

ONTARIO PETROLEUM INSTITUTE INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

**ONTARIO PETROLEUM INSTITUTE INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ontario Petroleum Institute Inc.

We have audited the accompanying financial statements of Ontario Petroleum Institute Inc., which comprise the Statement of Financial Position as at August 31, 2018, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Petroleum Institute Inc. as at August 31, 2018 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 01, 2018
London, Canada

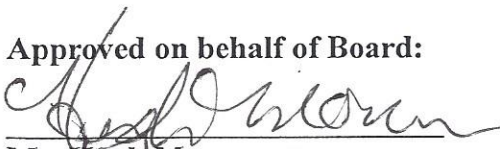
Scrimgeour & Company

LICENSED PUBLIC ACCOUNTANT

ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2018

	2018	2017
ASSETS		
Current Assets		
Cash (note 2.d)	\$ 42,847	\$ 36,833
Short-term investments	25,117	50,000
Accounts receivable	4,592	13,458
Prepaid expenditures	2,225	2,194
	74,781	102,485
Property, plant and equipment (note 4)	567	708
Funds held in trust (note 5)	-	24,978
TOTAL ASSETS	\$ 75,348	\$ 128,171
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 6,153	\$ 6,487
Deferred revenue	220	-
	6,373	6,487
Trust liabilities (note 5)	-	24,978
	6,373	31,465
Net assets (page 3)	68,975	96,706
TOTAL LIABILITIES AND NET ASSETS	\$ 75,348	\$ 128,171

Approved on behalf of Board:


Mr. Hugh Moran

**ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2018**

	2018	2017
NET ASSETS, BEGINNING OF YEAR	\$ 96,706	\$ 117,962
Excess of expenditures over revenues (page 4)	(27,731)	(21,256)
	(27,731)	(21,256)
NET ASSETS, END OF YEAR	\$ 68,975	\$ 96,706

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2018**

	2018	2017
REVENUES		
Conferences	\$ 56,947	\$ 68,460
Interest income and foreign exchange (note 2.g)	1,701	1,156
Management fees (note 3)	25,000	25,000
Membership fees	41,128	46,692
Membership directory	7,506	7,105
Ministry contribution (note 5)	21,987	-
Newsletter	719	1,516
Training	32,477	55,859
	187,465	205,788
EXPENDITURES		
Amortization	141	177
Bank charges	2,468	3,679
Conferences	24,908	29,420
Insurance	2,671	2,561
Management fees	79,400	79,400
Meetings	1,899	1,896
Membership directory	426	510
Office supplies	1,149	1,994
Postage and telephone	2,760	2,916
Professional fees	14,451	4,515
Promotion and educational programs	1,312	3,394
Rent	6,266	6,960
Training	23,050	35,592
Travel	2,955	2,737
Utilities	9,679	9,712
Wages and employee benefits	41,661	41,581
	215,196	227,044
EXCESS OF EXPENDITURES OVER REVENUES	\$ (27,731)	\$ (21,256)

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, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of expenditures over revenues (page 4)	\$ (27,731)	\$ (21,256)
Amortization	141	177
	(27,590)	(21,079)
OTHER ITEMS NOT INVOLVING CASH		
Decrease (increase) in accounts receivable	8,866	(10,066)
Decrease (increase) in prepaid expenses	(31)	1,521
Increase (decrease) in accounts payable and accrued liabilities	(334)	226
Increase (decrease) in deferred revenue	220	(5,145)
	(18,869)	(34,543)
INVESTING ACTIVITIES		
Net decrease (increase) of investments	24,883	25,188
	24,883	25,188
Increase (decrease) in cash	6,014	(9,355)
Cash, beginning of year	36,833	46,188
CASH END OF YEAR	\$ 42,847	\$ 36,833

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, 2018**

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 0.75% (2017 - 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, 2018**

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 (2017 - \$25,000) 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	2018	2017
Computers	\$ 1,436	\$ (1,436)	\$ -	\$ -
Furniture and fixtures	\$ 10,306	\$ (9,739)	\$ 567	\$ 708
	\$ 11,742	\$ (11,175)	\$ 567	\$ 708

**ONTARIO PETROLEUM INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

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. During the year ended August 31, 2018, the restricted funds were released to the Organization.

6. Accounts payable and accrued liabilities

Included within accounts payable and accrued liabilities are amounts owing to various government agencies totaling \$1,461 (2017 - \$1,454).

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, 2018, cash of \$477 (2017 - \$4,584) 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:

2019	\$ 6,266
2020	\$ 1,567