

Special General Meeting and Annual General Meeting

February 8, 2024

10:00 – 11:00 am

ANNUAL GENERAL MEETING / SPECIAL GENERAL MEETING
Thursday, February 8, 2024

MEETING AGENDA

- 1. Call to Order – Special General Meeting**
- 2. Adoption of Agenda**
 - a. Adoption of the By-laws**
 - b. Adjournment**

- 3. Call to Order – Annual General Meeting**
- 4. Adoption of Agenda**
- 5. Adoption of Minutes**
 - AGM (December 8, 2022)**
- 6. New Business**
 - a) Financial Statements & Auditor’s Report**
 - b) Appointment of Auditors**
 - c) Election of Directors**
 - d) Chair’s Remarks**
 - e) President’s Remarks – Year End Review**
 - f) Recognition of Long-Standing Members**
 - g) Recognition of Distinguished Service Award Recipients**
 - h) Other**
- 7. Adjournment**

Enserva Bylaw Review
Summary of Changes
Alberta Societies Act to Canada Not-For-Profit Corporations Act

Change	Reference in New By-laws	Reference in Old By-laws	Explanation of and reason for change
Definition of "special resolution"	1.01	N/A	A special resolution will now be defined as a resolution passed by a majority of not less than two-thirds of the votes cast on that resolution. Under the Old By-laws, and pursuant to the Societies Act, a special resolution required not less than 75% of the votes cast on that resolution. This change reflects the minimum required under the NFP Act.
Annual financial statements	1.08	N/A	The NFP Act generally requires that, at every annual meeting, the directors provide members with comparative financial statements and the report of the public accountant. The NFP Act also requires the Corporation to either send the same documents to every member or give members notice that the documents are available at the registered office. This change reflects the latter option.
Membership Conditions	2.01	Article II	Membership conditions have been simplified in the New By-laws. The NFP Act also requires that a special resolution is required to change this section if the change affects membership rights or conditions in certain circumstances.
Notice of Member Meetings	2.03	Article VI.1	The New By-laws change the requirements for notices of members' meetings to the time periods required by the NFP Act.
Absentee Voting	2.04, 2.05	Article III.1	The New By-laws allow for absentee voting by electronic ballot and by proxy, in certain circumstances.
Special Meetings Called by Members	4.02	Article VI.2	The New By-laws require that 5% of voting members are required to sign a requisition to call a special meeting, in accordance with the NFP Act. The Old By-laws required one-quarter of voting members.
Electronic Participation in Meetings	4.08, 6.11	N/A	The New By-laws allow for electronic participation in members' meetings and board meetings, in certain circumstances.
Number of Directors	5.01	Article VII.2	In the New By-laws, the immediate past Chair no longer automatically sits on the board but can finish an existing term and stand for additional terms.
Term of Directors	5.03	Article VII.2	The Old By-laws contemplated terms of directors lasting up to three years. The New By-laws contemplate two-year terms in accordance with board policy.
Board Filling of Vacancies	5.07	Articles VII.5, VII.6	The New By-laws consolidate the by-laws relating to filling vacancies on the directors to be compliant with the NFP Act, which provides that a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors provided for in the articles or a failure to elect the number or minimum number of directors provided for in the articles.
Protection of Directors, Officers and Others	9.02, 9.03	N/A	The New By-laws contain several provisions that contemplate both the indemnity of directors and officers, and insurance associated therewith.

BY-LAWBY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of

ENSERVA (the "Corporation")

BE IT ENACTED as a by-law of the Corporation as follows:

ARTICLE 1 **GENERAL**

1.01 Definitions

In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

- (a) "**Act**" means the *Canada Not-for-profit Corporations Act* S.C. 2009, c.23 including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time;
- (b) "**articles**" means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;
- (c) "**audit**" shall mean an assurance engagement by an independent accounting firm;
- (d) "**board**" means the board of directors of the Corporation and "director" means a member of the board;
- (e) "**by-law**" means this by-law and any other by-law of the Corporation as amended and which are, from time to time, in force and effect;
- (f) "**meeting of members**" includes an annual meeting of members or a special meeting of members; "special meeting of members" includes a meeting of any class or classes of members and a special meeting of all members entitled to vote at an annual meeting of members;
- (g) "**member**" means any person, corporation or division of corporation defined under by-law Article 2 as a member of the Corporation;
- (h) "**ordinary resolution**" means a resolution passed by a majority of not less than 50% plus 1 of the votes cast on that resolution;
- (i) "**President**", "**Chief Executive Officer**" or "**CEO**" shall mean "President and Chief Executive Officer" of the Corporation;

- (j) "**proposal**" means a proposal submitted by a member of the Corporation that meets the requirements of section 163 (Member Proposals) of the Act;
- (k) "**Regulations**" means the regulations made under the Act, as amended, restated or in effect from time to time; and
- (l) "**special resolution**" means a resolution passed by a majority of not less than two-thirds (2/3) of the votes cast on that resolution.

