member services	181,252	162,593
Treasury	77,118	87,563
Executive	54,544	59,296
Amortization	4,574	6,597
	1,955,109	2,101,171
NET INCOME	136,684	218,444
MEMBERS' EQUITY – BEGINNING OF YEAR	1,024,811	806,367
RETAINED EARNINGS – END OF YEAR	\$ 1,161,495	\$ 1,024,811

Statement of Cash Flows

Year Ended December 31	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 136,684	\$ 218,444
Item not affecting cash:		
Amortization of equipment	4,574	6,597
	141,258	225,041
Changes in non-cash working capital:		
Accounts receivable	(13,497)	7,857
Inventory	5,536	1,334
Accounts payable and accrued liabilities	26,567	10,001
Deferred revenue	(19,554)	2,467
Prepaid expenses	17,105	24,219
GST payable (receivable)	20,596	(41,579)
	36,753	4,299
Cash flow from operating activities	178,011	229,340
INVESTING ACTIVITY		
Purchase of equipment	(700)	(8,759)
INCREASE IN CASH FLOW	177,311	220,581
Cash – beginning of year	1,298,976	1,078,395
CASH – END OF YEAR	\$ 1,476,287	\$ 1,298,976
CASH CONSISTS OF:		
Cash	\$ 506,260	\$ 342,251
Term deposits	970,027	956,725
	\$ 1,476,287	\$ 1,298,976

NOTES TO FINANCIAL STATEMENTS

1. Description of the Organization

The Canadian Association of Petroleum Landmen (the "Association") is a not-for-profit organization incorporated under The Societies Act of Alberta and is not subject to income tax. It is a professional organization for people involved in all aspects of petroleum land management. The organization is committed to enhancing all facets of the land profession through communication, education, professional development, technology and member services.

2. Summary of Significant Accounting Policies

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than 90 days.

Term deposits

Term deposits and treasury bills are recorded at cost which approximates fair market value.

Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined on a weighted average cost basis.

Equipment

Equipment is recorded at cost net of accumulated amortization. Equipment, computers and software are depreciated at 20% per year using the declining balance method. Amortization of additions is provided at one-half the normal rate in the year of acquisition.

Revenue

Education fees and advertising are recorded when invoiced or money is received. Memberships, annual meetings and conference, social fees and all other revenues are recorded as revenue when received. Materials and services contributed by members are not included in the financial statements as the fair value of such contributions is not readily determinable.

The liability for the portion of revenues received but not yet earned is recorded as deferred revenue.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Foreign currency

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates of exchange in effect at the time of the transactions. Foreign exchange gains and losses are included in the determination of the Associations excess or deficiency of revenues over expenditures for the year.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. The Association subsequently measures all its financial instruments at amortized cost, and tested for impairment at each reporting date. Transaction costs are expensed when incurred.

Financial assets measured at amortized cost include cash, term deposits and amounts receivable.

Financial liabilities measured at amortized cost include amounts payable and accrued liabilities.

The fair value of cash, term deposits, amounts receivable, amounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Equipment

	Cost	Accumulated amortization	2013 Net book value
Computer software	\$ 12,316	\$ 12,316	\$ –
Office and computer equipment	98,376	76,977	21,399
	\$ 110,692	\$ 89,293	\$ 21,399
	Cost	Accumulated amortization	2012 Net book value
Computer software	\$ 12,316	\$ 11,445	\$ 871
Office and computer equipment	97,676	73,274	24,402
	\$ 109,992	\$ 84,719	\$ 25,273

4. Allocation of Office Expenses

The Association's cost of office operations totaled \$466,119 (2012 – \$446,620). This amount includes personnel costs, office rent, accounting services, and other general and administrative support expenses. Allocation of these costs is based on the estimated proportionate benefit to each committee and has been determined by the executive. Cost of office operations has been included in expenditures on the statement of revenues and expenditures as follows:

	2013	2012
Annual meeting and conference	\$ 55,934	\$ 44,662
Education seminars	186,452	160,783
Meetings	23,305	17,864
Communications	9,322	17,864
Public relations	9,322	17,865
Social events	27,967	17,865
Member services	79,240	62,527
Professionalism	27,967	17,865
Treasury	9,322	17,865
Executive	9,322	17,865
Technology	9,322	17,865
Business development	9,322	17,865
Field services	9,322	17,865
	\$ 466,119	\$ 446,620

5. Related Party Transactions

Donations are provided annually to The Canadian Association of Petroleum Landmen Scholarship Trust Fund ("Fund") in the amount of professional fees and scholarships granted by the Fund. Certain administrative costs and functions related to the operation and administration of the Fund are provided by the Association at no cost.

During the year, the Association made donations totaling \$6,000 (2012 – \$7,000) to the Fund. The amount is included in Education expense on the Statement of Revenues and Expenditures

6. Financial Instruments

The Association is exposed to various risks through its financial instruments and management has a framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2013.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members. In order to reduce its credit risk, the Association reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. The Association also uses an agency to manage receivables. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members which minimizes concentration of credit risk and majority of services are conducted on a cash/cheque/credit card basis.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due. The Association meets its liquidity requirements by anticipating financing activities and holding term deposits that can be readily converted into cash.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through term deposits held.

7. Commitments

The Association's premises are leased until July 2015 at an annual rental and operating cost of approximately \$114,000.



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