

# 2014 / 2015 ANNUAL REPORT



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# DEVELOPING SOLUTIONS FOR A PROSPEROUS LOW CARBON WORLD

The name has changed over the years – global warming, climate change, climate disruption.

Whatever term you use there is no escaping the growing seriousness of the issue we face. Humans are changing the global climate by altering the composition of the atmosphere, whether through uncontrolled combustion of fossil fuels, release of CO<sub>2</sub> through chemical or other industrial processes, or venting and fugitive emissions of methane or other short-lived greenhouse gases.

This presents us with a challenge – perhaps the greatest faced by humankind. We need energy, and lots of it, to provide the services we in the developed world expect, and those in the developing world require as they build the quality of life to which they should be entitled. For the next several decades fossil fuels will have a substantial role to play.

To be sure – we must develop renewable resources and dramatically improve our energy efficiency and effectiveness. We will also have to develop entirely new industrial processes that either inherently capture associated emissions or, through electrification, biochemistry or other processes, eliminate emissions altogether. This will all take time. In the meantime, the existing industrial infrastructure needs solutions that drive down emissions during the remaining economic life of these capital-intensive projects. As much as we would love overnight solutions, this transformation will take the remainder of this century and more. The development and full-scale implementation of bolt-on solutions for today’s infrastructure is incredibly urgent. This will enable them to continue to operate while driving down the climate impact of their operations and buy us time to develop and rollout the next generation of industrial infrastructure.

This is why the work of CMC is so critical today. It is not good enough to do great research, or to develop good technologies. Integrated, scalable solutions that are proven to be beneficial and reliable are required. The science is important, but it takes more than science experiments and demonstration projects to transform the industrial economy.

As this annual report demonstrates, CMC has made great inroads toward realizing our goal of building a series of institutes focused on three key areas of carbon management: capture, conversion and storage. Our Low Carbon Pathways group is demonstrating the level of refined thinking and capacity Canada needs to vision and model diverse low carbon scenarios. At the same time, CMC is rolling out a series of programs and services aimed at helping clients find solutions to their challenges.

In the end, buildings, programs and services are dependent on the people that stand behind them. We would not have been able to achieve this level of progress without the support of our global network. Together, we will work toward finding solutions to the climate challenge.



# Technologies for a clean energy future

## PRESIDENT'S MESSAGE

**This was a year no one saw coming.**

It was a year when the price of a barrel of oil dropped to below \$40, causing the layoffs of over 35,000 in the energy industry in Alberta and multiple spinoff effects across the country.

It was a year when an increasing number of provinces in Canada got serious about developing low carbon policies as governments globally prepared for the United Nations climate change meetings in Paris.

It was also a year when CMC Research Institutes continued to take major strides toward its goal of reducing global carbon emissions through the development of world-class technologies.

One of our first steps was to initiate a major company reorganization which featured a name change, a new organizational structure, and an updated website. Our shift from Carbon Management Canada to CMC Research Institutes reflects our new business model as a not-for-profit helping clients identify, develop and scale-up innovative technologies.

### Organizational changes

In our Calgary head office, we altered our organizational structure to reflect a new institutes-based model. We outgrew our space at the University of Calgary and were thrilled when the

university generously provided us with new offices at the University Research Centre. I extend our heartfelt thanks to the university for its continued support of CMC and the Containment and Monitoring Institute.

We hired new executives with business and start-up experience. Vicky Herd, is our new Vice President of Finance and Operations, and we welcomed Doug James as Vice President of Programs. Vicki has many years of accounting experience in corporate Calgary while Doug has a strong management and commercialization background in the energy technology sector.

We were also pleased to announce the appointment of three new members to our Board of Directors. Martin Davies, a Portfolio Manager with Brickburn Asset Management Inc., Dan Zilnik, President of Oil and Gas Sustainability Ltd., and Drew Thompson, Director of Corporate Services for the Law Society of Alberta, attended their first CMC board meeting in June. These three new members bring with them unique backgrounds and a commitment to finding solutions to climate change.

### New institutes thriving

We were thrilled when the federal government, through its Western Diversification Program, invested \$4.92 million in the construction of the field research station (FRS). We are developing the site in affiliation with the University of Calgary to test measurement and monitoring technologies for CO<sub>2</sub> storage operations. Just weeks later we celebrated as the first injection well was drilled at the FRS site. The facility has attracted interest

from international research organizations in the U.K., France, Norway and the U.S. and has been visited by delegations from several countries including Korea.

Plans to launch our Carbon Capture and Conversion Institute (CCCI) advanced with the joining of UBC's Department of Chemical and Biological Engineering and its affiliated Clean Energy Research Centre, and BC Research Inc. into a three-way collaboration with CMC. The CCCI received a boost when Dr. Naoko Ellis, UBC professor, agreed to sit as Acting Senior Research Director.

**“Our shift from Carbon Management Canada to CMC Research Institutes reflects our new business model as a not-for-profit helping clients identify, develop and scale-up innovative technologies.”**

The Low Carbon Pathways Group, lead by Development Director Dave Sawyer, submitted Canada's Phase 2 chapter to the Deep Decarbonization Pathways Project group in Paris. The Phase Two Report will be tabled at the United Nations COP21 climate meetings in Paris in December. The report focuses on actions that can be taken now and in the future to steer the world toward a low carbon path. The aim of the Deep Decarbonization project is to keep global temperatures from pushing above 2°C.