1.02 Interpretation

In the interpretation of this by-law, words in the singular include the plural and vice-versa, words in one gender include all genders, and "person" includes an individual, body corporate, partnership, trust and unincorporated organization.

Other than as specified in 1.01 above, words and expressions defined in the Act have the same meanings when used in these by-laws.

1.03 Corporate Seal

The Corporation may have a corporate seal in the form approved from time to time by the board. If a corporate seal is approved by the board, the President shall be the custodian of the corporate seal.

The seal of the Corporation shall not be impressed upon any document except in the presence of the President or the Chair or a Vice-Chair or any two officers of the Corporation who may be authorized by resolution of the board at any time or from time to time and either generally or in specific matters to execute contracts or other documents on behalf of the Corporation and to affix its corporate seal thereto.

1.04 Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any two (2) of its officers or directors, one of whom must be the President. In addition, the board may from time to time direct the manner in which, and the person or persons by whom, a particular document or type of document shall be executed. Any person authorized to sign any document may affix the corporate seal (if any) to the document. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

1.05 Financial Year End

The financial year end of the Corporation shall be determined by the board.

1.06 Banking Arrangements

The banking business of the Corporation shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the board may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the board may by resolution from time to time designate, direct or authorize.

1.07 Borrowing Powers

The directors of the Corporation may, without authorization of the members,

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation;
- (c) give a guarantee on behalf of the Corporation; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any debt obligation of the Corporation.

1.08 Annual Financial Statements

The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

ARTICLE 2

MEMBERSHIP – MATTERS REQUIRING SPECIAL RESOLUTION

2.01 Membership Conditions

Subject to the articles, there shall be three classes of members in the Corporation. Membership in the Corporation shall be available to persons interested in furthering the Corporation's purposes and who have applied for and been accepted into membership in the Corporation by a resolution approving their admission being passed by three-fourths (3/4) of the board present at the meeting, or in such other manner as may be determined by the board.

Pursuant to subsection 197(1) (Fundamental Change) of the Act, a special resolution of the members is required to make any amendments to this section of the by-laws if those amendments affect membership rights and/or conditions described in paragraphs 197(1)(e), (h), (l) or (m).

Subject to the articles, there shall be three classes of members in the Corporation, namely, Core-Group Members, Affiliate Members and Honourary Members. The following conditions of membership shall apply:

(a) **Core-Group Members**

- (i) Core-Group membership shall be available only to corporations or divisions of corporations who have applied and been accepted for Core-Group membership in the Corporation.
- (ii) The term of membership of a Core-Group member shall be annual, subject to renewal in accordance with the policies of the Corporation.
- (iii) As set out in the articles, each Core-Group member is entitled to receive notice of, attend and vote at all meetings of members and each such Core-Group member shall be entitled to one (1) vote at such meetings.

(b) **Affiliate Members**

- (i) Affiliate membership shall be available only to persons including corporations who have applied and been accepted for Affiliate membership in the Corporation.
- (iii) The term of membership of an Affiliate member be annual, subject to renewal in accordance with the policies of the Corporation.
- (iv) Subject to the Act and the articles, an Affiliate member shall not be entitled to receive notice of, attend or vote at meetings of the members of the Corporation.

(c) **Honourary Members**

- (i) Honourary membership shall be available only to persons designated by the board as Honourary Members of the Corporation.
- (ii) The term of membership of an Honourary member shall be annual, subject to renewal in accordance with the policies of the Corporation.
- (iii) Subject to the Act and the articles, an Honourary member shall not be entitled to receive notice of, attend or vote at meetings of the members of the Corporation.

2.02 Membership Transferability

A membership may only be transferred to the Corporation. Pursuant to Section 197(1) (Fundamental Change) of the Act, a special resolution of the members is required to make any amendment to add, change or delete this section of the by-laws.

