

ONTARIO PETROLEUM INSTITUTE INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

**ONTARIO PETROLEUM INSTITUTE INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

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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, 2021, 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, 2021 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 10, 2021
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2021**

	2021	2020
ASSETS		
Current Assets		
Cash (note 2.d)	\$ 95,883	\$ 60,870
Short-term investments	60,050	40,000
Accounts receivable	250	45
Prepaid expenditures	1,469	2,238
	157,652	103,153
Property, plant and equipment (note 4)	290	362
TOTAL ASSETS	\$ 157,942	\$ 103,515
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 9,297	\$ 8,420
Deferred revenue	8,795	7,400
	18,092	15,820
Canada Emergency Business Account loan (note 6)	60,000	40,000
	78,092	55,820
Net assets (page 4)	79,850	47,695
TOTAL LIABILITIES AND NET ASSETS	\$ 157,942	\$ 103,515

Approved on behalf of Board:



**ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021**

	2021		2020
NET ASSETS, BEGINNING OF YEAR	\$ 47,695	\$	54,580
Excess of expenditures over revenues (page 5)	32,155		(6,885)
NET ASSETS, END OF YEAR	\$ 79,850	\$	47,695

The accompanying notes are an integral part of the financial statements

**ONTARIO PETROLEUM INSTITUTE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2021**

	2021	2020
REVENUE		
Conferences	\$ 7,192	\$ 6,383
Contribution from member	-	5,000
Interest income and foreign exchange (note 2.g)	329	637
Management fees (note 3)	28,750	50,000
Membership fees	29,755	33,180
Membership directory	4,916	6,043
Government Funding - COVID 19	26,069	9,482
Newsletter	456	456
Training	9,075	17,303
	106,542	128,484
EXPENDITURES		
Amortization	72	91
Bank charges	1,562	1,826
Conferences	3,593	6,162
Insurance	2,629	2,874
Management fees	-	46,317
Meetings	1,108	1,238
Membership directory	490	777
Office supplies	528	847
Postage and telephone	736	2,943
Professional fees	4,500	4,800
Promotion and educational programs	-	498
Rent	1,015	5,607
Training	6,502	11,298
Travel	150	806
Utilities	439	7,839
Wages and employee benefits	51,063	41,446
	74,387	135,369
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$ 32,155	\$ (6,885)

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, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of expenditures over revenues (page 5)	\$ 32,155	\$ (6,885)
Amortization	72	91
	32,227	(6,794)
OTHER ITEMS NOT INVOLVING CASH		
Decrease (increase) in accounts receivable	(205)	1,163
Decrease (increase) in prepaid expenses	769	55
Increase (decrease) in accounts payable and accrued liabilities	877	(6,806)
Increase (decrease) in deferred revenue	1,395	7,180
	35,063	(5,202)
INVESTING ACTIVITIES		
Net decrease (increase) of investments	(20,050)	(14,583)
	(20,050)	(14,583)
FINANCING ACTIVITIES		
Increase in Canada Emergency Business Account loan	20,000	40,000
	20,000	40,000
Increase (decrease) in cash	35,013	20,215
Cash, beginning of year	60,870	40,655
CASH END OF YEAR	\$ 95,883	\$ 60,870

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, 2021**

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

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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 0.175% (2020 - 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, 2021**

2. Significant accounting policies continued

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 \$28,750 (2020 - \$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	2021	2020
Computers	\$ 1,436	\$ (1,436)	\$ -	\$ -
Furniture and fixtures	10,306	(10,016)	290	362
	\$ 11,742	\$ (11,452)	\$ 290	\$ 362

**ONTARIO PETROLEUM INSTITUTE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

5. Accounts payable and accrued liabilities

Included within accounts payable and accrued liabilities are amounts owing to Canada Revenue Agency for payroll taxes and HST of \$3,180 (2020 - \$3,388).

6. Canada Emergency Business Account loan

The Canada Emergency Business Account loan is a government backed line of credit with TD Canada Trust. The loan is non-interest bearing loan with no repayment requirements until December 31, 2022. Thereafter, the loan bears interest at 5% per annum, payable monthly. The loan has a 25% (\$20,000) forgiveness clause if fully repaid by December 31, 2022.

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, 2021, cash of \$770 (2020 - \$273) 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.