We have also made progress developing a suite of programs and services, most notably the Regional Waste Energy Mapping program. The program is unique in Canada and is attracting the attention of governments and industries at home and abroad.

Looking ahead to 2016 and beyond, I believe that the world has turned a corner on climate change action. In Canada and other parts of the world, sub-national policies are being enacted and, in fact, some of our provinces have world-leading low carbon policies. This increased international interest is generating activity at CMC where we are working with innovators from the U.K., the U.S. and Norway to adjust their technologies to Canadian



*Richard Adamson, President*

requirements and enable them to address our unique challenges.

I am proud of all that we have achieved at CMC Research Institutes. Our new direction would not be possible without funding provided by the Government of Alberta in 2010. We have used this money to start construction on our first field research station (page 4), to plan our Carbon Capture and Conversion Institute (page 6), to support the development of the Deep Decarbonization Pathways Canada report (page 9), and to fund our Round 3 research projects (pages 12-13).

CMC's achievements would also not be possible without the ongoing efforts of staff. I am surrounded with people who are dedicated, highly skilled and adaptable. It is on this foundation that CMC will continue to build its business and contribute to the transformation to a prosperous low carbon economy.

# CONTAINMENT & MONITORING INSTITUTE

Carbon capture, conversion, utilization and storage provide viable ways to reduce the negative environmental impacts of fossil fuel use by permanently securing carbon dioxide underground. These technologies are a key part of low carbon strategies in many countries and Canada leads the world in their development. The Containment and Monitoring Institute (CaMI), an affiliation between CMC and the University of Calgary, plays a vital role in the development of new technologies and new monitoring protocols by providing our first field research station (FRS) for testing measurement and monitoring equipment.

## A year of progress

Early-2015 was an eventful year for the FRS. On February 12, a group of over 70 people gathered in the University of Calgary's Energy Environment Experiential Learning building as The Honourable Michelle Rempel, Minister of State for Western Economic Diversification, announced a \$4.92 million federal investment in the field research station. The funds will be used for site construction as well as the purchase of specialized equipment including a mobile geochemistry laboratory for water and gas sampling, a nodal seismic recording system, and a fuel cell for generating CO<sub>2</sub> on site.

Also in February 2015, CMC staff watched excitedly as the first well was spudded at the site. The drilling marked the culmination of years of planning for Dr. Don Lawton, Director of CaMI and Professor of Geophysics at the University of Calgary. Field activities by University of Calgary researchers were undertaken during and after the drilling of the well, including:

- Dr. Bernhard Mayer (Applied Geochemistry, Dept of Geoscience). During the drilling of the well, Dr. Mayer's research staff and students collected mud gas samples at every 5 m in the well, for isotopic analysis.
- Dr. Dave Eaton (Dept. of Geoscience). In May, a team of postdoctoral fellows and students in Eaton's research group were trained in the use of a downhole microseismic monitoring system by the developers of the technology.

- CREWES project (Dept. of Geoscience). Staff and students collected survey seismic data at the site and participated in the acquisition of a vertical seismic profile experiment with the microseismic research group.
- Dr. Adam Pidlisecky (Dept. of Geoscience) and Amin Saeedfar (CaMI) collected baseline electrical resistivity data in June. These data will be used to map the background electrical resistivity of formations below the ground surface prior to CO<sub>2</sub> injection.

## International interest

Internationally, there has been significant interest in the FRS expressed by researchers in the United States, the U.K. and Norway. The UK Carbon Capture and Storage Research Centre (UKCCSRC), held a competition to award collaborative grants to U.K. researchers. The grant initiative was established to provide researchers in the U.K. with the opportunity to work at the field research station to carry out their projects. Grant recipients were to be announced in July of 2015. The U.S. Department of Energy has committed funding to the Lawrence Berkeley National Laboratory in California, to participate in specific monitoring research at the FRS.

## Moving ahead

In the fall of 2015, CMC will apply to the Alberta Energy Regulator for permission to inject CO<sub>2</sub> into the completed well at the FRS. Once permission is obtained, construction of the final wells will commence with the aim of being fully operational by mid-2016. Although the primary focus of the site is the secure containment of carbon, facilities can be used to test equipment for steam chamber containment in oil sands production, enhanced oil recovery, induced and natural fracking, groundwater protection, acid gas disposal and induced seismicity risk analysis.

We are grateful to the University of Calgary, particularly to Vice-President (Research) Dr. Ed McCauley and his office, for supporting CaMI in achieving significant milestones over the past year, including major funding initiatives and collaborative research opportunities.





## CARBON CAPTURE & CONVERSION INSTITUTE

Globally there is a search underway for cost-effective ways to capture and re-use carbon as governments and industries search for the means to reduce greenhouse gas emissions. While there are researchers and technology developers working on early stage solutions, when it comes to scaling up bench-stage projects the resources, facilities and expert advisors can be hard to find.

The Carbon Capture and Conversion Institute (CCCI) is being developed to fill that need. CMC is collaborating with the University of British Columbia's Department of Chemical and Biological Engineering and its affiliated Clean Energy Research Centre, and BC Research Inc. to provide a unique organization where clients can pilot and test technologies and gain access to a global network of experts who can offer guidance and support.

### A unique collaboration

Each member of this collaboration brings unique, relevant and complementary skills to fulfill the CCCI's mandate of accelerating the development and scale up of capture and conversion technologies.

UBC is at the forefront of research technology development efforts. Their early-stage research team brings unique technical skills to examine and develop bench-scale capture and conversion processes for future commercial potential.