2.03 Notice of Meeting of Members

Notice of the time and place of a meeting of members shall be given to each member entitled to vote at the meeting by the following means:

- (a) by mail, courier or personal delivery to each member entitled to vote at the meeting, during a period of 21 to 60 days before the day on which the meeting is to be held; or
- (b) by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, during a period of 21 to 35 days before the day on which the meeting is to be held.

Pursuant to subsection 197(1) (Fundamental Changes) of the Act, a special resolution of the members is required to make any amendment to the by-laws of the Corporation to change the manner of giving notice to members entitled to vote at a meeting of members.

2.04 Absentee Voting by Electronic Ballot

Pursuant to subsection 171(1) (Absentee Voting) of the Act, a member entitled to vote at a meeting of members may vote by means of a telephonic, electronic or other communication facility if the Corporation has a system that:

- (a) enables the votes to be gathered in a manner that permits their subsequent verification, and
- (b) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each member voted.

Pursuant to subsection 197(1) (Fundamental Changes) of the Act, a special resolution of the members is required to make any amendment to the by-laws of the Corporation to change this method of voting by members not in attendance at a meeting of members.

2.05 Absentee Voting at Members' Meeting by Proxy

Pursuant to Section 171(1) of the Act, a member entitled to vote at a meeting of members may vote by proxy by appointing in writing a proxyholder, and one or more alternate proxyholders, who are not required to be members, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by it subject to the Regulations. If the form of proxy is not created by the member, it shall be as approved by resolution of the board and in accordance with the Regulations.

Pursuant to subsection 197(1) (Fundamental Changes) of the Act, a special resolution of the members (and if Section 199 applies, a special resolution of each class of members) is required to make any amendment to articles or by-laws of the Corporation to change this method of voting by members not in attendance at a meeting of members.

ARTICLE 3
MEMBERSHIP DUES, TERMINATION AND DISCIPLINE

3.01 Membership Dues

The annual dues payable by the members of the Corporation shall be as prescribed from time to time by resolution of the board which may prescribe different annual dues for each class of membership in the Corporation.

All annual dues prescribed by the board are payable upon the member's date of membership or annual renewal and, if any are not paid within three (3) calendar month of the membership renewal date, may be expelled as members of the Corporation at the discretion of the board.

3.02 Termination of Membership

A membership in the Corporation is terminated when:

- (a) the member dies, or, in the case of a member that is a corporation, the corporation is dissolved;
- (b) a member fails to maintain any qualifications for membership described in the section on membership conditions of these by-laws;
- (c) the member resigns by delivering a written notice in accordance with Article 10 to the board, in which case such resignation shall be effective on the date specified in the resignation;
- (d) the member's term of membership expires;
- (e) the member is expelled in accordance with paragraph 3.03 of these by-laws; or
- (f) the Corporation is liquidated or dissolved under the Act.

Subject to the articles, upon any termination of membership, the rights of the member, including any rights in the property of the Corporation, automatically cease to exist.

Subject to the articles and any unanimous member agreement, a terminated member is not entitled to any refund on previously paid membership dues.

3.03 Discipline of Members

The board shall have authority, by a vote of three-fourths (3/4) of those present, to suspend or expel any member from the Corporation for any one or more of the following grounds:

- (a) violating any provision of the articles, by-laws or written policies of the Corporation;

- (b) carrying out any conduct which may be detrimental to the Corporation as determined by the board in its sole discretion; or
- (c) for any other reason that the board in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the board determines that a member should be expelled or suspended from membership in the Corporation, the President, or such other officer as may be designated by the board, shall provide twenty (20) days' notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the President, or such other officer as may be designated by the board, in response to the notice received within such twenty (20) day period. In the event that no written submissions are received by the President, the President, or such other officer as may be designated by the board, may proceed to notify the member that the member is suspended or expelled from membership in the Corporation. If written submissions are received in accordance with this section, the board will consider such submissions in arriving at a final decision and shall notify the member concerning such final decision within a further twenty (20) days from the date of receipt of the submissions. The board's decision shall be final and binding on the member, without any further right of appeal.

ARTICLE 4 **MEETINGS OF MEMBERS**

4.01 Annual Meeting

The board shall call an annual meeting of the members not later than eighteen (18) months after incorporation and subsequently, not later than fifteen (15) months after holding the preceding annual meeting but no later than six (6) months after the end of the Corporation's preceding financial year.

