

**ONTARIO PETROLEUM INSTITUTE INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2017**

**ONTARIO PETROLEUM INSTITUTE INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

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**To the Board of Directors of Ontario Petroleum Institute Inc.:**

I have audited the accompanying financial statements of Ontario Petroleum Institute Inc., which comprise the Statement of Financial Position as at August 31, 2017, and the Statements of Net Assets, Operations and Cash Flows for the year then ended, 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 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Petroleum Institute Inc. as at August 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**November 02, 2017**  
**London, Canada**

*Scrimgeour & Company*  
**LICENSED PUBLIC ACCOUNTANT**

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2017**

	2017	2016
<b>ASSETS</b>		
Current Assets		
Cash (note 2.d)	\$ 36,833	\$ 46,188
Short-term investments	50,000	75,188
Accounts receivable	13,458	3,392
Prepaid expenditures	2,194	3,715
	<b>102,485</b>	128,483
Property, plant and equipment (note 4)	708	885
Funds held in trust (note 5)	24,978	27,505
<b>TOTAL ASSETS</b>	<b>\$ 128,171</b>	<b>\$ 156,873</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 6,487	\$ 6,261
Deferred revenue	-	5,145
	<b>6,487</b>	11,406
Trust liabilities (note 5)	24,978	27,505
	<b>31,465</b>	38,911
Net assets (page 3)	96,706	117,962
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 128,171</b>	<b>\$ 156,873</b>

**Approved on behalf of Board:**

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2017**

	<b>2017</b>		2016	
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$</b>	<b>117,962</b>	<b>\$</b>	152,781
Excess of expenditures over revenues (page 4)		<b>(21,256)</b>		(34,819)
		<b>(21,256)</b>		(34,819)
<b>NET ASSETS, END OF YEAR</b>	<b>\$</b>	<b>96,706</b>	<b>\$</b>	117,962

The accompanying notes are an integral part of the financial statements



**ONTARIO PETROLEUM INSTITUTE INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	2017	2016
<b>REVENUES</b>		
Conferences	\$ 68,460	\$ 47,701
Interest income and foreign exchange (note 2.g)	1,156	2,553
Management fees (note 3)	25,000	23,333
Membership fees	46,692	51,895
Membership directory	7,105	6,820
Newsletter	1,516	1,216
Training	55,859	59,015
	<b>205,788</b>	<b>192,533</b>
<b>EXPENDITURES</b>		
Amortization	177	219
Bank charges	3,679	3,536
Conferences	29,420	21,887
Insurance	2,561	2,811
Management fees	79,400	80,500
Meetings	1,896	3,684
Membership directory	510	590
Office supplies	1,994	1,525
Postage and telephone	2,916	3,156
Professional fees	4,515	5,985
Promotion and educational programs	3,394	2,571
Rent	6,960	6,266
Training	35,592	40,462
Travel	2,737	2,768
Utilities	9,712	10,406
Wages and employee benefits	41,581	40,986
	<b>227,044</b>	<b>227,352</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>\$ (21,256)</b>	<b>\$ (34,819)</b>

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures (page 4)	\$ (21,256)	\$ (34,819)
Amortization	177	219
	<b>(21,079)</b>	<b>(34,600)</b>
<b>OTHER ITEMS NOT INVOLVING CASH</b>		
Decrease (increase) in accounts receivable	(10,066)	3,404
Decrease (increase) in prepaid expenses	1,521	(297)
Increase (decrease) in accounts payable and accrued liabilities	226	(294)
Increase (decrease) in deferred revenue	(5,145)	4,585
	<b>(34,543)</b>	<b>(27,202)</b>
<b>INVESTING ACTIVITIES</b>		
Net decrease (increase) of investments	25,188	35,610
	<b>25,188</b>	<b>35,610</b>
Increase (decrease) in cash	(9,355)	8,408
Cash, beginning of year	46,188	37,780
<b>CASH END OF YEAR</b>	<b>\$ 36,833</b>	<b>\$ 46,188</b>

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**

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**1. Nature of operations**

Ontario Petroleum Institute Inc. (the Organization) is a not-for-profit corporation whose objectives relate to the oil and gas industries in Ontario, including representation to federal and provincial bodies on legislation and regulations, study and research in matters pertinent to the industry and conferences for the exchange of views and information among members.

