

Ocean
 Baseline
 Growth
 Shared Resources
 Marine Sound
Energy
 Socioeconomics
 Nova Scotia
 Collaborative Research
Future Industry
 Network Discover
Stakeholders
 Technologies
 Environmental
 Tidal
 Turbines
 Petroleum
 Research Halifax Modeling GeoScience
Leadership Canada
 Encourage Building Research Capacity in Nova Scotia
 Strategic Partnerships with Academic, Government and Industry
 Vision Commitment Petroleum Exploration Sustainable Development
 Tidal Power Highly Qualified Personnel
Fill Knowledge Gaps
 Not-For-Profit Financial Viability
 Supply Chain Geochemistry
University Engagement
 Academia Marine Environment
Play Fairway Analysis
 Research Projects Developers
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Renewable Energy
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 Coastal mapping
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 Value Proposition
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 Acoustics

Annual Report

Message from the **Executive Director** > STEPHEN DEMPSEY



As I reflect upon the past year and consider the accomplishments of the OERA team, I am struck by how much our work has been in alignment with our organization's mandate and purpose – which is always a good indication that you are on the right track.

OERA is by virtue of its organizational structure a collaboration with government, academia and industry members - and that was the main characteristic of our research initiatives in the past year. Working to support the provincial governments focus on the Tidal and Petroleum sectors we developed collaborative research initiatives with academic partners drawn from our member institutions along with international academic and research agencies often in direct partnership with industry sector

companies. This type of project structure ensures that the research problems we are working to resolve are conducted at the highest possible scientific standards, have relevance to industry requirements and benefits to the province of Nova Scotia.

We have continued our disciplined approach in our selection of research topics making certain that they are consistent with our stated research priorities, building upon knowledge gained by our previous work, and contribute to the reduction of risk in developing Nova Scotia's offshore energy resources.

We are also listening to the voices of our stakeholders, conducting our first series of surveys with researchers, peer reviewers, government officials and other partners to ensure that we are meeting their expectations for service standards and research impact. I am encouraged by our initial findings and I know that OERA is committed to continuing to listen and adjust to these important voices.

As this is my last year as Executive Director I want to thank the board of directors for their confidence in me and our organization as well as the time and focus they bring to the work at our board table. Colleagues at the Nova Scotia Department of Energy have been especially supportive of the OERA and they have through their funding support and clear policies and objectives made our job much simpler and the impact of our work much greater.

And finally and most importantly, I want to acknowledge the critical role that my team mates at OERA have played in the advancement of the Associations' goals, the strengthening of our regional, national and international relationships and the day to day support they have provided to me – for this I am most humbled and grateful.

All the best,

A stylized, handwritten signature in black ink, consisting of several overlapping, curved lines that form the name 'Stephen Dempsey'.

Stephen Dempsey
Executive Director

Annual Report > 2017-2018

The Offshore Energy Research Association of Nova Scotia (OERA) operates independently from the provincial Department of Energy and Mines (NSDEM) although our core objective, to facilitate economic development in the province, is fully aligned with the Department. OERA seeks to establish then administer collaborative energy and environmental research projects regarding Nova Scotia's offshore energy resources, both renewable and non-renewable. As a not-for-profit funding organization, our mission is to develop strategic partnerships with academia, government and industry to address fundamental scientific questions that will lead to the sustainable development of our offshore energy assets.



In 2017-2018, the OERA was engaged with approximately 25 companies and academic institutions to continue scientific and applied research with the aim to reduce risks, costs and uncertainties in offshore energy resources in Nova Scotia.

2017-2018 > OPPORTUNITY DEVELOPMENT BY THE NUMBERS

SECTOR ENGAGEMENT

In fiscal 2017-18, OERA participated in over 20 industry events and arranged for its Research Managers to report to industry on four occasions. OERA presentations focused on the role and accomplishments of the Association in Nova Scotia's offshore energy sector and highlighted key project outcomes that addressed critical public and private sector issues.

PROPOSAL SUPPORT

Supported the development of 19 proposals with total budget of approximately \$8 million. Proposals engaged 38 companies and organizations.

