

**ONTARIO PETROLEUM INSTITUTE INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**ONTARIO PETROLEUM INSTITUTE INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

---

<b>-1-</b>	Independent Auditor's Report
<b>-3-</b>	Statement of Financial Position
<b>-4-</b>	Statement of Net Assets
<b>-5-</b>	Statement of Operations
<b>-6-</b>	Statement of Cash Flows
<b>-7-</b>	Notes to the Financial Statements

---

**INDEPENDENT AUDITOR'S REPORT**

---

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

**Opinion**

We have audited the accompanying financial statements of Ontario Petroleum Institute Inc. (the "Organization"), which comprise the Statement of Financial Position as at August 31, 2020, and Statements of Net Assets, Operations 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 Ontario Petroleum Institute Inc. as at August 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis of 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 relating 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.

**November 5, 2020**  
**London, Canada**

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

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2020**

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash (note 2.d)	\$ 60,870	\$ 40,655
Short-term investments	40,000	25,417
Accounts receivable	45	1,208
Prepaid expenditures	2,238	2,293
	<b>103,153</b>	69,573
Property, plant and equipment (note 4)	362	453
<b>TOTAL ASSETS</b>	<b>\$ 103,515</b>	<b>\$ 70,026</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 8,420	\$ 15,226
Deferred revenue	7,400	220
	<b>15,820</b>	15,446
Canada Emergency Business Account loan (note 6)	40,000	-
	<b>55,820</b>	15,446
Net assets (page 4)	47,695	54,580
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 103,515</b>	<b>\$ 70,026</b>

**Approved on behalf of Board:**

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2020**

	<b>2020</b>	2019
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$ 54,580</b>	\$ 68,975
Excess of expenditures over revenues (page 5)	<b>(6,885)</b>	(14,395)
	<b>(6,885)</b>	(14,395)
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 47,695</b>	\$ 54,580

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2020**

	2020	2019
<b>REVENUES</b>		
Conferences	\$ 6,383	\$ 62,854
Contribution from member	5,000	-
Interest income and foreign exchange (note 2.g)	637	609
Management fees (note 3)	50,000	50,000
Membership fees	33,180	34,920
Membership directory	6,043	7,534
Government Funding - COVID 19	9,482	-
Newsletter	456	2,382
Training	17,303	37,775
	<b>128,484</b>	<b>196,074</b>
<b>EXPENDITURES</b>		
Amortization	91	114
Bank charges	1,826	2,674
Conferences	6,162	30,242
Insurance	2,874	2,590
Management fees	46,317	79,400
Meetings	1,238	1,386
Membership directory	777	681
Office supplies	847	896
Postage and telephone	2,943	2,588
Professional fees	4,800	4,200
Promotion and educational programs	498	1,042
Rent	5,607	5,243
Training	11,298	26,101
Travel	806	2,119
Utilities	7,839	9,679
Wages and employee benefits	41,446	41,514
	<b>135,369</b>	<b>210,469</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>\$ (6,885)</b>	<b>\$ (14,395)</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, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of expenditures over revenues (page 5)	\$ (6,885)	\$ (14,395)
Amortization	91	114
	<b>(6,794)</b>	<b>(14,281)</b>
<b>OTHER ITEMS NOT INVOLVING CASH</b>		
Decrease (increase) in accounts receivable	1,163	3,384
Decrease (increase) in prepaid expenses	55	(68)
Increase (decrease) in accounts payable and accrued liabilities	(6,806)	9,073
Increase (decrease) in deferred revenue	7,180	-
	<b>(5,202)</b>	<b>(1,892)</b>
<b>INVESTING ACTIVITIES</b>		
Net decrease (increase) of investments	(14,583)	(300)
	<b>(14,583)</b>	<b>(300)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in Canada Emergency Business Account loan	40,000	-
	<b>40,000</b>	<b>-</b>
Increase (decrease) in cash	20,215	(2,192)
Cash, beginning of year	40,655	42,847
<b>CASH END OF YEAR</b>	<b>\$ 60,870</b>	<b>\$ 40,655</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, 2020**

---

**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% (2019 - 1.20%). 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, 2020**

**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 Organization initially measures its financial instruments at fair value. The Organization 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 \$50,000 (2019 - \$50,000) 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	2020	2019
Computers	\$ 1,436	\$ (1,436)	\$ -	\$ -
Furniture and fixtures	10,306	(9,944)	362	453
	\$ 11,742	\$ (11,380)	\$ 362	\$ 453

**ONTARIO PETROLEUM INSTITUTE INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

---

**5. Accounts payable and accrued liabilities**

Included within accounts payable and accrued liabilities are amounts owing to various government agencies totaling \$3,388 (2019 - \$760).

**6. Canada Emergency Business Account loan**

The Canada Emergency Business Account loan is a non-interest bearing loan with TD Canada Trust, that if repaid by December 31, 2022, \$10,000 will be forgiven.

**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, 2020, cash of \$273 (2019 - \$610) 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's lease of their premises came to an end in September 2020. There are no other lease commitments at August 31, 2020.

**9. Significant event**

The Province of Ontario declared a state of emergency in response to the COVID-19 virus in March 2020. It is unclear what financial impact the COVID-19 virus will have on the Organization. Management is continuing to monitor the situation.

**10. Comparative balances**

Certain of the comparative balances have been reclassified to confirm to the current years' presentation.

---