4.02 Special Meetings

The board may call a special meeting of the members at any time. The board shall call a special meeting of members in accordance with Section 167 of the Act, on written requisition of members carrying not less than 5% of the voting rights. If the directors do not call a meeting within twenty-one (21) days of receiving the requisition, any member who signed the requisition may call the meeting.

4.03 Place of Members' Meeting

Subject to compliance with Section 159 (Place of Members' Meetings) of the Act, meetings of the members shall be held at any place within Canada determined by the board or, if all of the members entitled to vote at meeting so agree, outside Canada.

4.04 Persons Entitled to be Present

The only persons entitled to be present at a meeting of members shall be those entitled to vote at the meeting, the directors and the public accountant of the Corporation and such other persons who are entitled or required under any provision of the Act, articles or by-laws of the Corporation to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or by resolution of the members.

4.05 Chair of the Meeting

In the event that the chair of the board, the vice-chair of the board, or the President are absent, the members who are present and entitled to vote at the meeting shall choose one of their number to chair the meeting.

4.06 Quorum

A quorum at any meeting of the members (unless a greater number of members are required to be present by the Act) shall be 10% of the members entitled to vote at the meeting. If a quorum is present at the opening of a meeting of members, the members present may proceed with the business of the meeting even if a quorum is not present throughout the meeting.

4.07 Votes to Govern

At any meeting of members every question shall, unless otherwise provided by the articles or by-laws or by the Act, be determined by a majority of the votes cast on the questions. In case of an equality of votes, either on a show of hands or on a ballot or on the results of electronic voting, the chair of the meeting shall have a second or casting vote.

4.08 Participation by Electronic Means

If the Corporation chooses to make available a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during a meeting of members, any person entitled to attend such meeting may participate in the meeting by means of such telephonic, electronic or other communication facility in the manner provided by the Act. A person participating in a meeting by such means is deemed to be present at the meeting. Notwithstanding any other provision of this by-law, any person participating in a meeting of members pursuant to this section who is entitled to vote at that meeting may vote, in accordance with the Act, by means of any telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

4.09 Members' Meeting Held Entirely by Electronic Means

If the directors or members of the Corporation call a meeting of members pursuant to the Act, those directors or members, as the case may be, may determine that the meeting shall be held, in accordance with the Act and the Regulations, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate

adequately with each other during the meeting.

4.10 Resolution in Lieu of Meeting

A resolution in writing, signed by all the members entitled to vote on that resolution at a meeting of members, is as valid as if it had been passed at a meeting of the members. A resolution in writing dealing with all matters required by the Act or these by-laws to be dealt with at a meeting of members, and signed by all the members entitled to vote at that meeting, satisfies all the requirements of the Act and these by-laws relating to meetings of members. A copy of written resolutions must be kept with the minutes of the meetings of members.

ARTICLE 5 **DIRECTORS**

5.01 Number of Directors

The board shall consist of the number of directors specified in the articles. If the articles provide for a minimum and maximum number of directors, the board shall be comprised of the fixed number of directors as determined from time to time by the members by ordinary resolution or, if the ordinary resolution empowers the directors to determine the number, by resolution of the board.

The board shall consist of:

- (a) up to seven (7) Core-Member representatives or designated alternates thereof, and
- (b) up to two (2) external representatives.

5.02 Qualification of the Directors

Each director of the Corporation shall be an individual who:

- (a) is 18 years of age or older;
- (b) has not been declared incapable by a court in Canada or in another country; and
- (c) does not have the status of a bankrupt.

Each Core-Member representative director must:

- (a) represent a Core-Member in good standing of the Corporation, or
- (b) be the designated alternate thereof.

No more than one (1) person shall be permitted to represent a Core Member on the board at one time.

5.03 Election and Term

Subject to the Act and the articles, the directors shall be elected to hold office for a term expiring not later than the close of the second annual meeting of members following the election, or until their successors are elected or appointed.

Directors shall be eligible for re-election after their first and second terms. Directors that have served three (3) consecutive terms on the board shall be required to retire from the board for a minimum of one (1) year, whereupon the individual may stand for re-election to the board, subject to paragraph 5.02 of the by-laws.

Subject to the Act and the articles, a quorum of the board may determine that a director is eligible for re-election after their third consecutive term, and each consecutive term thereafter, without being required to retire from the board for a minimum of one (1) year as otherwise required by this paragraph of the by-laws.

5.04 Resignation

A director may resign his or her office by delivering a written resignation to the chair of the board or secretary of the Corporation. The resignation becomes effective at the time it is delivered to the Corporation or at the time specified in the resignation, whichever is later.