PARTNERSHIP FACILITATION

OERA undertook a series of initiatives designed to foster collaboration between academic researchers, companies and other stakeholders. This included outreach to Natural Resources Canada, ACOA, Irving Shipbuilding Inc., Emera and others. Many of these engagements have led to follow-on actions, such as the development of proposals and creating new collaborations.

Active Projects

OERA has helped to enable 47 active projects in Nova Scotia in 2017-2018. These projects are supported by OERA in collaboration with a variety of other organizations and provincial and federal governments.

Active projects include:

- 31 in Marine Renewables (Tidal)
- 14 in Petroleum Geoscience
- 2 in Energy Business & Technology

OERA At Work > IN NOVA SCOTIA

Through collaboration with many organizations, academia and industry companies, OERA is helping to enable numerous high-impact projects. A selection of 2017-18 active projects are featured below.

Marine Renewables (Tidal) Projects

In-Situ Turbulence Replication, Evaluation and Measurement (In-STREAM) - \$977,263 Total Project Costs (\$350,000 OERA funding). A joint UK - Canada project to examine marine turbulence properties and develop environmental sensors and methods for use in both the field and laboratory. The transatlantic project team has designed specialized sensor technology that compares turbulence characteristics between field and lab environments that will aid in optimizing tidal device performance. Canadian Partners: Rockland Scientific Inc., Dalhousie University, Fundy Ocean Research Centre for Energy (FORCE), and UK-based partners: the University of Edinburgh FloWave facility, Octue (formerly Ocean Array Systems), and the European Marine Energy Centre (EMEC) in Orkney, Scotland.



Developing Enhanced Marine Operations (DEMO) in high flow tidal environments - \$962,100 Total Project Costs (\$200,000 OERA funding). A project to improve Remotely Operated Vehicle (ROV) capabilities to increase the efficiency and capacity of marine operations in high flow tidal environments. The research results are expected to introduce technological upgrades that will broaden the types and range

of ROV operational tasks that can be performed in harsher marine conditions. Additionally, the upgrades will lead to improved safety measures and operational and maintenance cost reductions. Project Partners: NSCC, Dominion Diving Ltd., Dynamic Systems Analysis Ltd., and AML Oceanographic.



Application of drifters to assess harbour porpoise use of the water column and spatial overlap with MRE devices in Minas Passage - \$109,950 Total Project Costs (\$20,000 OERA funding). The research focus comprises two key objectives, specifically, to examine the depth and abundance distribution of harbour porpoises in the Minas Passage and Channel using the made-in Nova Scotia 'Coda Clicker' innovation; and to test the utility and capacity of GPS and hydrophone equipped drifters to monitor marine life. This research will lead to greater understanding how porpoises use the water column and their potential for interaction with tidal devices. Project Partners: Acadia University's Centre for Estuarine Research

"Dr. Anna Redden's Testimonial."

- Dr. Anna Redden, Acadia University
XXXXX

Reducing mooring and cable costs through assessment of corrosion, wear, fatigue, and Vortex Induced Vibration (VIV) in turbulent tidal flows - \$381,694 Total Project Costs (\$195,000 OERA funding). The research will address knowledge and data gaps related to corrosion, wear, fatigue and vortex induced vibration (VIV, or strumming) of moorings and cables in turbulent flows. The project team will use data collected from a planned full-scale field experimentation trial in the Bay of Fundy as well as existing (2016) data sets for its analyses. The research results are expected to reduce mooring and cable risks and costs for floating tidal energy platforms. Project Partners: Dynamic Systems Analysis Ltd., Fundy Ocean Research Centre for Energy (FORCE), Dalhousie University, Acadia University, and Scottrenewables Tidal Power Ltd. (UK).

“OERA is a vital funding organization that is assisting DSA to develop understanding, tools and knowledge central to the tidal energy industry in Nova Scotia. The OERA has been very supportive of DSA’s efforts to engage with international partners on projects, providing a vital gateway to future commercial potential for DSA’s ProteusDS software and consulting services. The risks around cables in the tidal sector is very real, and as there is more interest in floating tidal energy - these risks are more pronounced. Without OERA’s support, there is a much higher chance that the sector could face setbacks that hurt all developers, not just one developer.”