BC Research Inc. has over 25 years of experience in the scale-up of novel engineering processes, including carbon capture and conversion, and will assist in the engineering design, development and scale-up of pilot and demonstration plants. CCCI will also be headquartered at BCRI's Technology Commercialization and Innovation Centre (TCIC) which has unique utilities and space for the simultaneous operation of multiple pilot plants.

### Leaders in capture & conversion

CMC will manage operations at the Institute and will draw on its extensive international network to develop collaborations and consortia, establishing BC and Canada as leaders in the field of carbon capture and conversion.

We are excited to note that this fall construction will begin on a new site for BCRI's Technology Commercialization and Innovation Centre. The building, located on Mitchell Island in Vancouver,

BC, will contain space and infrastructure dedicated to testing and piloting capture and conversion technologies. With completion scheduled for late 2016, the TCIC addition will have the capacity to handle up to 1 tonne of CO<sub>2</sub> per day. It will also support capture and conversion pilot plants with customizable CO<sub>2</sub> rich streams. Specialized lab services will provide clients with the opportunity to streamline and enhance the operational performance of new or improved technologies.

A second major development for the CCCI was the appointment of Dr. Naoko Ellis as Acting Senior Research Director. Dr. Ellis, Professor of Chemical and Biological Engineering at UBC, brings with her a passionate belief in the need for sustainable development. Her research interests focus on finding an efficient way to capture CO<sub>2</sub> from combustion and gasification systems. Dr. Ellis is a valuable part of the leadership team being assembled and we look forward to working with her.

With collaborators secured and headquarters assigned for the CCCI, support and clients are being actively sought.

## PATHWAYS TO DECARBONIZATION:

- **Decarbonize electricity;**
- **Energy efficiency everywhere;**
- **Reduce, cap, utilize non-energy GHGs;**
- **Structural economic change;**
- **Zero emitting transport fuels; and**
- **Decarbonize industrial processes.**

## LOW CARBON PATHWAYS GROUP

In the transition to a low carbon future, there is a need for accurate insightful information on the consequences of policies and regulations. Governments and regulatory bodies look to understand the impacts of low carbon policies on economies and societies. Industry seeks to develop robust responses to new policy and market environments.

The Low Carbon Pathways Group (LCPG) was established to fill this growing demand for accurate, impartial modeling and analysis. Over the last year, the LCPG has supported the development of chapters in an interim and a final report on pathways to deep decarbonization published by the UN Sustainable Development Solutions Network and the Institute for Sustainable Development and International Relations. The first report was released in September 2014, just prior to the global Climate Summit at the United Nations in New York. That interim report, written by research teams in 15 countries, outlined ways countries could decarbonize but remain economically prosperous.

### Oil price impacts

This year's final report, scheduled for release in September 2015, ahead of the United Nations international climate change meeting in Paris in December, builds and adds to previous scenarios. For example, the interim Canadian report contained one scenario. This year's analysis builds out multiple scenarios that offer insight into the impacts of oil price fluctuations on the economy in a Canada moving toward decarbonization.

The Canadian analysis also identifies six critical pathways to deep decarbonization:

1. Decarbonize electricity;
2. Energy efficiency everywhere;
3. Reduce, cap, utilize non-energy GHGs;
4. Structural economic change;
5. Zero emitting transport fuels; and
6. Decarbonize industrial processes.

### Ability to tailor scenarios

A key benefit of the Canadian DDPP study is that it can be tailored to develop focused scenarios for government or industry clients who need to understand the implications of alternative decarbonization pathways. Dave Sawyer, Development Director for the LCPG and co-author of both Canadian DDPP chapters, works with clients to provide them with custom reports so they can better understand the implications policies and regulations will have on economies and industrial sectors.

Looking ahead, it is anticipated the final DDPP report will shape discussion at the COP21 conference in Paris in December. It will help push the climate change debate away from how GHG reduction targets should be allocated between countries to the concrete actions needed to achieve decarbonization.

## PROGRAMS & SERVICES

**As part of its new business model, CMC is focused on creating programs and services to aid government, business and industry clients to identify and accelerate the development and scale up of new technologies. Below are areas of significant progress.**

### Regional Waste Energy Mapping

The Regional Waste Energy Mapping program is a unique, multi-step way for industries to increase their energy efficiency, reduce greenhouse gas emissions and possibly open new lines of revenue. CMC will work with a group of industries clustered in an area to analyze the quantity and quality of waste heat. Once this stage of the project is complete, our experts can contract to work with all or some of those industries to identify and implement potential solutions. This might involve partnering with nearby municipalities or community participants to find ways to recover and repurpose the energy being lost in the form of heat.

In February, CMC (which assumed operational leadership of the study for C3) along with project partners Alberta Innovates – Technology Futures and Alberta’s Industrial Heartland Association released the results of the Community Integrated Energy Mapping Feasibility Study. This report, funded by Natural Resources Canada (NRCan) assessed energy flows from 16 industrial companies in the Strathcona County and Industrial Heartland regions and found enough waste energy in one year to heat 15,200 homes and provide power to 3,000 residences. Implementation efforts are now underway for projects in the Heartland.

The Heartland study’s success led to two more impressive outcomes. NRCan provided CMC with further funding to develop a national roadmap to highlight clusters of industries in provinces across Canada where regional energy mapping could be implemented. This roadmap has been completed and CMC hopes to engage with these industrial clusters in the coming year.

