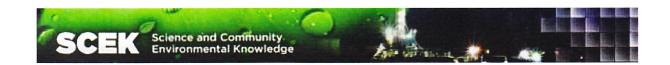




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#### Statement of Management Responsibility

The financial statements of the Science and Community Environmental Knowledge Fund (SCEK Fund) for the year ended March 31, 2015 have been prepared by management in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPO). These financial statements present fairly the financial position of the SCEK Fund as at March 31, 2015, and the results of its operations and changes in its cash flows for the year then ended.

Management is responsible for the preparation of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized, and that financial records provide reliable information for the preparation of financial statements.

Grant Thornton LLP has performed an independent audit of the financial statements of the SCEK. The Independent auditors' report outlines the scope of the audit and expresses an opinion on the financial statements of the SCEK Fund.

Geoff Morrison

SCEK Committee Member

Gary Leach

SCEK Committee Member

Victoria, British Columbia July 17, 2015,



### Statement of Financial Position (000's)

	Operating	Caribou		
As at March 31, 2015	Fund	Fund	2015	2014
Assets				
Current assets				
Cash	\$ 2,704	\$ 5,829	\$ 8,533	\$ 2,796
Accounts receivable	1	3		2
Due from the Oil and Gas Commission (Note 3)	245	489	734	969
Prepaids	-	19	19	17
	2,950	6,340	9,290	3,784
Capital assets				
Caribou collars (Note 4)	-	178	178	128
Total assets	2,950	6,518	9,468	3,912
Liabilities and net assets				
Current liabilities				
Accounts payable	137	249	386	424
Deferred contributions	-	2,000	2,000	-
Due to the Oil and Gas Commission (Note 3)	-	27	27	62
	137	2,276	2,413	486
Fund balances				
Internally restricted	_	4,242	4,242	3,110
Unrestricted	- 2,813	4,242	2,813	3,110
Officatioted	2,813	4,242		
	2,013	7,242	1,000	5,720
Net assets	\$ 2,950	\$ 6,518	\$ 9,468	\$ 3,912

Approved on behalf of the Committee

Geoff Morrison
SCEK Committee Member

Gary Leach
SCEK Committee Member

See accompanying notes to the financial statements



# Statement of Operations and Changes in Net Assets (000's)

	Operating			Caribou				
For the year ended March 31		Fund		Fund	2015		2014	
								_
Personne								
Revenue	Φ	4.4	Φ	07	•	44	φ.	00
Interest	\$	14	\$	27	\$	41	\$	22
Contributions		1,500		-		1,500		274
Fees		254		508		762		440
Levies		901		1,801		2,702		2,035
		2,669		2,336		5,005		2,771
Expenses								
Project costs		119		935		1,054		1,269
Professional services		38		158		196		121
Amortization expense		-		56		56		30
Loss on disposal of assets		-		11		11		-
Extension and communication		-		14		14		-
Management fees & miscellaneous		15		30		45		53
		172		1,204		1,376		1,473
Excess of revenue over expenses		2,497		1,132		3,629		1,298
Fund balance, beginning of year		316		3,110		3,426		2,128
Fund balance, end of year	\$	2,813	\$	4,242	\$	7,055	\$	3,426

See accompanying notes to the financial statements



### Statement of Cash Flows

(000's)

	Op	erating	Caribou			
For the year ended March 31		Fund	Fund		2015	2014
Operating activities						
Cash generated from:						
Fees and levies	\$	1,274	\$ 2,426	\$	3,700	\$ 2,381
Interest		13	25		38	22
Contributions		1,500	2,000	;	3,500	168
		2,787	4,451		7,238	2,571
Cash used for:						
Projects		104	1,040		1,144	1,589
Fund administration		54	187		241	48
Capital asset acquisitions		-	116		116	41
		158	1,343		1,501	1,678
Increase in cash		2,629	3,108	;	5,737	893
Cash, beginning of year		75	2,721	1	2,796	1,903
Cash, end of year	\$	2,704	\$ 5,829	\$	8,533	\$ 2,796

See accompanying notes to the financial statements



## Notes to the Financial Statements March 31, 2015

(000's)

#### 1. The Oil and Gas Commission as Agent and Administrator

In 1998, the Government of British Columbia entered into an agreement with the Canadian Association of Petroleum Producers (CAPP) and the Small Explorers and Producers Association of Canada (SEPAC) to establish the Environment Fund ('the Fund'). The Fund was to support studies concerning practical ways of addressing environmental issues related to oil and gas exploration and development in British Columbia. Findings of completed studies are incorporated, where appropriate, into environmental practice and regulation.

In 2002 CAPP and SEPAC restated their support of the Fund and agreed to refocus and rename the Fund. The Fund changed from a purely research-based, environment fund to a broader based fund that incorporates 'science' and 'community environmental knowledge'. The Environment Fund was renamed the Science and Community Environmental Knowledge Fund (SCEK).

The Oil and Gas Commission administers the SCEK Fund on behalf of the SCEK Steering Committee. Funding is generated and collected by the Commission through a portion of the levy on oil and gas production and a portion of the application fee for wells. In the current year, the Commission provided a grant to the SCEK fund in lieu of potential future levies and fees. (See note 3)

The objectives of the SCEK Fund are:

- To provide credible findings from scientific and knowledge based research that are useful to the Commission and industry decision-making;
- To improve scientific and community environmental knowledge relevant to the management of oil and gas activities in British Columbia; and
- To communicate this information in a format suitable for industry, regulators, First Nations, stakeholders and the general public.

#### 2. Significant accounting policies

These financial statements are prepared by management in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPO).

Significant accounting policies are as follows:

#### Revenue recognition

The Fund 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, 2015

(000's)

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#### 2. Significant accounting policies (continued)

#### **Operating Fund**

The Operating Fund reports revenue and expenses related to all operations of the Fund excluding activities related to the Boreal Caribou project which are reported in the Caribou 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 the SCEK Fund are allocated to the Caribou Fund at a rate of 67% (2014: 33%).

#### **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.

#### Prepaid expenses

Prepaid expenses consist of a data licence agreement for the annual management and maintenance of the caribou collars. The expense is being recognized over the term of the agreement.

#### Use of estimates

The preparation of financial statements in accordance with Accounting Standards for Not-for-Profit Organizations 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

The SCEK Fund has designated its financial instruments as follows:

- Cash is measured at fair value and all gains and losses are included in net income from operations in the period in which they occur;
- · Accounts receivable are classified as loans and receivables and are measured at amortized cost; and
- Accounts payable are classified as other financial liabilities and are also measured at amortized cost.

Unless otherwise noted, it is management's opinion that the Fund 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.

#### Tangible capital assets

The SCEK Fund acquired Caribou collars in the current year. The collars are being amortized on a straight-line basis over the remaining portion of the 5-year Boreal Caribou project.

## Notes to the Financial Statements March 31, 2015

(000's)

#### 3. Due from / to the Oil and Gas Commission

The amount due from the Commission represents the fees and levies revenue collected by the Commission on behalf of the Fund. The amount due to the Commission represents a quarterly management fee paid to the Commission for administrative services.

During the 2015 fiscal year, there was \$3,464 (2015: \$2,475) in revenue recognized from fees and levies collected by the Commission on behalf of the Fund. Management fees of \$44 (2014: \$44) were paid to the Commission during the year for administrative services. The Commission also provided a grant of 3.5 million to the SCEK fund in lieu of potential levies and fees.

#### 4. Capital assets

	Cost			Accumulated Amortization			March 31 2015	March 31 2014	
	Opening	Additions	Disposals	Closing	Opening	Additions	Closing	NBV	NBV
Caribou Collars	162	116	(10)	268	34	56	90	\$ 178	\$ 128

#### 5. Commitments

The SCEK Fund 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
2016	\$ 539,280	\$ 399,636	\$	938,916
2017	-	100,000		100,000
2018	-	16,667		16,667
	\$ 539,280	\$ 516,302	\$ 1	1,055,582

#### 6. Subsequent event

On April 1, 2015 the BC Oil and Gas Research Innovation Society was incorporated as a not-for-profit organization under the BC Society Act. The SCEK Fund will be transferring all of its operations to the BC Oil and Gas Research Innovation Society as of April 1, 2015, this transfer is not expected to have any financial effect on the assumed operations.