- Mr. Dean Steinke, DSA

Petroleum Geoscience Projects

Microbial genomics for de-risking offshore oil and gas exploration - \$4.9 million project that mixes genomics and geology to further de-risk exploration in Nova Scotia’s offshore, and potentially attract billions of dollars in additional petroleum investments to the province. Project Partners: Offshore Energy Research Association,

Genome Atlantic, Genome Canada, Genome Alberta, NS Department of Energy, Natural Resources Canada’s Geological Survey of Canada, University of Calgary and Mitacs.



Seismic Reconstruction of the Nova Scotia-Morocco Conjugate Margin- \$210,000 project funded by NSDEM, incorporating seismic interpretation, geochemistry, biostratigraphy and 2D modeling to better understand the geological period when Nova Scotia and Morocco began to separate 200 million years ago, a critical time in the formation of our offshore petroleum resources. The project will compare and analyze data from four seismic lines and series of exploration wells from both offshore Nova Scotia and Morocco. Project Partners: NSDEM, OERA, Leptis E&P, Applied Petroleum Technologies Ltd, Beicip Franlab.

Advanced Coastal Mapping to Support Hydrodynamic Modelling – \$155,000 Total Project Costs (\$66,000 OERA funding with the remaining cash contribution obtained from BP and Shell Canada) This two year project will examine how the preparation and response to oil spills occurring near coastal communities can be improved using high resolution imagery, topo-bathymetric lidar and hydrodynamic modeling. Project Partners: Nova Scotia Community College Applied Geomatics Research Group, the Eastern Canada Response Corporation, OERA, BP, Shell Canada and the Canadian Association of Petroleum Producers (CAPP).

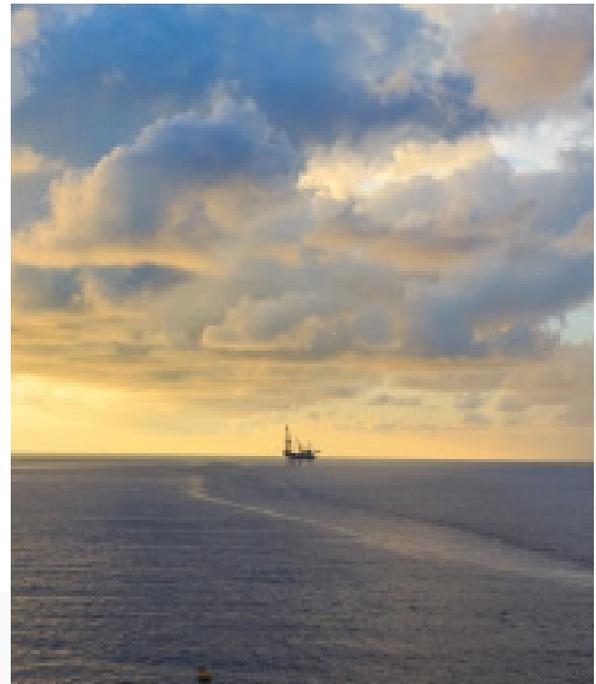
“OERA was instrumental in co-Funding our research project along with the Canadian Association of Petroleum Producers around advanced coastal mapping to support hydrodynamic modeling. OERA arranged and hosted meetings to present updates and the final project materials and provided important feedback to the study. OERA is an important catalyst for funding projects related to offshore energy and environmental preparedness.”

- *Dr. Tim Webster, NSCC*

Attenuation of Petroleum Generation Characteristics by the Sulfurization of Organic Matter in Westphalian Carboniferous Lacustrine Source Rock (A Geochemical Study of Potential Marine Incursions) - \$20,000 project funded by OERA. The project goal is to detect marine influences in pre-rift (i.e., 200 million year old) petroleum source rocks as well as to analyze the organic material in these source rocks to understand how the sulfurization has impacted their preservation and hydrocarbon generation characteristics. Project Partners: Saint Mary’s University, OERA, Geological Survey of Canada, Memorial University and the Bedford Institute of Oceanography.