5.05 Removal

The members may, by ordinary resolution, passed at a special meeting of members, remove any director from office before the expiration of the director's term and may elect a qualified individual to fill the resulting vacancy for the remainder of the term of the director so removed, failing which such vacancy may be filled by the board.

5.06 Cease to Hold Office

A director ceases to hold office upon the earliest to occur of the following:

- (a) the death of the director;
- (b) the resignation of the director pursuant to paragraph 5.04 of the by-laws;
- (c) the removal of the director pursuant to paragraph 5.05 of the by-laws;
- (d) the director ceases to be qualified to serve on the board pursuant to paragraph 5.02 of the by-laws; and
- (e) the expiration of the term of office of the director.

5.07 Filling Vacancies

Subject to the Act and the articles, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors, or from a failure of the members to elect the number of directors

require to be elected at any meeting of members. If there is not a quorum of the board, or if the vacancy has arisen from a failure of the members so elected the number of directors required to be elected at any meeting of members, the board shall forthwith call a special meeting of members to fill the vacancy. If the board fails to call such meeting or if there are no directors then in office, any member may call the meeting. Any director so appointed shall hold office during such time only as the director in whose place he or she is appointed would have held the same if he or she had not ceased to be a director, and then shall be eligible for re-election, subject to paragraphs 5.02 and 5.03 of the by-laws.

5.08 Nomination to the Board

At least thirty (30) days prior to each annual meeting of the Corporation, the Governance Committee shall prepare and submit to the board a list of qualified candidates for election to the board. A candidate shall be eligible for election by the eligible voting members' representatives or designated alternates thereof if he or she meets the qualifications pursuant to paragraph 5.02 of the by-laws.

Any eligible voting member representative or the designated alternate thereof may nominate any qualified individual pursuant to paragraph 5.02 of the by-laws as an eligible candidate for election to the board by the eligible voting members by filing with the Governance Committee of the Corporation at least sixty (60) days prior to each annual meeting the written consent of the nominee so to act.

ARTICLE 6 **MEETINGS OF DIRECTORS**

6.01 Calling of Meetings

Meetings of the board may be called by the chair of the board, the vice-chair of the board or any two (2) directors at any time.

6.02 Place of Directors' Meetings

Meetings of the board may be held at any place within Canada or at any place outside of Canada as determined by the board.

6.03 Notice of Meeting

Notice of the time and place for the holding of a meeting of the board shall be given in the manner provided in Article 10 to every director of the Corporation not less than two (2) days before the time when the meeting is to be held. Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting. Unless the by-law otherwise provides, no notice of meeting need specify the purpose or the business to be transacted at the meeting except that a notice of meeting of directors shall specify any

matter referred to in subsection 138(2) (Limits on Authority) of the Act that is to be dealt with at the meeting.

6.04 Quorum

A quorum at any meeting of the directors shall be a majority of its voting members.

6.05 Minutes

Directors shall keep regular minutes of their meetings and report same to the annual meeting or any special meeting of the Corporation when required.

6.07 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except if subsection 136(3) (Notice of Meeting) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice.

6.08 Votes to Govern

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. No director serving in an ex-officio capacity shall be permitted to present or to second a motion, or to cast a vote at meetings of directors. In the case of an equality of votes, the Chair, in addition to his or her original vote, shall have a second or casting vote. All votes at any such meeting shall be taken by ballot if so demanded by any director present, but if no demand be made, the vote shall be taken in the usual way of assent or dissent. A declaration by the chair that a resolution has been carried and an entry to that effect in the minutes shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. In the absence of a Chair, his or her duties may be performed by the Vice-Chair or such other director as the board may from time to time appoint for the purpose.

6.09 Resolution in Lieu of Meeting

A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or of a committee of directors, is as valid as if it had been passed at a meeting of the directors or a committee of directors. A copy of written resolutions must be kept with the minutes of the meetings of directors.

6.10 Committees

The board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the board shall see fit. Any such committee may formulate its own rules of procedure,

subject to such regulations or directions as the board may from time to time make. Any committee member may be removed by resolution of the board.

The board chair shall recommend to the board the composition of each board committee. The board shall name the members of each board committee. The board chair shall name the chair of each board committee.

There shall be a committee designated as the "Governance Committee", the membership of which shall comprise of no less than four (4) directors. This committee shall be responsible for submission to the board of a list of qualified candidates for election to the board at the annual meeting of the Corporation, pursuant to paragraph 5.08 of the by-laws. A quorum of the Governance Committee shall consist of a majority of the committee's appointed members.

Each committee shall keep regular minutes and records of their proceedings and shall submit and report same to the board or to any meeting of the Corporation when required.

6.11 Participation by electronic means

A director may, in accordance with the Regulations, if any, and if all the directors of the corporation consent, participate in a meeting of directors or of a committee of directors by means of a telephone, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director so participating in a meeting is deemed for the purposes of the Act to be present at that meeting.

ARTICLE 7 **OFFICERS**

7.01 Appointment of Officers

The board may designate the offices of the Corporation, appoint offices on an annual or more frequent basis, specify their duties and, subject to the Act, delegate to such officers the power to manage the affairs of the Corporation. The officers shall consist of a Chair, one or more Vice-Chairs, and a President. A director may be appointed to any office of the Corporation. The Chair and the Vice-Chair(s) shall be members of the board. The President need not be an elected member of the board. The salaries of all officers and agents of the Corporation shall be fixed by the board.

7.02 Description of Offices

Unless otherwise specified by the board which may, subject to the Act modify, restrict or supplement such duties and powers, the offices of the Corporation, if designated and if officers are appointed, shall have the following duties and powers associated with their positions:

- (a) **Chair of the Board** – The chair shall preside at all meetings of the Corporation and of the board. He or she shall be a member ex-officio of all regular or special

committees and shall perform such other duties as they usually pertain to his or her office or as shall be designated by the board. The chair shall have such other duties and powers as the board may specify.

- (b) **Vice-Chair of the Board** – If the chair of the board is absent or is unable or refuses to act, the vice-chair of the board, if any, shall, when present, perform the duties of the chair. The vice-chair shall have such other duties and powers as the board may specify.
- (c) **President** – The President shall be the custodian of the seal, records, and funds of the Corporation, shall prepare and have custody of minutes of proceedings of meetings of the board and keep the register of members and attend to the giving and serving of notices. He or she shall sign in the name of the Corporation all contracts in accordance with the governance policies, and he or she shall affix the seal of the Corporation thereto and he or she shall perform such other duties as are usually pertinent to his or her office, or as may be required of him or her by the board.

The board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the board. The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board or President requires of them. The board may from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

7.03 Vacancy in Office

In the absence of a written agreement to the contrary, the board may remove, whether for cause or without cause, any officer of the Corporation. Unless so removed, an officer shall hold office until the earlier of:

- (a) the officer's successor being appointed,
- (b) the officer's resignation,
- (c) such officer ceasing to be a director (if a necessary qualification of appointment);
or
- (d) such officer's death.

If the office of any officer of the Corporation shall be or become vacant, the directors may, by resolution, appoint a person to fill such vacancy.

ARTICLE 8 **AUDIT**

8.01 Appointment of Public Accountant

At each annual meeting of the members, the members shall, by ordinary resolution, appoint a public accountant to hold office until the close of the next annual general meeting.

8.02 Engagement of Auditor

If the Corporation has gross annual revenues for its last completed financial year that are:

- (a) equal to or less than \$50,000, the Corporation may engage the public accountant to conduct an audit if the members pass an ordinary resolution requiring an audit engagement; or
- (b) more than \$50,000, the Corporation may engage the public accountant to conduct an audit if the members pass a special resolution requiring an audit engagement.

8.03 Audit Report

After conducting an audit, the public accountant shall prepare a report on the financial statements which are placed by the directors before the members at each annual meeting.

8.04 Audit Committee

The Corporation may appoint an audit committee, which shall be composed of not less than three (3) directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates. The audit committee shall review the financial statements of the Corporation before they are approved, and shall invite the Corporation's public accountant to any meeting of the audit committee.

ARTICLE 9

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

9.01 Disclosure

A director or officer who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, or is a director or officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, shall disclose fully the nature and extent of his or her interest to the board. No such director shall vote on any resolution to approve such contract or transaction. If a material contract or material transaction is made or entered into between the Corporation and one or more of its directors or officers, or between the Corporation and another person of which a director or officer is a director or officer or in which such director or officer has a material interest:

- (a) the contract or transaction is neither void nor voidable by reason only of that relationship, or by reason only that a director with an interest in the contract or transaction is present at or is counted to determine the presence of a quorum at a meeting of directors or of a committee of directors that authorized the contract or transaction; and

- (b) a director or officer or former director or officer to whom a profit accrues as a result of the making of the contract or transaction is not liable to account to the Corporation for that profit by reason only of holding or having held office as a director or officer, if the director or officer or former director or officer disclosed the interest in accordance with this paragraph and the contract or transaction was approved by the directors or the members and it was reasonable and fair to the Corporation at the time it was approved.

Even if the conditions set out above in this paragraph are not met, a director or officer acting honestly and in good faith is not accountable to the Corporation for any profit realized from a material contract or material transaction for which disclosure is required under this paragraph, and the material contract or material transaction is not void or voidable by reason only of the interest of the director or officer in the material contract or material transaction, if:

- (a) the material contract or material transaction was approved or confirmed by special resolution at a meeting of members;
- (b) disclosure of the interest was made to the members in a manner sufficient to indicate its nature before the material contract or material transaction was approved or confirmed; and
- (c) the material contract or material transaction was reasonable and fair to the Corporation when it was approved or confirmed.

9.02 Indemnity of Directors and Officers

Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity of another entity, and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative or investigative action or other proceeding in which the individual is involved because that association with the Corporation or other entity if,

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporations' request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that their conduct was lawful.

The Corporation shall indemnify such person in all such other matters, actions, proceedings and circumstances as may be permitted by the Act or the law. Nothing in this by-law shall

limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

9.03 Insurance

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person entitled to be indemnified by the Corporation pursuant to the immediately preceding Section as the board may determine from time to time against any liability incurred by the individual:

- (a) in the individual's capacity as a director or an officer of the Corporation; or
- (b) in the individual's capacity as a director or an officer, or in a smaller capacity, or another entity, if the individual acts or acted in that capacity at the Corporation's request.

ARTICLE 10 **NOTICES**

10.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served), other than notice of a meeting of members or a meeting of the board, pursuant to the Act, the articles, the by-laws or otherwise to a member, director, officer or member of a committee of the board or to the public accountant shall be sufficiently given:

- (a) if delivered personally to the person to whom it is to be given or if delivered to such person's address as shown in the records of the Corporation or in the case of notice to a director to the latest address as shown in the last notice that was sent by the Corporation in accordance with section 128 (Notice of directors) or 134 (Notice of change of directors); or
- (b) if mailed to such person at such person's recorded address by prepaid ordinary or air mail; or
- (c) if sent to such person by telephonic, electronic or other communication facility at such person's recorded address for that purpose; or
- (d) if provided in the form of an electronic document in accordance with Part 17 of the Act.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded

address of any member, director, officer, public accountant or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The declaration by the secretary that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice. The signature of any director or officer of the Corporation to any notice or other document to be given by the Corporation may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

10.02 Invalidity of any provisions of this by-law

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

10.03 Omissions and Errors

The accidental omission to give any notice to any member, director, officer, member of a committee of the board or public accountant, or the non-receipt of any notice by any such person where the Corporation has provided notice in accordance with the by-laws or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

ARTICLE 11 **EFFECTIVE DATE**

11.01 Effective Date

Subject to the articles, the board may, by resolution, make, amend or repeal any by-laws that regulate the activities or affairs of the Corporation. Any such by-law, amendment or repeal shall be effective from the date of the resolution of directors until the next meeting of members where it may be confirmed, rejected or amended by the members by ordinary resolution. If the by-law, amendment or repeal is confirmed or confirmed as amended by the members it remains effective in the form in which it was confirmed. The by-law, amendment or repeal ceases to have effect if it is not submitted to the members at the next meeting of members or if it is rejected by the members at the meeting.

This section does not apply to a by-law that requires a special resolution of the members according to subsection 197(1) (Fundamental Changes) of the Act because such by-law amendments or repeals are only effective when confirmed by members.

MADE the ____ day of _____, 2023.

[•]

[•]

DRAFT

MINUTES

Minutes of Annual General Meeting Held December 8, 2022

Voting Members in Attendance:

AMGAS Services Inc.	Sato Canada Inc.
Bravo Target Safety LP	SLB
Di-Corp	Stream-Flo Industries Ltd.
Ferus Inc.	Stream-Flo Resources Ltd.
Grant Production Testing Services Ltd.	Tenaris Global Services (Canada) Inc.
Liberty Energy Canada	Trican Well Service Ltd.
Northwell Oilfield Hauling (09) Inc.	
Pimee Well Servicing LP	
RPM Specialty Services Ltd.	

1. CALL TO ORDER

Chair January McKee called the meeting to order at 10:30 am as quorum had been achieved.

2. ADOPTION OF AGENDA

MOTION: Moved and seconded to adopt the agenda as distributed.

Carried

3. ADOPTION OF MINUTES FROM the AGM held NOVEMBER 16, 2021 and Special General Meeting held September 22, 2022

MOTION: Moved and seconded to adopt the minutes of the meeting held November 16, 2021 as presented.

Carried

MOTION: Moved and seconded to adopt the minutes of the meeting held September 22, 2022 as presented.

Carried

4. NEW BUSINESS

- a) Financial Statements & Auditor's Report – Kevin O'Brien, Finance Committee Chair, presented the Auditor's Report and Financial Statements highlighting key metrics.

Acceptance of Financial Statements – January McKee reported that the Board of Directors has reviewed the Financial Statements, and has recommended their approval by the members present.

MOTION: Moved and seconded that the Auditors' Report and the 2021-2022 Unaudited Financial Statements be accepted.

Carried

- b) Appointment of Auditors – The Board of Directors and Audit Committee recommend the appointment of Professional Accounting Firm PricewaterhouseCoopers (PwC) as PSAC's Assurance Provider in 2022-2023.

MOTION: Moved and seconded that PwC be appointed as auditors for the 2022-2023 year.

Carried

- c) Election of Directors – The following individuals have been elected for a one-year term:

- January McKee AMGAS Services Inc.
- Kevin O'Brien Bravo Target Safety LP
- Dirk LePoole Di-Corp
- Tyler Dahlseide Ferus Inc.
- Sandy Jackson Pimee Well Servicing LP
- Mark O'Byrne Schlumberger Canada Limited
- Steve Glanville STEP Energy Services Ltd.
- David McHattie Tenaris Global Services (Canada) Inc.

The following retiring Directors were recognized for their contributions to the Board of Directors over the past years:

- Murray Bickley Sanjel Energy

- d) Chair's Remarks – The Chair offered a brief summary of Enserva's highlights from the past year.
- e) Year End Review – President's Remarks – Gurpreet Lail offered brief comments and reflection on the past year, including key highlights and a video presentation.
- f) Long-Standing Members – In appreciation and recognition of the many volunteers who contribute to the success of the Association, awards were presented to the following individuals and companies:

40 Years:

Master Flo Valve Inc.
Stream-Flo Industries Ltd.

25 Years:

Magnum Perforating Services Inc.
Calfrac Well Services Ltd.
SPM Oil & Gas Canada Ltd.

15 Years:

High Mark Wireline Ltd.
Apex Oilfield Services (2000) Inc.

10 Years:

Downton's Transport Ltd.
Energetic Services Inc.

5 Years:

Sanjel Energy Services Inc.
ClearStream Energy Services Inc.
ClearWater
Bravo Target Safety LP
Piston Well Services Inc.
Trendon Bit Service Ltd.
Command Fishing & Pipe Recovery Ltd.
Energy37 Consulting Inc.
Multi-Line Wireline Services Ltd.
Ideal Completion Services Inc.
Mullen Group Ltd.

Thank you to all these organizations for their dedication and support for Enserva.

- g) Distinguished Service Awards - In appreciation and recognition of the many volunteers who contribute to the success of the Association, awards were presented to the following individuals:

1. Adam Karras, Reliance Oilfield Services
2. Tina Hapienko , 360 Energy Liability Management
3. Melissa Belanger, Schlumberger Canada
4. Darren Griffin, RPM Specialty Services
5. David Hodgess, BJ Energy Solutions Canada
6. Ben Heath, Reliance Oilfield Services
7. Grant Pilgrim, Stream Flo Energy Services
8. Jeremy Dunlop, Tier 1 Energy Solutions
9. Russell Hayden, Versa Line Services
10. Dave Metcalfe, Sure Shot Wireline
11. Jim Nowicki, Owen Oil Tools
12. Harold Drok, Northwell Oilfield Services

13. Jason Wells, Calfrac
14. Kevin Crumly , Trican
15. Rick Saulnier, CWC Energy Services
16. Jayme Borgstrom, Step Energy Services
17. Colin Jones, Step Energy Services
18. Sara Cattanach, Liberty Oilfield Services
19. Chris Kirby, Step Energy Services
20. Scott Short, