

BC Oil and Gas Research and Innovation Society
Financial Statements
(in 000's)
Year Ended March 31, 2024

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 (BC OGRIS), which comprise the statement of financial position as at March 31, 2024, 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 BC OGRIS as at March 31, 2024, 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 BC OGRIS 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 Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied 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 BC OGRIS'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 BC OGRIS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BC OGRIS'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 BC OGRIS'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 BC OGRIS'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 BC OGRIS 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.

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Victoria, British Columbia
July 25, 2024

Chartered Professional Accountants

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

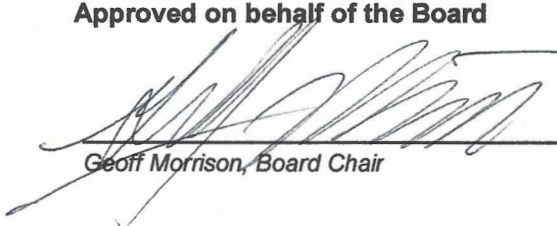

(in 000's)

March 31, 2024

	2024	2023
	\$	\$
Assets		
Current		
Cash and cash equivalents	64,371	63,481
Accounts receivable	3,764	228
Government remittances receivable	87	128
Total assets	<u>68,222</u>	<u>63,837</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	744	1,347
Treaty 8 disbursement payable (Note 4)	53,367	-
Deferred contributions (Note 3)	12,267	60,646
Total liabilities	66,378	61,993
Fund Balances		
Fund balances	1,844	1,844
Total liabilities and fund balances	<u>68,222</u>	<u>63,837</u>

Commitments (Note 5)

Approved on behalf of the Board


Geoff Morrison, Board Chair
Richard Slocomb, Board Member

The accompanying notes are an integral part of these financial statements

BC Oil and Gas Research and Innovation Society**Statement of Revenues and Expenditures and Changes in Net Assets**

(in 000's)

Year Ended March 31, 2024

	2024	2023
	\$	\$
Revenue		
Contributions	54,321	4,394
Interest	387	1,396
	<u>54,708</u>	<u>5,790</u>
Expenses		
Treaty 8 disbursement <i>(Note 4)</i>	53,367	-
Project costs	1,162	5,490
Professional fees	139	259
Management fees	21	22
Other expenses	19	19
	<u>54,708</u>	<u>5,790</u>
Net excess of revenue over expenses	-	-
Fund balance, beginning of year	<u>1,844</u>	<u>1,844</u>
Fund balance, end of year	<u>1,844</u>	<u>1,844</u>

The accompanying notes are an integral part of these financial statements

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

(in 000's)

Year Ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	-	-
Changes in non-cash working capital:		
Accounts receivable	(3,536)	50,292
Accounts payable and accrued liabilities	(603)	(579)
Government remittances receivable	41	(107)
Deferred contributions	(48,379)	(917)
Treaty 8 disbursement payable (<i>Note 4</i>)	53,367	-
	<u>890</u>	<u>48,689</u>
Increase in cash flow	890	48,689
Cash and cash equivalents - beginning of year	<u>63,481</u>	<u>14,792</u>
Cash and cash equivalents - end of year	<u><u>64,371</u></u>	<u><u>63,481</u></u>

The accompanying notes are an integral part of these financial statements

BC Oil and Gas Research and Innovation Society

Notes to Financial Statements

(in 000's)

Year Ended March 31, 2024

1. Nature of operations

BC Oil and Gas Research and Innovation Society ("BC OGRIS") is a not-for-profit society that incorporated under the Society Act of British Columbia and transitioned into the new Societies 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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). and include the following significant accounting policies:

Revenue recognition

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 approved.

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, accrued liabilities 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, 2024

3. Deferred contributions

	Opening balance \$	Received during the year \$	Recognized as revenue (operating) \$	2024 \$
BC Oil and Gas Commission	6,472	2,466	(631)	8,307
Ministry of Energy, Mines, and Low Carbon Innovation	51,004	2,362	(53,366)	-
Ministry of Forests, Lands, Natural Resource Operations and Rural Development	1,820	-	(710)	1,110
Ministry of Water, Land and Resource Stewardship	1,350	1,500	-	2,850
	<u>60,646</u>	<u>6,328</u>	<u>(54,707)</u>	<u>12,267</u>

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.

4. Treaty 8 disbursement

After year-end, BC OGRIS paid out amounts to 6 nations totalling \$53,366,536.28 from the Treaty 8 Restoration Fund. The nations included Doig River First Nation, Fort Nelson First Nation, Halfway River First Nation, Prophet River First Nation, Sauteau First Nations, and West Moberly First Nations. The cheques, at \$8,894,422.71 each, all cleared the bank in April of 2024.

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 \$	2024 \$	2023 \$
<u>2,888</u>	<u>-</u>	<u>2,888</u>	<u>4,121</u>

6. Remuneration

During the year, BC OGRIS paid \$86 (2023: \$106) in remuneration to one person who is a contractor whose remuneration, during the applicable period, was at least \$75.