“OERA has been instrumental in funding our research project. From this support we have been able to train an intern who has recently joined our research group as a new MSc student as well as obtain new bulk geochemical data that is being used to determine the mechanisms responsible for organic matter preservation in the Carboniferous aged fluvial and lacustrine rocks of the Joggins Formation.”

- *Dr. Todd Ventura, Saint Mary’s University*



Energy Business & Technology Project

Evaluation of Nova Scotia Energy Sector Education and Training Capacity - \$28,000 Total Project Costs funded by NSDEM This project aims to evaluate Nova Scotia academic institutions and organizations that provide education or training in the oil, gas and renewable energy sectors while at the same time looking at their capacity as regional or international service providers. The project will study ways to improve and promote education in this sector and analyzes global market potential for these businesses. The purpose is to create an inventory for the Nova Scotia Department of Energy so that more targeted marketing and placement strategies can be implemented. Project Partners: NSDEM, OERA, DAI Sustainable Business Group.

Education and Outreach

Student Research Travel Program

This OERA program helps connect Nova Scotia based student researchers with international facilities or labs to conduct research that will contribute to advancing the offshore energy sector in Nova Scotia.

Since its launch in 2012, this research travel program has funded over 150 students to conduct global research. In 2017-2018, the OERA supported 24 students to travel to various research focused facilities to learn, build relationships and bring knowledge back to Nova Scotia. Some of the 2017-18 destinations included Germany, United Kingdom, Canada, Bermuda, France, Scotland, Trinidad & Tobago and USA.



Students participating in the Dalhousie University Advanced Field School in Trinidad & Tobago

“The OERA student research travel grant allowed me to travel to Bremen, Germany where I had a very enriched learning experience among some of the world leaders in lipidomic. This grant made my trip possible and without it I would never have had the opportunity to have such a valuable and positive experience.”

- Jeremy Bentley, Saint Mary’s University

Some of the facilities student travel recipients traveled to in 2017-18 were:



