

CLEAN RESOURCE INNOVATION NETWORK

Financial Statements

For the 15 month period ended March 31, 2021

CLEAN RESOURCE INNOVATION NETWORK

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For the 15 month period ended March 31, 2021

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Independent Auditor's Report

To the Directors of Clean Resource Innovation Network

Opinion

We have audited the financial statements of Clean Resource Innovation Network (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the period 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 the Organization as at March 31, 2021, and its results of operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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.

Comparative Information

The financial statements of the Organization for the year ended December 31, 2019 are unaudited.

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 related 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
July 28, 2021

CLEAN RESOURCE INNOVATION NETWORK

Statement of Financial Position

As at

	March 31, 2021	December 31, 2019
ASSETS		
Current		
Cash	\$ 499,473	\$ 496
Accounts receivable (Note 3)	48,189	316,402
Goods and services tax receivable	33,847	-
	<u>581,509</u>	<u>316,898</u>
Intangible capital asset (Note 4)	<u>22,327</u>	<u>6,315</u>
	<u>\$ 603,836</u>	<u>\$ 323,213</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 204,751	\$ 247,058
Goods and services tax payable	-	\$ 683
Deferred contributions (Note 5)	235,333	-
	<u>440,084</u>	<u>247,741</u>
NET ASSETS		
Invested in intangible assets	22,327	6,315
Unrestricted	141,425	69,157
	<u>163,752</u>	<u>75,472</u>
	<u>\$ 603,836</u>	<u>\$ 323,213</u>

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements

CLEAN RESOURCE INNOVATION NETWORK

Statement of Operations

For the period ended

	March 31, 2021 (15 months)	December 31, 2019 (12 months)
Revenue		
Project revenue (Note 5)	\$ 1,337,013	\$ 158,612
Event sponsorship and partnerships	83,600	186,246
In-kind contributions (Note 6)	-	290,140
	<u>1,420,613</u>	<u>634,998</u>
Expenses		
Contractors	1,114,349	358,687
Professional fees	99,076	7,487
Direct event costs	91,030	135,178
IT costs	10,079	2,830
Amortization	9,988	4,828
Printing and publications	3,911	237
License and membership	1,172	-
Meeting	1,119	231
Bank charges	998	32
Office expenses	575	59
Telephone and communication	36	121
Direct project costs	-	53,170
Sponsorship expenses	-	2,000
Insurance	-	250
	<u>1,332,333</u>	<u>565,110</u>
Excess of revenue over expenses	<u>\$ 88,280</u>	<u>\$ 69,888</u>

The accompanying notes are an integral part of these financial statements

CLEAN RESOURCE INNOVATION NETWORK

Statement of Changes in Net Assets

For the period ended

	Invested in intangible assets	Unrestricted	March 31, 2021 (15 months)	December 31, 2019 (12 months)
Balance, beginning of period	\$ 6,315	\$ 69,157	\$ 75,472	\$ 5,584
Excess of revenue over expenses	-	88,280	88,280	69,888
Invested in intangible assets	26,000	(26,000)	-	-
Amortization	(9,988)	9,988	-	-
Balance, end of the period	\$ 22,327	\$ 141,425	\$ 163,752	\$ 75,472

The accompanying notes are an integral part of these financial statements

CLEAN RESOURCE INNOVATION NETWORK

Statement of Cash Flows

For the period ended

	March 31, 2021 (15 months)	December 31, 2019 (12 months)
Operating activities		
Excess of revenue over expenses	\$ 88,280	\$ 69,888
Items not affecting cash:		
Amortization	9,988	4,828
	<u>98,268</u>	<u>74,716</u>
Changes in non-cash working capital		
Accounts receivable	268,213	(298,407)
Goods and services tax receivable	(34,530)	683
Accounts payable and accrued liabilities	(42,307)	229,493
Deferred contributions	235,333	(5,989)
	<u>426,709</u>	<u>(74,220)</u>
Cash flow from operating activities	<u>524,977</u>	<u>496</u>
Investing activities		
Invested in intangible assets	(26,000)	-
Change in cash	498,977	496
Cash, beginning of period	496	-
Cash, end of period	\$ 499,473	\$ 496

The accompanying notes are an integral part of these financial statements

CLEAN RESOURCE INNOVATION NETWORK

Notes to the Financial Statements

For the 15 month period ended March 31, 2021

1 PURPOSE OF THE ORGANIZATION

Clean Resource Innovation Ecosystem ("Organization") is a not-for-profit organization federally incorporated on July 4, 2017. On December 22, 2020, the name of the Organization was legally changed to Clean Resource Innovation Network ("CRIN").

CRIN is an innovation network created to connect people, projects, ideas and capital to work towards a low carbon hydrocarbon economy by reducing GHG emissions from hydrocarbon production and end use. CRIN's vision is to contribute to a future in which Canada is the global leader in producing clean hydrocarbons from source to end use. CRIN is a not-for-profit organization and accordingly, under Section 149(1) of the Income Tax Act of Canada, and in management's opinion is exempt from the payment of income taxes.

