

**BC Center for Innovation and Clean Energy**  
**Financial Statements**  
*March 31, 2022*

# BC Center for Innovation and Clean Energy Contents

*For the period ended March 31, 2022*

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## Management's Responsibility

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To the Members of BC Center for Innovation and Clean Energy:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 31, 2022

e-Signed by Yemi Adefulu

2022-08-31 11:39:16:16 PDT

Deputy Director

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To the Board of BC Center for Innovation and Clean Energy:

## Opinion

We have audited the financial statements of BC Center for Innovation and Clean Energy (the "Organization"), which comprise the statement of financial position as at March 31, 2022, 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, 2022, and the results of its 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.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Kelowna, British Columbia

August 31, 2022

*MNP LLP*

Chartered Professional Accountants

# BC Center for Innovation and Clean Energy

## Statement of Financial Position

As at March 31, 2022

March 31  
2022

### Assets

#### Current

Cash	7,322,335
Accounts receivable (Note 3)	58,481
Marketable securities (Note 4)	30,000,000
Prepaid expenses	2,740

37,383,556

#### Capital assets (Note 5)

66,315

#### Intangible assets (Note 6)

169,247

37,619,118

### Liabilities

#### Current

Accounts payable and accruals	298,989
Deferred contributions (Note 7)	988,644

1,287,633

#### Commitments (Note 8)

### Net Assets

Invested in capital and intangible assets	235,562
Unrestricted	36,095,923

36,331,485

37,619,118

#### Approved on behalf of the Board

e-Signed by Dan Woynillowicz

2022-08-31 15:05:34:34 PDT

Director

e-Signed by Alan Winter

2022-08-31 15:05:53:53 PDT

Director

The accompanying notes are an integral part of these financial statements

# BC Center for Innovation and Clean Energy Statement of Operations

For the period ended March 31, 2022

5 Months  
Ended  
March 31  
2022

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## Revenue

Grant revenue	37,009,356
Interest income	53,124

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37,062,480

## Expenses

Salaries and benefits	330,377
Professional fees	274,291
Contracted services	60,503
Consulting	18,586
Advertising	15,178
Travel	12,119
Computer	7,820
Amortization	5,955
Office expenses	2,349
Insurance	1,577
Membership fees	1,484
Bank charges and interest	756

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730,995

## Excess of revenue over expenses

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36,331,485

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The accompanying notes are an integral part of these financial statements

# BC Center for Innovation and Clean Energy

## Statement of Changes in Net Assets

For the period ended March 31, 2022

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	<i>5 Months Ended March 31 2022</i>
Net assets, beginning of period	-	-	-
Excess of revenue over expenses	-	36,331,485	36,331,485
Additions of capital and intangible assets	241,517	(241,517)	-
Amortization of capital and intangible assets	(5,955)	5,955	-
Net assets, end of period	235,562	36,095,923	36,331,485

The accompanying notes are an integral part of these financial statements

# BC Center for Innovation and Clean Energy

## Statement of Cash Flows

For the period ended March 31, 2022

5 Months  
Ended  
March 31  
2022

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### Cash provided by (used for) the following activities

#### Operating

Cash receipts from grants	37,982,024
Cash received from contributions	479
Cash receipts from unrestricted investment income	10,140
Cash paid for program service expenses	(93,396)
Cash paid for salaries and benefits	(334,639)
Cash paid for interest	(756)

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37,563,852

#### Investing

Purchase of marketable securities	(30,000,000)
Purchase of capital assets	(67,911)
Purchase of intangible assets	(173,606)

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(30,241,517)

#### Increase in cash resources

7,322,335

#### Cash resources, beginning of period

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#### Cash resources, end of period

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7,322,335

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The accompanying notes are an integral part of these financial statements

# BC Center for Innovation and Clean Energy

## Notes to the Financial Statements

For the period ended March 31, 2022

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### 1. Incorporation and nature of the organization

BC Center for Innovation and Clean Energy (the "Organization") was incorporated on October 21, 2021 under the authority of the *Canada Not-for-profit Corporations Act* and is registered as a not-for-profit organization and thus is exempt from income taxes under the *Income Tax Act* ("The Act").

The Organization was established to support the decarbonization of the energy system and services in British Columbia by working closely with key stakeholders including industry, government, academia and innovators to accelerate the scale up and commercialization of low carbon technologies. The Organization will facilitate the development, demonstration, and rapid scale up of energy technologies and business solutions that can materially impact greenhouse gas emissions, providing strategic funding and partner linkages to enable those energy technologies and solutions to reach commercial sustainability.

#### *Impact on operations of COVID-19 (coronavirus)*

In early March 2020 the impact of the global outbreak of COVID-19 began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Organization's business and financial condition.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Cash**

Cash includes balances with financial institutions.

#### **Marketable securities**

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Rate</b>
Computer equipment	3 years
Furniture and fixtures	5 years

***Intangible assets***

Specified intangible assets are recognized and reported apart from goodwill.

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of intangible assets over their estimated useful life.

	<b><i>Rate</i></b>
Website and brand development	8 years

When intangible assets no longer contribute to the Organization's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible assets is less than their net carrying amount, their carrying amount is written down to fair value.

***Long-lived assets***

Long-lived assets consists of capital assets and intangible assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

***Revenue recognition***

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

# BC Center for Innovation and Clean Energy

## Notes to the Financial Statements

*For the period ended March 31, 2022*

### **Financial instruments (continued)**

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

### **Financial asset impairment:**

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the period. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current period excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the period the reversal occurs.

### **3. Accounts receivable**

Included in accounts receivable is \$15,496 in government remittances receivable.

### **4. Marketable securities**

	<b>2022</b>
Royal Bank of Canada guaranteed investment certificates, bearing interest at prime-linked rates ranging from 0.70% - 0.95%, maturing between December 2022 and February 2023	<b>30,000,000</b>

### **5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>
Computer equipment	17,002	748	16,254
Furniture and fixtures	50,909	848	50,061
	<b>67,911</b>	<b>1,596</b>	<b>66,315</b>

Amortization of \$1,596, related to capital assets, is included in current period excess of revenue over expenses.

**BC Center for Innovation and Clean Energy**  
**Notes to the Financial Statements**  
*For the period ended March 31, 2022*

**6. Intangible assets**

**2022**

Website and brand development	<b>169,247</b>
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Amortization of \$4,359, related to intangible assets with definite lives, is included in current period excess of revenue over expenses.

**7. Deferred contributions**

Deferred contributions consist of unspent contributions externally restricted. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

**2022**

Amount received during the year	<b>998,000</b>
Less: Amount recognized as revenue during the year	<b>(9,356)</b>
Balance, end of year	<b>988,644</b>

**8. Commitments**

The Organization has entered into an office lease agreement with estimated minimum annual payments as follows:

2023	49,364
2024	148,092
2025	153,969
2026	103,429

The Organization occupies leased premises subject to annual rent of \$148,092 from December 1, 2022 - May 31, 2024 and increasing to \$155,144 from June 1, 2024 - November 30, 2025.

**9. Income taxes**

The Organization is registered as a not-for-profit organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**10. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. The Organization is exposed to interest rate risk due to its investment in guaranteed investment certificates.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to marketable securities which are subject to prime-linked interest rates ranging from 0.70% - 0.95%.