**National
Oceanography Centre**
NATURAL ENVIRONMENT RESEARCH COUNCIL

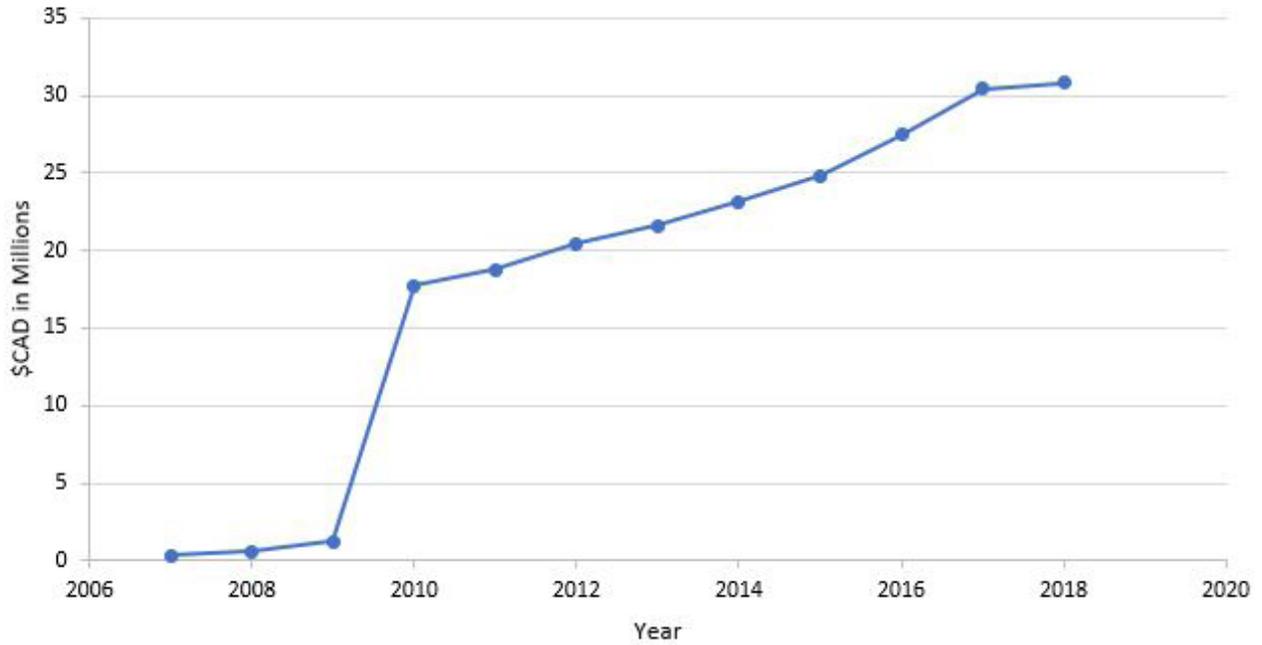
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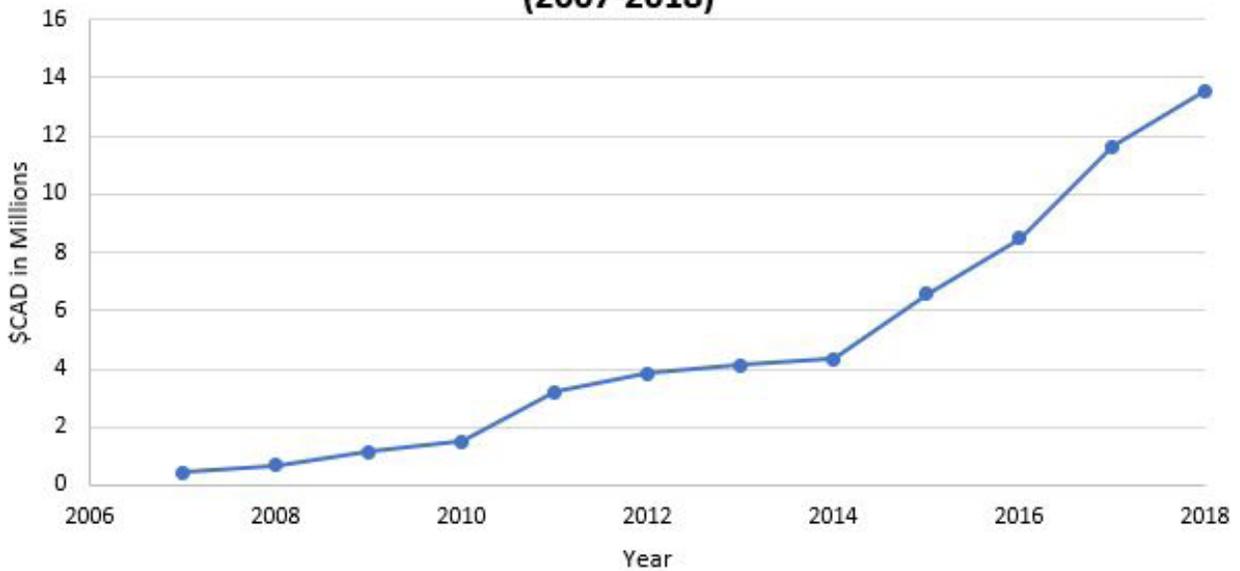
Universität Bremen

Impact > TO DATE

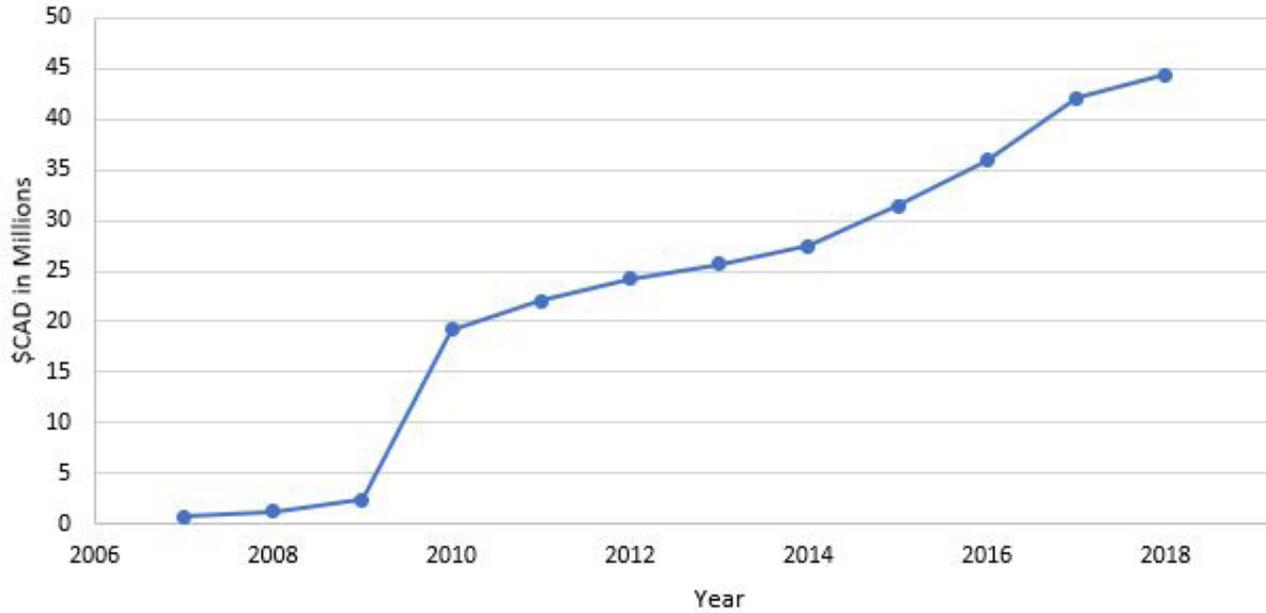
CUMULATIVE OERA RESEARCH FUNDING BY YEAR (2007-2018)



CUMULATIVE LEVERAGE BY YEAR (2007-2018)



CUMULATIVE TOTAL PROJECT FUNDING BY YEAR (2007-2018)



Cape Split located on the Bay of Fundy coast

The graphs display data spanning fiscal years 2007-2018 and illustrate a continued increase in support for research and development. OERA has provided approximately \$31 million in funding to support research projects, and the cumulative total project funding (OERA plus Leverage) reached just under \$45 million for research in marine renewables, geoscience, business & technology and marine sound. This is positive for the future as OERA aims to enable more research projects to increase the knowledge of offshore resources, improve the technology, reduce associated costs, and attract further investment in Nova Scotia.

Meeting Our Stakeholders' Needs

In May 2018, OERA conducted a research review survey to assess the performance and effectiveness of the association.

The findings below are based on responses from 32 individuals from industry companies, educational institutions, not-for-profit organizations and government entities, all of whom have been a researcher, peer reviewer or have used research results produced by OERA.



Major Findings

- **100%** of people who use research results produced by OERA found that research priorities were clear and easy to understand and 89% of those that peer reviewed or submitted proposals found the OERA research priorities to be clear.
- **91%** are likely or very likely to work with OERA in the future.
- **95%** agreed the time to receive a response after submitting a proposal and the time to finalize agreements after project approval was reasonable.
- **89%** found the OERA staff to be responsive to questions or requests and **88%** agreed OERA provided good communication throughout the research process.
- **88%** found research results to be helpful to their organization.
- **94%** think OERA research results promote scientific advances related to offshore energy and 88% agreed projects embodied excellent science.
- Overall, **88%** were satisfied with OERA in terms of their research priorities and published research results and **80%** were satisfied with OERA requirements and processes.
- **93%** agree OERA is achieving its mission to lead environmental, renewable and geoscience energy research that enables the sustainable development of Nova Scotia energy resources through strategic partnerships with academic, government and industry.
- **94%** reported some form of positive impact due to OERA's existence and research.

