BC Oil and Gas Research and Innovation Society Financial Statements

(in 000's)

Year Ended March 31, 2021





Independent Auditor's Report

To the Members of BC Oil and Gas Research and Innovation Society

Report on the Financial Statements

Opinion

We have audited the financial statements of BC Oil and Gas Research and Innovation Society (the organization), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles applied by the Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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Independent Auditor's Report to the Members of BC Oil and Gas Research and Innovation Society (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to
 fraud or error, design and perform audit procedures responsive to those risks, and obtain audit
 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not
 detecting a material misstatement resulting from fraud is higher than for one resulting from error, as
 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of
 internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Victoria, British Columbia July 29, 2021

Chartered Professional Accountants

Dusany & Wirk

BC Oil and Gas Research and Innovation Society Statement of Financial Position

(in 000's)

As at March 31, 2021

	2021	2020
	\$	(restated - note 7)
Assets		
Current		
Cash and cash equivalents	8,721	7,460
Accounts receivable	518	1,010
Government remittances receivable	79	59
Total assets	9,318	8,529
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	905	1,277
Deferred contributions (Note 3)	6,569	5,408
Total liabilities	7,474	6,685
Fund balances		
Unrestricted	1,844	1,844
Total liabilities and fund balances	9,318	8,529

Commitments (Note 5)

Approved on behalf of the Board

Geoff Morrison, Board Chair

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BC Oil and Gas Research and Innovation Society Statement of Revenues and Expenditures and Changes in Net Assets (in 000's)

For the Year Ended March 31, 2021

	2021 \$	2020 \$
Revenue		
Contributions Interest	2,311 26	2,110 102
	2,337	2,212
Expenses		
Project costs	2,170	2,116
Professional fees	119 32	87 24
Management fees Other expenses	16	5
	2,337	2,232
Net deficiency of revenue over expenses	-	(20)
Fund balance, beginning of year	1,844	1,864
Fund balance, end of year	1,844	1,844

BC Oil and Gas Research and Innovation Society Statement of Cash Flows

(in 000's)

Year Ended March 31, 2021

	2021	2020
	\$	(restated - note 7)
Operating activities		(22)
Deficiency of revenue over expenses		(20)
Changes in non-cash working capital: Accounts receivable Government remittances receivable Accounts payable and accrued liabilities Deferred contributions	492 (20) (372) 1,161	(894) (25) (51) (899) (1,869)
Increase (decrease) in cash	1,261	(1,889)
Cash and cash equivalents - beginning of year	7,460	9,349
Cash and cash equivalents - end of year	8,721	7,460

BC Oil and Gas Research and Innovation Society Notes to Financial Statements

(in 000's)

Year Ended March 31, 2021

1. Nature of operations

BC Oil and Gas Research and Innovation Society ("BC OGRIS") is a not-for-profit society under the BC Society Act. BC OGRIS enables results oriented, practical, and relevant applied research to inform environmental, operational, and health and safety matters related to oil and gas exploration and development in British Columbia. BC OGRIS is classified as a not-for-profit organization under the Income Tax Act. As a result, it is not required to pay income taxes.

2. Significant accounting policies

Basis of presentation

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Revenue recognition

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

Interest income is recognized as earned.

Project expenses

Project expenses are recognized based on the terms of the agreement. In general, this occurs when interim deliverables are met. Final project expenses are recognized when the final statement of project expenses and the final deliverables have been received.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. There are no significant estimates included in these financial statements.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in term deposits that mature within one year and are valued at cost.

Financial instruments

BC OGRIS financial instruments consist of the cash and cash equivalents, accounts receivable, and accounts payable. BC OGRIS initially measures its financial assets and liabilities at fair value and subsequently measures all financial assets and liabilities at amortized cost.

It is management's opinion that BC OGRIS is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their short term to maturity, unless otherwise noted.

BC Oil and Gas Research and Innovation Society Notes to Financial Statements

(in 000's)

Year Ended March 31, 2021

3. Deferred contributions

	Opening Balance \$	Received during the year \$	Recognized as Revenue (Operating) \$	Ending Balance \$
BC Oil and Gas Commission	3,049	2,000	1,271	3,778
Ministry of Aboriginal Relations and Reconciliation	1,909	-	637	1,272
Ministry of Forests, Lands, Natural Resource Operations and Rural Development	450	1.472	403	1,519
ana narai 2000pinoni	5,408	3,472	2,311	6,569

Within the deferred contributions are funds received that are to be allocated to the general operating fund. These amounts have been deferred to be reconized against future administration costs. This amount as at March 31, 2021 is \$673.

4. Related party transactions

BC OGRIS is related to the BC Oil and Gas Commission ("the Commission") by virtue of a member of the Commission's senior management serving on the board of directors of BC OGRIS. Related party 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.

Management fees are paid to the Commission for administrative services totalling \$5 (2020: \$17). During the year, the Commission provided grants of \$2,000 (2020:\$NIL) to BC OGRIS to fund initiatives in several research areas.

Included in accounts payable at March 31, 2021 is \$NIL (2020: \$2) due to the Commission, resulting from activities between the Commission and BC OGRIS.

5. Commitments

BC OGRIS has entered into several long-term agreements. A commitment is made once the selection committee approves the project and the agreement is signed. Amounts committed to are as follows:

Operating	Restoration	2021	2020
\$	\$	\$	\$
3,185	-	3,185	424

6. Remuneration

During the year, BC OGRIS paid \$95 (2020: \$87) in remuneration to one person who is a contractor, whose remuneration, during the applicable period, was at least \$75.

BC Oil and Gas Research and Innovation Society Notes to Financial Statements

(in 000's)

Year Ended March 31, 2021

7. Comparative figures

The prior year financial statements have been restated to give effect to the following:

Internally restricted funds has been reduced by \$541 and deferred revenue increased by \$541 as at April 1, 2019. The purpose of this was to derecognize revenue in which their is still work to be completed.