**2. Significant accounting policies**

The Organization has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

**a. 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 and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**b. Revenue recognition**

Fees and other revenue received in advance are deferred and recognized as revenue at the time the related expenditures are incurred. Members' fees as set up by the Board are recognized on a straight line basis over the term of the membership. Investment revenue is recognized within the month in which it is earned.

**c. Volunteer services**

The work of the Organization is dependent on the voluntary service of many members. The value of donated services is not recognized in these statements.

**d. Cash**

Cash includes cash on hand and balances with banks.

**e. Investments**

Investments consist of cashable guaranteed investment certificates with Canadian banks and are carried at market value. The weighted average interest rate of the guaranteed investment certificates is 0.50% (2016 - 0.50%). Investments are measured at fair value at each reporting date and any unrealized gains or losses are recognized in operations for the period in which they arise.



**ONTARIO PETROLEUM INSTITUTE INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**

**f. Capital assets**

Capital assets are initially recorded at cost less accumulated amortization. Amortization is calculated on a straight-line or declining balance basis over the estimated useful lives of the property and equipment as follows:

Computer hardware	straight line over 3 years
Furniture and equipment	20% declining balance

**g. Foreign currency transactions**

The Organization translates all of its foreign currency transactions using the temporal method. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at date of the Statement of Financial Position. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations are translated at average year rates. Exchange gains and losses are included in the Statement of Operations.

**h. Financial instruments**

The Trust initially measures its financial instruments at fair value. The Trust subsequently measures all its financial assets and liabilities at amortized cost except for cash and cash equivalents which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

**3. Related party transactions**

During the year the Organization received management fees of \$25,000 (2016 - \$23,333) from Oil, Gas and Salt Resources Trust which is a related to the Organization through common management. This transaction was in the normal course of operations and measured at the exchange value as agreed upon by the related parties.

**4. Property, plant and equipment**

The Organization's property and equipment consist of the following:

		Cost	Accumulated Amortization		2017		2016
Computers	\$	1,436	\$ (1,436)	\$	-	\$	-
Furniture and fixtures	\$	10,306	\$ (9,598)	\$	708	\$	885
	\$	11,742	\$ (11,034)	\$	708	\$	885

**ONTARIO PETROLEUM INSTITUTE INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**

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**5. Trust assets and liabilities**

In 2006, the Ministry of Natural Resources (MNR) transferred previously forfeited well security deposits to the Organization. These funds were originally provided to the MNR by operators pursuant to the statutory requirement to post adequate abandonment security as a pre-condition to obtaining a license to drill or maintain a well. These operators did not comply with certain mandatory provisions in the Regulations respecting the security deposits and accordingly their deposits have been declared forfeited by the MNR. Under the agreement between MNR and the Organization, a portion of these funds must be retained for certain identified wells that have not yet been abandoned and plugged. As of August 31, 2017, the restricted funds totalled \$24,978 (2016 - \$27,505).

**6. Accounts payable and accrued liabilities**

Included within accounts payable and accrued liabilities are amounts owing to various government agencies totaling \$1,464 (2016 - \$0).

**7. Financial instruments - risks**

**a. Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some assets are exposed to foreign exchange fluctuations. As at August 31, 2017, cash of \$4,584 (2016 - \$2,232) is denominated in US dollars and converted to Canadian dollars.

**b. Credit risk**

The Organization has determined that the financial assets with credit risk exposure are accounts receivable. There is a small risk that of any of these parties could result in significant financial losses for the Organization as there is a minimal balance of accounts receivable.

**c. Liquidity risk**

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities..

**8. Lease commitment**

The Organization is committed to future payments, over the next three years, for the lease of its premises and for the purchase of management and strategic communication services as follows:

2018	\$52,583
2019	\$ 6,266
2020	\$ 1,567

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**

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**9. Comparative balances**

Certain of the comparative balances have been reclassified to conform to the current years' presentation. The comparative balances have been audited by the Organization's previous auditor.