



BC Oil and Gas Research
and Innovation Society

Financial Statements

March 31, 2019



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Independent auditor's report

To the Board of Directors of the BC Oil and Gas Research and Innovation Society

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, 2019, and the statements of operations, 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 BC Oil and Gas Research and Innovation Society as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 the 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.

Responsibilities of Management and Those Charged with Governance 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.

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.

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, Canada
July 3, 2019

Grant Thornton LLP

Chartered Professional Accountants

Statement of Financial Position
 (in 000's)


As at March 31	Operating Fund	Caribou Fund	2019	2018
Assets				
Current assets				
Cash & cash equivalents	\$ 8,808	\$ 541	\$ 9,349	\$ 9,838
Accounts receivable	140	10	150	65
Total assets	\$ 8,948	\$ 551	\$ 9,499	\$ 9,903
Liabilities and fund balances				
Current liabilities				
Accounts payable	\$ 1,314	\$ 13	\$ 1,327	\$ 691
Holdback payable	-	-	-	6
Deferred contributions (Note 3)	5,767	-	5,767	6,340
	7,081	13	7,094	7,037
Fund balances				
Internally restricted	-	538	538	1,054
Unrestricted	1,867	-	1,867	1,812
	1,867	538	2,405	2,866
Total liabilities and fund balances	\$ 8,948	\$ 551	\$ 9,499	\$ 9,903

See accompanying notes to the financial statements.

Commitments (Note 5)

Approved on behalf of the Board:


 Geoff Morrison, Board Chair


 Ines Piccinino, Board Member

Statement of Operations and Changes in Fund Balances

(in 000's)

For the year ended March 31	Operating Fund	Caribou Fund	2019	2018
Revenue				
Interest	\$ 132	\$ 13	\$ 145	\$ 68
Contributions	1,922	50	1,972	1,223
	2,054	63	2,117	1,291
Expenses				
Project costs	1,921	468	2,389	1,513
Professional services	49	87	136	153
Management fees	19	9	28	28
Extension and communication	3	13	16	14
Other expenses	7	2	9	12
	1,999	579	2,578	1,720
(Deficiency) excess of revenue over expenses	55	(516)	(461)	(429)
Fund balance, beginning of year	1,812	1,054	2,866	3,295
Fund balance, end of year	\$ 1,867	\$ 538	\$ 2,405	\$ 2,866

See accompanying notes to the financial statements.

Statement of Cash Flows

(in 000's)

For the year ended March 31	Operating Fund	Caribou Fund	2019	2018
Operating activities				
Cash generated from:				
Interest	\$ 55	\$ 13	\$ 68	\$ 67
Contributions	1,349	50	1,399	5,355
	1,404	63	1,467	5,422
Cash used for:				
Project costs	1,207	543	1,750	1,424
Professional services	42	104	146	139
Other expenses	28	32	60	55
	1,277	679	1,956	1,618
Increase (decrease) in cash	127	(616)	(489)	3,804
Cash & cash equivalents, beginning of year	8,681	1,157	9,838	6,034
Cash & cash equivalents, end of year	\$ 8,808	\$ 541	\$ 9,349	\$ 9,838

See accompanying notes to the financial statements.

Notes to the Financial Statements

March 31, 2019

(in 000s)

1. Nature of operations

The 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. This includes the support of engagement and consultation with parties who may be impacted by oil and gas activities. 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

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Significant accounting policies are as follows:

Operating Fund

The Operating Fund reports revenue and expenses related to all operations of BC OGRIS excluding activities related to the Boreal Caribou project which are reported in the Caribou Fund. Administrative expenses of BC OGRIS were allocated to the Operating Fund at a rate of 33% until September 30, 2018 at which point 100% of administration expenses were allocated to the Operating Fund.

Caribou Fund

The Caribou Fund reports revenue and expenses related to the Boreal Caribou project. Contribution revenue from fees and levies has been internally restricted for this project and are allocated to this fund. Administrative expenses of BC OGRIS were allocated to the Caribou Fund at a rate of 67% until September 30, 2018 at which point 0% of administration expenses were allocated to the Caribou Fund.

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.

Notes to the Financial Statements

March 31, 2019

(in 000s)

2. Significant accounting policies (continued)

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.

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.

Notes to the Financial Statements
March 31, 2019
(in 000s)

3. Deferred contributions

Deferred contributions reflect following externally restricted grants related to operations:

	Opening Balance	Received during the year	Recognized as Revenue (Operating)	Recognized as Revenue (Caribou)	Ending Balance
BC Oil and Gas Commission	\$ 5,976	\$ -	\$ 1,558	\$ -	\$ 4,418
Ministry of Aboriginal Relations and Reconciliation	315	1,349	315	-	1,349
Environmental Assessment Office	49	-	49	-	-
TransCanada Corporation	-	50	-	50	-
	\$ 6,340	\$ 1,399	\$ 1,922	\$ 50	\$ 5,767

4. Related party transactions

BC OGRIS is related to the BC Oil and Gas 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.

Quarterly management fees are paid to the Commission for administrative services totaling \$28 (2018: \$28). During the year, the Commission provided grants of \$ nil (2018: \$5,215) to BC OGRIS to fund initiatives in several research areas.

Included in accounts payable at March 31, 2019 is \$7 (2018: \$14) due to the Commission, resulting from activities between the Commission and BC OGRIS.

Notes to the Financial Statements

March 31, 2019

(in 000s)

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:

Fiscal Year	Operating	Caribou	Total
2020	\$ 2,317	\$ 4	\$ 2,321

6. Remuneration

During the year, BC OGRIS paid \$79 (2018: \$83) in remuneration to one person who is a contractor, whose remuneration, during the applicable period, was at least \$75.