At the annual general meeting of Members on September 22, 2020, membership ratified a change for fiscal year end from December 31 to March 31 effective the current fiscal year. As a result of this change in year end, the current figures are presented for a fifteen month period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standard for not-for-profit organizations in Part III of the CPA Canada Handbook, and in management's opinion have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Cash

Cash consist of cash on hand and balances held with financial institutions.

b) Revenue recognition

Contributions are recognized using the deferral method, with unrestricted contributions recognized when received, or when collection and measurement are both reasonably assured. Restricted contributions that have been received, or for which collection and measurement are reasonably assured, are recognized as revenue when the related expenses are incurred or services are provided.

Revenue from sponsorships are recognized evenly over the life of the projects designated by the sponsors.

Event revenue is recognized when the events take place.

Project and service revenue is recognized when the services are provided and work is performed and ultimate collection is reasonable assured.

Donations received in kind are recorded at fair market value determined at the date the donation is made.

Interest income is recognized when earned.

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Notes to the Financial Statements

For the 15 month period ended March 31, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued from page 7)*

c) Donated materials and services

Volunteers contribute significant amounts of time to the activities of CRIN without compensation. Because of the difficulty in determining the fair value of the services contributed, there has been no recognition of these services in the financial statements.

d) Intangible capital assets

Intangible capital assets are recorded at cost. The Organization provides for amortization at rates designed to amortize the cost of the property and equipment over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Intangible capital assets represents website development costs which are being amortized on a straight-line basis over their estimated useful lives of three years.

	Rate	Method
Incorporation cost	3 years	Straight-line
Website development cost	3 years	Straight-line

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations, which 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 those estimates.

Estimates included in the preparation of these financial statements include accrued liabilities and accounts receivable related to government reimbursement for expenses paid.

f) Financial instruments

The Organization measures its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

CLEAN RESOURCE INNOVATION NETWORK

Notes to the Financial Statements

For the 15 month period ended March 31, 2021

3 ACCOUNTS RECEIVABLE

Accounts receivable includes sponsorship receivable and Government funding receivable. Government funds to be received are accrued based on the eligible expenses incurred during the period per contracts established.

	March 31, 2021	December 31, 2019
Western Economic Diversification Canada (WD)	\$ 48,189	\$ 161,121
Sponsorship receivable	-	155,281
	\$ 48,189	\$ 316,402

4 INTANGIBLE CAPITAL ASSETS

	March 31, 2021			December 31, 2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Incorporation cost	\$ 5,559	\$ 5,559	\$ -	\$ 1,853
Website development cost	34,925	12,598	22,327	4,462
	\$ 40,484	\$ 18,157	\$ 22,327	6,315

5 DEFERRED CONTRIBUTIONS

Deferred contributions reported relate to funding received in the current period for future period operations.

	March 31, 2021			
	Beginning	Additions	Utilizations	Ending
Western Economic Diversification Canada (WD)	\$ -	\$ 289,563	\$ 289,563	\$ -
Innovation, Science and Economic Development Canada (SIF)	-	1,192,783	1,021,194	171,589
Alberta Labour and Immigration	-	90,000	26,256	63,744
	\$ -	\$ 1,572,346	\$ 1,337,013	\$ 235,333

6 IN-KIND CONTRIBUTIONS

In-kind contributions of \$Nil (2019: \$290,140) represent revenue from industry sponsors. Sponsors pay vendors directly for engineering / field costs related to projects and events.

CLEAN RESOURCE INNOVATION NETWORK

Notes to the Financial Statements

For the 15 month period ended March 31, 2021

7 GOVERNMENT FUNDING

CRIN has entered into agreements with Federal and Provincial governments to receive funds for various projects and events. The revenue received from these projects is as follows:

	March 31, 2021	December 31, 2019
Western Economic Diversification Canada (WD)	\$ 289,563	\$ 161,121
Innovation, Science and Economic Development Canada (SIF)	1,021,194	-
	<u>\$ 1,310,757</u>	<u>161,121</u>

The expected funds to be received in future years are \$98,807,217 and \$Nil for SIF and WD, respectively. The SIF funding is expected to be received by March 31, 2024.

8 FINANCIAL INSTRUMENTS

The Organization holds various forms of financial instruments. The nature of these instruments and the Organization's operations expose the Organization to credit risk.

(a) Credit risk

Credit risk arises from the fact that substantially all of the Organization's cash is held with one financial institution, and as such, the Organization is exposed to the risks of that institution.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle transactions on the due date, will be forced to sell financial assets at a value which is less than what they are worth, or may be unable to settle or recover a financial asset. Liquidity risk arises from the accounts payable and accrued liabilities. The Organization's ability to meet obligations depends on the receipt of funds from its ongoing operations.

9 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization categorized the COVID-19 outbreak as a pandemic resulting in significant public health measures and restrictions put in place.

The ongoing impact of the pandemic presents uncertainties over future cash flows and may have a significant impact on future operations. Given the constant evolution of the COVID-19 pandemic and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the pandemic on its financial results at this time.