In addition, CMC participated in a Suncor Energy led joint industry project to complete a regional waste energy study for Canada’s Oil Sands Innovation Alliance (COSIA). Actions are underway to develop implementation projects that redeploy this waste heat into regional solutions that reduce GHG emissions.

### Field testing and pilot projects

With construction of the new field research station underway, CMC is able to offer limited testing opportunities to clients. Already the site has been visited by researchers using a downhole microseismic monitoring system and electrical resistivity tomography equipment. When the site is complete in 2016, it will offer a wide spectrum of technologies and surveys to clients looking for ways to ensure fluids stay contained in underground reservoirs.

The Carbon Capture and Conversion Institute’s Technology Commercialization and Innovation Centre in Vancouver will have, when completed in late 2016, the infrastructure and scientific / industrial expertise needed by technology developers, end-users and researchers who require testing and piloting facilities.

CMC also convenes consortia of technology vendors, end-users, investors, commercial partners, engineering firms and other experts to help with planning and implementation of pilot-scale projects, and we source field-testing facilities for technologies that fall outside of our own facilities.

### A view to the future

With the Regional Waste Energy Mapping program underway and two testing and piloting facilities in the construction phase, CMC will roll out further services. These range from a rigorous Performance Verification Program, to developing scoping and feasibility studies, to facilitation and engagement activities. All of our programs and services are designed to provide accurate, unbiased information and expertise so government, industry and business clients can approach technology investment decisions with confidence.



## RESEARCH

As Carbon Management Canada, we committed \$22 million to 44 research projects in Canadian universities. This investment led to additional contributions and partners from more than 100 companies, stakeholder organizations and international universities. CMC is now building on this tremendous network of global researchers to engage with projects ready for field testing and piloting.

In 2012, CMC issued its third and last call for proposals. We awarded to eight research projects a total of \$3.75 million using funds allocated to CMC by the Government of Alberta in 2010. We continue to fund these projects through to March 2016. These researchers have been making tremendous progress as they develop technologies and work on policies and procedures to take us into a low carbon future.

### Field trials in Australia

For instance, Dr. Greg Dipple at the University of British Columbia has made advances in his quest to develop methods for accelerating the sequestration of carbon in mine waste. In the last year, co-principal investigator Dr. Siobhan Wilson, Monash University, and Dr. Gordon Southam, University of Queensland conducted field trials at Woodsreef Mine in Barraba, New South Wales (NSW). This work received funding from the NSW government and was aimed at delivering a win-win scenario using mineral carbonation to sequester atmospheric carbon dioxide while stabilizing asbestos mine waste.

At Quebec's Institut National de la Recherche Scientifique, Professor Guy Mercier continues his work using the carbon mineralization process to remove CO<sub>2</sub> from industrial emissions. Mercier and his colleagues have been using a chemical reactor at one of Holcim's cement plants to react various magnesium and calcium rocks available in magnesium mine tailings residues with the gaseous emissions (which contain CO<sub>2</sub>).

### Market study conducted

Mercier also reports that industry partner SIGMA DEVTECH has obtained a subsidy from the government of Quebec to conduct a market study on the sale of the magnesium carbonate produced through the mineralization process; fund a freedom to operate study to be undertaken by a specialized patent office; and support an engineering firm to validate the economic viability of the process. He expects results in the spring of 2016.

This only touches on the progress that has been made by researchers on our Round Three projects and we congratulate them all. Innovation and technology breakthroughs are essential to solving the climate change challenge. Our researchers, and the trainees they work with, are the unsung heroes of the fight to reduce climate emissions. We are proud to support their work.

## ROUND THREE PROJECTS

**Pre & post-combustion CO<sub>2</sub> capture using novel composite CaO/CuO sorbents**

Principal Investigators: Arturo Macchi, University of Ottawa; Edward Anthony, U of Ottawa; Poupak Mehrani, U of Ottawa; Josephine Hill, U of Calgary; Robert Legros, École Polytechnique de Montréal; Gregory Patience, École Polytechnique de Montréal

**Physical-chemical response to geomechanical processes during geological sequestration of scCO<sub>2</sub>**

Principal Investigators: Dr. Giovanni Grasselli, University of Toronto; Aimy Bazylak, U of Toronto; Patrick Selvadurai, McGill University; Subhasis Ghoshal, McGill University; Alfonso Mucci, McGill University; David Cole, Ohio State University; John Wen, U Waterloo, Carolyn Ren, U Waterloo, Janusz Kozinski, York University; Morris Flynn, U of Alberta.

**Development of single-molecule level multi-species nanowire-based sensors for carbon emissions**

Principal Investigators: Harry Ruda, University of Toronto; David Risk, St. Francis Xavier University

Partners/Contributors: Kyoto Technologies, Forerunner Research

**Carbonate production by sequestration of industrial CO<sub>2</sub>: revalorization of mine and industrial waste**

Principal Investigators: Guy Mercier, Institut national de la recherche scientifique (INRS); Jean-Francois Blais, INRS; Sandra Kentish, U of Melbourne; Ian Gates, U of Calgary

Partners/Contributors: Holcim Canada & SIGMA DEVTECH

**Accelerating carbon mineralization in mine wastes**

Principal Investigators: Greg Dipple, University of British Columbia (UBC); Michael Hitch, UBC; Ulrich Mayer, UBC; Gordon Southam, U of Western Ontario; Siobhan Wilson, Monash University (Australia); John Wen, U of Waterloo; Murray Thomson, U of Toronto