Board

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Studies, St. Francis Xavier University

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Dean of Applied Research
Nova Scotia Community College

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Department of Energy

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Executive Director
Offshore Energy Research Association

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The Maritimes Energy Association

ELISA OBERMANN
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RAY RITCEY
CEO, The Maritimes Energy Association

OERA Staff

STEPHEN DEMPSEY
Executive Director

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Director, Business Development

NALANI PERRY
Operations Manager

RUSSELL DMYTRIIV
Director of Research

JENNIFER PINKS
Research Manager

RODRIGO MENAFRA
Research Manager

KAREN FRASER
Financial Advisor

ASHLEY MORIARTY
Financial/Administrative Assistant

ROBIN LAURISTON
Financial/Administrative Assistant



Grant Thornton

Financial Statements

Offshore Energy Research Association of Nova Scotia

March 31, 2018

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Independent auditor's report

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To the members of the Board of Directors of
Offshore Energy Research Association of Nova Scotia

We have audited the accompanying financial statements of Offshore Energy Research Association of Nova Scotia, which comprise the balance sheet as at March 31, 2018 and the statements of revenue and expenses and net assets 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 audits. We conducted our audits 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 Association'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 Association'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 in our audits 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 Offshore Energy Research Association of Nova Scotia as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Offshore Energy Research Association of Nova Scotia

Statements of revenue, expenses and net assets

Year ended March 31	2018	2017
Revenues		
Contributions (note 3)	\$ 2,872,406	\$ 3,524,388
Interest income	<u>24,232</u>	<u>31,952</u>
	<u>2,896,638</u>	<u>3,556,340</u>
Cost of research		
Projects	2,638,560	3,338,966
Research management	<u>233,846</u>	<u>185,422</u>
	<u>2,872,406</u>	<u>3,524,388</u>
Excess of revenues before operations expenses	<u>24,232</u>	<u>31,952</u>
Operations expenses		
Advertising and promotion	455	8,701
Board and committee expenses	2,386	846
Business development	17,378	26,653
Information technology	20,456	30,438
Insurance	6,881	6,544
Interest and service charges	5,071	5,240
Office and miscellaneous	32,909	27,765
Professional fees – audit, accounting and legal	31,922	31,469
Rent – premises	33,120	33,120
Research impact analysis	-	17,254
Salaries and benefits	<u>199,762</u>	<u>170,868</u>
	<u>350,340</u>	<u>358,898</u>
Excess of expenses over revenues before project recovery of operations expenses	<u>(326,108)</u>	<u>(326,946)</u>
Project recovery of operations expenses	<u>104,761</u>	<u>137,044</u>
Excess of expenses over revenues	\$ <u>(221,347)</u>	\$ <u>(189,902)</u>
Net assets, beginning of year	\$ 2,566,264	\$ 2,756,166
Excess of expenses over revenues	<u>(221,347)</u>	<u>(189,902)</u>
Net assets, end of year	\$ <u>2,344,917</u>	\$ <u>2,566,264</u>

See accompanying notes to the financial statements.

Offshore Energy Research Association of Nova Scotia

Balance sheet

March 31 2018 2017

Assets

Current		
Cash	\$ 559,504	\$ 1,572,174
Short term investments	3,434,383	3,543,758
Receivables (note 3)	12,174,267	207
HST recoverable	26,561	105,519
Prepays	<u>38,065</u>	<u>39,630</u>
	<u>\$ 16,232,780</u>	<u>\$ 5,261,288</u>

Liabilities

Current		
Payables and accruals	\$ 364,635	\$ 760,964
Deferred revenue (note 3)	<u>13,523,228</u>	<u>1,934,060</u>
	<u>13,887,863</u>	<u>2,695,024</u>
Net assets	<u>2,344,917</u>	<u>2,566,264</u>
	<u>\$ 16,232,780</u>	<u>\$ 5,261,288</u>

On behalf of the Board

_____ Director

_____ Director

See accompanying notes to the financial statements.

Offshore Energy Research Association of Nova Scotia

Statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating		
Excess of expenses over revenues	\$ (221,347)	\$ (189,902)
Change in non-cash operating working capital		
Receivables	(12,174,060)	4,979
HST recoverable/payable	78,958	(111,743)
Prepays	1,565	(17,268)
Payables and accruals	(396,329)	341,700
Deferred revenue	<u>11,589,168</u>	<u>(1,005,116)</u>
Net decrease in cash and cash equivalents	<u>(1,122,045)</u>	<u>(977,350)</u>
Cash and cash equivalents, beginning of year	<u>5,115,932</u>	<u>6,093,282</u>
Cash and cash equivalents, end of year	\$ <u>3,993,887</u>	\$ <u>5,115,932</u>

Cash and cash equivalents consist of:

Cash	\$ 559,504	\$ 1,572,174
Short term investments	<u>3,434,383</u>	<u>3,543,758</u>
	\$ <u>3,993,887</u>	\$ <u>5,115,932</u>

See accompanying notes to the financial statements.

Offshore Energy Research Association of Nova Scotia

Notes to the financial statements

March 31, 2018

1. Nature of operations

Offshore Energy Research Association of Nova Scotia (“OERA” or the “Association”) was incorporated under the Canadian Business Corporations Act on March 22, 2006. It serves communities, corporations and governments requiring information through research into the impacts of offshore energy activity. It is exempt under the Income Tax Act as a non-profit organization.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

Cash and cash equivalents and short term investments

Cash and cash equivalents for the purpose of the statement of cash flows include cash on hand, balances with banks, net of bank indebtedness. Short term investments consist of RBC investment savings account with cost being equal to market value.

Foreign currency translation

Monetary assets and liabilities are translated at rates in effect at the balance sheet date. Other assets and liabilities are translated at rates prevailing at the time of acquisition or issue. Revenues and expenses are translated at the daily exchange rate during the year. Translation gains or losses are recognized in the period in which they occur. As at March 31, 2018, cash and cash equivalents included \$154,740 (2017 - \$140,296) and payables and accruals included \$Nil (2017 - \$ Nil) translated from Euro to Canadian dollars.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Contributions from the Provincial Department of Energy and other government sources are allocated to projects as intended upon receipt and recognized as revenue in the year which related expenditures are incurred. Contributions receivable are recorded if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest revenue is recorded on the accrual basis, once collectability is reasonably assured. Project revenue recovery of overhead is recognized once funding is received and the expenditures have been incurred.

Deferred revenue

Deferred revenue consists of that portion of contributions received but not yet earned.

Revenue received as grants or contributions and intended for specific project expenditures as envisioned when the grant was made are recorded as deferred revenue. Once an actual expenditure is incurred, an equal or appropriate amount of deferral is recognized as revenue in the year. Deferred revenue thereby consists of contributions received from government for specific purposes for which expenditure contracts may not yet be undertaken.

Offshore Energy Research Association of Nova Scotia

Notes to the financial statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Allocation of expenses

Expenditures for salaries and benefits are allocated between research projects and operations expenses on an estimated basis depending on the nature of each specific project. Included in the cost of research is \$219,928 (2017 - \$175,321) of allocated salaries and benefits.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- cash and cash equivalents
- short term investments
- receivables
- payables and accruals

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Initial measurement

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, short term investments, receivables, grants receivable and payables.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Offshore Energy Research Association of Nova Scotia

Notes to the financial statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Project recovery of operations expenses

Certain projects are eligible to receive a reimbursement of operations expenses at a predetermined rate. This contribution covers operations expenses and is billed directly to the project.

3. Deferred revenue	2017			2018
	Deferred revenue	Funding	Recognized as revenue (contributions)	Deferred revenue
Research projects	\$ 1,934,060	\$ 2,676,574	\$ (2,872,406)	\$ 1,738,228
Offshore growth fund	-	11,785,000	-	11,785,000
	\$ 1,934,060	\$ 14,461,574	\$ (2,872,406)	\$ 13,523,228

During the year, the Offshore growth fund was established. This is a contribution agreement with the Nova Scotia Department of Energy, which is effective March 26, 2018 - March 31, 2022. The funds have been contributed to projects in the following fields: geoscience research, innovation/capacity building, knowledge transfer, and benefits optimization strategy. Included in receivables is \$11,875,000. Subsequent to year end, the full amount was received on April 5th, 2018.

4. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.



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