**Low carbon fuel demonstration pilot plant for the cement industry**

Investigators: Dr. Warren Mabee, Queen's University; Andrew Pollard, Queen's University

**A new approach to quantitative CO<sub>2</sub> injection monitoring with geo-electrical methods**

Principal Investigators: Bernard Giroux, Institut national de la recherche scientifique (INRS); Klaus Spitzer, TU Bergakademie Freiberg; Douglas Schmitt, UAlberta; Cornelia Schmidt-Hattenberger, Helmholtz Centre GFZ CO<sub>2</sub> Storage; Don White, Geological Survey of Canada

**Designing carbon pricing policy to drive innovation in low carbon technologies and practices**

Principal Investigators: Dr. Randal Wigle, Wilfrid Laurier University; Nicholas Rivers, U of Ottawa; Stewart Elgie, U of Ottawa; Jared Carbone, U of Calgary; Yazid Dissou, U of Ottawa; Madanmohan Ghosh, Environment Canada

Partners/Contributors: Environment Canada, Sustainable Prosperity



## BOARD OF DIRECTORS

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Brickburn Asset Management Inc.

### Dr. Victor Der

*Acting General Manager, North America*  
Global Carbon Capture and Storage (CCS) Institute

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*Professor Emeritus, Chemical & Biological Engineering*  
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### Dr. Steve Larter

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### Dan Zilnik

*President*  
Oil & Gas Sustainability Ltd.

## CMC Research Institutes, Inc./Carbon Management Canada Inc.

## COMBINED STATEMENT OF FINANCIAL POSITION\*

As at March 31, 2015	CMC Research Institutes, Inc.	Carbon Management Canada Inc.	Combined
<b>Assets</b>			
Current assets			
Cash	\$ 4,329,630	\$ -	\$ 4,329,630
Accounts receivable	2,858,559	54,281	2,912,840
Prepaid expenses	138,987	-	138,987
	<b>\$ 7,327,175</b>	<b>\$ 54,281</b>	<b>\$ 7,381,456</b>
Alberta Energy Regulator deposit	42,134		42,134
Property, plant & equipment	3,082,052		3,082,052
	<b>\$ 10,451,361</b>	<b>\$ 54,281</b>	<b>\$ 10,505,642</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 599,161	\$ 12,000	\$ 611,161
Deferred revenue	8,594,907	-	8,594,907
Long Term Liabilities			
Decommissioning provision	80,331	-	80,331
	<b>\$ 9,274,399</b>	<b>\$ 12,000</b>	<b>\$ 9,286,399</b>
<b>Net Assets</b>			
Net Assets	1,176,962	42,281	1,219,243
<b>Total Net Assets</b>	<b>1,176,962</b>	<b>42,281</b>	<b>1,219,243</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,451,361</b>	<b>\$ 54,281</b>	<b>\$ 10,505,642</b>

\*In order to provide comparison to previous annual reports this combined financial report has been prepared by the management of CMC Research Institutes, Inc. This is not a consolidated report.

CMC Research Institutes, Inc./Carbon Management Canada Inc.

## COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS\*

For the Year Ended March 31, 2015	CMC Research Institutes, Inc.	Carbon Management Canada Inc.	Combined
<b>Revenues</b>			
Federal grants	\$ -	\$ 12,447	\$ 12,447
Provincial grants	2,039,086	1,010,907	3,049,993
Industry grants	8,100	-	8,100
Interest income	57,733	44,905	102,638
Other income	101,275	22,113	123,388
Contribution from Carbon Mgmt. Canada	1,158,862	-	1,158,862
<b>Total Revenue</b>	<b>\$ 3,365,056</b>	<b>\$ 1,090,372</b>	<b>\$ 4,455,428</b>
<b>Expenses</b>			
Salaries and benefits	1,190,997	-	1,190,997
Field research station	28,031	-	28,031
Project funding	-	1,060,740	1,060,740
General and administrative	427,950	13,807	441,757
Advertising and outreach	-	5,000	5,000
Consultants	351,620	-	351,620
Deep Decarbon Pathways	123,283	-	123,283
Professional fees	64,902	10,825	75,727
Contributions to CMC Research	-	1,158,862	1,158,862
Amortization	11,311	-	11,311
<b>Total Expenses</b>	<b>\$ 2,198,094</b>	<b>\$ 2,249,234</b>	<b>\$ 4,447,328</b>
<b>Excess of revenue over expenditures</b>	<b>1,166,962</b>	<b>(1,158,862)</b>	<b>8,100</b>
<b>Net assets, beginning of year</b>	<b>10,000</b>	<b>1,201,143</b>	<b>1,211,143</b>
<b>Net assets, end of year</b>	<b>\$ 1,176,962</b>	<b>\$ 42,281</b>	<b>\$ 1,219,243</b>

\*In order to provide comparison to previous annual reports this combined financial report has been prepared by the management of CMC Research Institutes, Inc. This is not a consolidated report.



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## INDEPENDENT AUDITORS' REPORT

### To the Members of CMC Research Institutes, Inc.

We have audited the accompanying financial statements of CMC Research Institutes, Inc. which comprise the statement of financial position as at March 31, 2015, and the statements of operations and changes in 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgement, 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 entity'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 entity'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 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 CMC Research Institutes, Inc. as at March 31, 2015, 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.

**Collins Barrow Calgary LLP**  
Chartered Accountants

Calgary, Canada  
June 25, 2015



CMC Research Institutes, Inc. (incorporated under the laws of Canada)

## STATEMENT OF FINANCIAL POSITION

For the Year Ended March 31, 2015

	2015	2014
<b>Assets</b>		
Current assets		
Cash	\$ 4,329,630	\$ 39,335
Accounts receivable (note 3)	2,858,559	5,461
Prepaid expenses	138,987	34,948
Due from Carbon Management Canada Inc. (note 4)	-	253,437
	<b>\$ 7,327,175</b>	<b>\$ 333,181</b>
Alberta Energy Regulator deposit	42,134	-
Property, plant & equipment (note 5)	3,082,052	-
	<b>\$ 10,451,361</b>	<b>\$ 333,181</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 599,161	\$ 323,181
Deferred revenue (note 6)	8,594,907	-
	<b>\$ 9,194,068</b>	<b>\$ 323,181</b>
Long-term liabilities		
Decommissioning provision (note 7)	80,331	-
	<b>\$ 9,274,399</b>	<b>\$ 323,181</b>
<b>Net Assets</b>	1,176,962	10,000
	<b>\$ 10,451,361</b>	<b>\$ 333,181</b>

Commitments and contingencies (note 9)

See accompanying notes

CMC Research Institutes, Inc. (incorporated under the laws of Canada)

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended March 31, 2015

	2015	2014
<b>Revenue</b>		
Provincial grants	\$ 2,039,086	\$ 463,709
Industry grants	8,100	10,000
Interest income	57,733	1,401
Other income	101,275	-
Contribution from Carbon Management Canada Inc. (note 4)	1,158,862	-
	<b>\$ 3,365,056</b>	<b>\$ 475,110</b>
<b>Expenses</b>		
Salaries and benefits	1,190,997	200,068
Field research station	28,031	61,946
General and administrative	427,950	94,053
Consultants	351,620	71,299
Deep Decarbonization Pathways	123,283	-
Professional fees	64,902	37,744
Amortization	11,311	-
	<b>\$ 2,198,094</b>	<b>\$ 465,110</b>
<b>Excess of revenue over expenditures</b>	1,166,962	10,000
<b>Net assets, beginning of year</b>	10,000	-
<b>Net assets, end of year</b>	<b>\$ 1,176,962</b>	<b>\$ 10,000</b>

See accompanying notes

CMC Research Institutes, Inc. (incorporated under the laws of Canada)

## STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2015

	2015	2014
<b>Cash Provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 1,166,962	\$ 10,000
Adjustment - Amortization	11,311	-
Payment of Alberta Energy Regulator deposit	(42,134)	-
	<b>\$ 1,136,139</b>	<b>\$ 10,000</b>
<b>Changes in non-cash working capital</b>		
Accounts receivable	(2,853,097)	(5,461)
Prepaid expenses	(104,039)	(34,948)
Due from Carbon Management Canada Inc.	253,437	(253,437)
Accounts payable and accrued liabilities	275,980	323,181
Deferred revenue	8,594,907	-
	<b>\$ 6,167,188</b>	<b>\$ 29,335</b>
	<b>\$ 7,303,327</b>	<b>\$ 39,335</b>
<b>Investing activities</b>		
Property, plant and equipment purchases	(3,013,032)	-
<b>Cash inflow</b>	<b>4,290,295</b>	<b>39,335</b>
<b>Cash, beginning of year</b>	<b>39,335</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 4,329,630</b>	<b>\$ 39,335</b>

See accompanying notes

CMC Research Institutes, Inc. (incorporated under the laws of Canada)

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of operations

CMC Research Institutes, Inc. (the "Organization") focuses on the development of the technologies, insights, and processes to reduce fossil fuel carbon emissions in Canada while at the same time maintaining Canada's global position as a competitive and reliable energy supplier.

Effective January 1, 2014 CMC Research Institutes, Inc. acquired certain assets and liabilities of Carbon Management Canada Inc. and commenced commercial operations (note 4).

The Organization was incorporated on July 5, 2013, under Part II of the *Canada Corporations Act* and is exempt from tax under the *Canada Income Tax Act*.

### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a. Revenue recognition

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

Interest income is recognized on an accrual basis as it is earned.

Other income is recognized as revenue when the service is performed and collection is reasonably assured.

#### b. Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of accrued liabilities is based on management's best estimate of the expenses incurred during the period that will be payable in future periods.

The valuation of deferred revenue is based on management's best estimate of the revenue earned in accordance with each grant agreement.

Amounts recorded for the decommissioning provision and the related accretion expense require the use of estimates with respect to the amount and timing of decommissioning expenditures and discount rates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### c. Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

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

Financial assets measured at amortized cost include cash, accounts receivable and Alberta Energy Regulator deposit.



Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.

#### d. Property, plant and equipment

Property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the organization.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Depreciation is recognized on a straight-line basis over the estimated useful life of assets as follows:

Furniture and Fixtures	Straight line over 5 years (20% per annum)
Computer Hardware	55% per annum
Computer Software	30% per annum

Property, plant and equipment is evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. An impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets.

#### e. Decommissioning provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of petroleum and natural gas properties.

A decommissioning provision is recognized as a liability for obligations associated with the abandonment of petroleum and natural gas wells, removal of equipment from leased acreage and returning such land to its original condition as set by standards of environmental regulations.

The Organization records the fair value of each decommissioning obligation in the year a well or related asset is drilled, constructed or acquired. Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate. The expected future cash flows reflect current market assessments and the risks specific to the liability.

The obligation is reviewed regularly by the Organization's management based on current regulations, costs, technologies and industry standards. The discounted obligation is initially capitalized as part of the carrying amount of the related property, plant and equipment assets, and a corresponding liability is recognized. The increase in petroleum and natural gas interests is amortized on the same basis as the related petroleum and natural gas component, while the liability is accreted to income until it is settled or sold. Subsequent to the initial measurement, the obligation is adjusted at the end of each year to reflect the passage of time, changes in the estimated future cash flows underlying the obligation and changes in the pre-tax risk-free rate. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows or changes in the risk free rate are capitalized. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

#### 3. Accounts receivable

	2015	2014
Grant receivable	\$ 2,773,115	\$ -
GST receivable	85,443	-
	<u>\$ 2,858,558</u>	<u>\$ -</u>

#### 4. Related party transactions

During the year ended March 31, 2015, \$1,158,862 of net assets was transferred to the Organization from Carbon Management Canada Inc. to assist the Organization in carrying out its mission.

The University of Calgary leases office space to the Organization at no cost. No amount has been recorded in these financial statements related to the lease.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### 5. Property, plant and equipment

	2015 Cost	2015 Accumulated Depreciation	2015 Net Value	2014
CaMI Field Research Station (FRS) Well Site	\$ 1,197,644	\$ -	\$ 1,197,644	\$ -
CaMI FRS Equipment	1,635,594	-	1,635,594	-
CaMI FRS Vehicles	101,475	-	101,475	-
Well retirement obligation	80,331	-	80,331	-
Furniture and fixtures	52,381	(5,216)	47,165	-
Computer hardware and software	25,938	(6,095)	19,843	-
	<u>\$ 3,093,363</u>	<u>\$ (11,311)</u>	<u>\$ 3,082,052</u>	<u>\$ -</u>

During the year ended March 31, 2015, CMC Research Institutes, Inc. purchased capital assets for the Field Research Station in Newell County and paid development and project management costs to prepare the site and drill the first well for the Containment and Monitoring Institute (CaMI). These CaMI assets are still being completed at March 31, 2015 and were therefore not amortized during the year ended March 31, 2015.

## 6. Deferred revenue

Deferred revenue amounts originate from the initial 2010 Alberta Environment Grant Agreement ('Provincial grant' shown below) transferred from Carbon Management Canada Inc. and the 2014 Western Economic Diversification financial contribution ('Federal grant' shown below).

	2015	2014
Provincial grant	\$ 5,819,979	\$ -
Federal grant – Western Economic Diversification	2,728,625	-
Other grant – Low Carbon Innovation Alliance	46,303	-
	<u>\$ 8,594,907</u>	<u>\$ -</u>

## 7. Decommissioning provision

The future well decommissioning provision was determined by management and was based on the Organization's estimated future costs to reclaim and abandon the well, and the estimated timing of when the costs will be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of the decommissioning provision associated with the retirement of the petroleum and natural gas property:

	2015	2014
Balance, beginning of year	\$ -	\$ -
Addition	80,331	-
Accretion	-	-
Balance, end of year	<u>\$ 80,331</u>	<u>\$ -</u>

## 8. Financial instruments

The Organization is exposed to the following significant financial risk:

### a. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Organization to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Organization mitigates its exposure to credit loss by placing its cash with a major financial institution. Accounts receivable consists of interest receivable on the bank balances and amounts due from the Federal Government of Canada, none of which result in significant credit risk.

## 9. Commitments and contingencies

The Organization receives a portion of its funding through grants that specify the term of the funding and the eligible expenditures under the grant. The Organization may be required to repay all or a portion of the grant if ineligible expenditures are incurred, or if all of the grant monies are not spent within a designated time frame.



# INDEPENDENT AUDITORS' REPORT

## To the Members of Carbon Management Canada Inc.

We have audited the accompanying financial statements of Carbon Management Canada Inc. which comprise the statement of financial position as at March 31, 2015, and the statements of operations and changes in 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgement, 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 entity'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 entity'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 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 Carbon Management Canada Inc. as at March 31, 2015, 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.

## Emphasis of Matter

We draw attention to note 1 to the financial statements which describes conditions that indicate that the Organization will not continue as a going concern beyond the next fiscal year. Our opinion is not qualified in respect of this matter.

**Collins Barrow Calgary LLP**  
Chartered Accountants

Calgary, Canada  
June 25, 2015

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Carbon Management Canada Inc. (incorporated under the laws of Canada)

**STATEMENT OF FINANCIAL POSITION**

For the Year Ended March 31, 2015

2015

2014

**Assets**

## Current assets

Cash	\$ -	\$ 10,442,869
Accounts receivable	54,281	65,316
	<b>\$ 54,281</b>	<b>\$ 10,508,185</b>

**Liabilities**

## Current Liabilities

Accounts payable and accrued liabilities	\$ 12,000	\$ 171,000
Due to CMC Research Institutes, Inc. (note 3)	-	253,437
Deferred revenue (note 4)	-	8,882,605
	<b>\$ 12,000</b>	<b>\$ 9,307,042</b>

**Net Assets**

	42,281	1,201,143
	<b>\$ 54,281</b>	<b>\$ 10,508,185</b>

Commitments and contingencies (note 5)

Carbon Management Canada Inc. (incorporated under the laws of Canada)

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the Year Ended March 31, 2015

2015

2014

**Revenues**

Federal grants	\$ 12,447	\$ 4,395,361
Provincial grants	1,010,907	11,224,660
Industry grants	-	124,998
Interest income	44,905	174,960
Other income	22,113	14,500
	<b>\$ 1,090,372</b>	<b>\$ 15,934,479</b>

**Expenses**

Project funding	1,060,740	14,365,010
General and administrative	13,807	1,243,719
Advertising and outreach	5,000	122,728
Consultants	-	233,514
Professional fees	10,825	48,800
Contributions to CMC Research Institutes, Inc. (note 3)	1,158,862	-
	<b>\$ 2,249,234</b>	<b>\$ 16,013,771</b>

<b>Excess (shortfall) of revenue over expenditures</b>	<b>(1,158,862)</b>	<b>(79,292)</b>
<b>Net assets, beginning of year</b>	1,201,143	1,280,435
<b>Net assets, end of year</b>	<b>\$ 42,281</b>	<b>\$ 1,201,143</b>

See accompanying notes

Carbon Management Canada Inc. (incorporated under the laws of Canada)

## STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2015	2015	2014
<b>Cash Provided by (used in)</b>		
<b>Operating activities</b>		
Excess (shortfall) of revenue over expenditures	\$ (1,158,862)	\$ (79,292)
Changes in non-cash working capital		
Accounts receivable	11,035	122,151
Prepaid expenses	-	30,926
Accounts payable and accrued liabilities	(159,000)	(419,799)
Due to/from CMC Research Institutes, Inc.	(253,437)	253,437
Deferred revenue	(8,882,605)	(15,083,415)
	<b>\$ (9,284,007)</b>	<b>\$ (15,096,700)</b>
<b>Cash outflow</b>	<b>(10,442,869)</b>	<b>(15,175,992)</b>
<b>Cash, beginning of year</b>	10,442,869	25,618,861
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ 10,442,869</b>

See accompanying notes

Carbon Management Canada Inc. (incorporated under the laws of Canada)

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of operations and going concern

Carbon Management Canada Inc. (the “Organization”) focuses on funding the development of the technologies, insights and highly qualified personnel to reduce fossil fuel carbon emissions in Canada while at the same time maintaining Canada’s global position as a competitive and reliable energy supplier.

On February 11, 2010, the Organization signed a grant agreement with the federal government for their Networks of Centres of Excellence (“NCE”) Program. The purpose of the NCE Program is to promote the development of technologies and practices for reduction of carbon emissions related to fossil fuel energy production and consumption. The grant agreement was originally for a total of \$25 million, however the grant agreement was amended in November 2012 to reduce the amount of funding by approximately \$4.2 million to \$20.8 million. The NCE Program agreement with the federal government ended on June 30, 2013, however the Organization had until June 30, 2014 to expend the funds received.

On March 8, 2010, the Organization also signed a grant agreement with Alberta Environment, whereby the Alberta government matched the federal grant with an equal amount.

On January 1, 2014 CMC Research Institutes, Inc. acquired certain assets and liabilities from Carbon Management Canada Inc. (note 3).

As of March 31, 2015, the Organization has not secured additional funding beyond the funding it received in the past which was required to be expended by June 30, 2014.

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations applicable to a going concern, which assumes that the Organization will be able to meet its obligations and continue its operations until its expected wind-up date. Management has determined that the presentation of the financial statements would be no different whether presented under the going concern assumption or using liquidation values as all of its assets and liabilities have liquidation values consistent with their carrying values.

The Organization was incorporated on December 23, 2009, under Part II of the *Canada Corporations Act* and is exempt from tax under the *Canada Income Tax Act*.

### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a. Revenue recognition

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

Interest income is recognized on an accrual basis as it is earned.

#### b. Measurement uncertainty

The valuation of accounts receivable is based on management’s best estimate of the provision for doubtful accounts.

The valuation of accrued liabilities is based on management’s best estimate of the expenses incurred during the year that will be payable in future periods.



The valuation of deferred revenue is based on management's best estimate of the revenue earned in accordance with each grant agreement.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### c. Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

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

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to CMC Research Institutes, Inc.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess (shortfall) of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess (shortfall) of revenue over expenditures.

## 3. Related party transactions

Prior to June 30, 2013, the University of Calgary operated as Network Host under the NCE agreement (note 1) to administer the use of the grant funds in accordance with the terms and conditions of the agreement.

The Network Host leases office space to the Organization and CMC Research Institutes, Inc. (CMCRI) at no cost. No amount has been recorded in these financial statements related to the lease.

During the year ended March 31, 2014, CMCRI was incorporated to bridge the gap between use-inspired research (where the Organization has largely operated in the past) and a greater focus on innovation, technology development, commercial and industrial adoption and widespread implementation. CMCRI is related through a common management, staff and directors. During the year ended March 31, 2015, \$1,219,210 of net assets and liabilities were transferred to CMCRI to accomplish its mission as the Organization looks to wind up (note 1).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## 4. Deferred revenue

	2015	2014
Provincial grant	\$ -	\$ 8,870,129
Federal grant	-	12,476
	<u>\$ -</u>	<u>\$ 8,882,605</u>

## 5. Commitments and contingencies

The Organization receives a majority of its funding through grants that specify the term of the funding and the eligible expenditures under the grant. The Organization may be required to repay all or a portion of the grant if ineligible expenditures are incurred, or if all of the grant monies are not spent within the designated time frame.

**CMC is a  
global leader  
in delivering  
effective  
greenhouse gas  
solutions by  
2020**





To learn more about how CMC can help you manage your greenhouse gas challenges please contact our office.

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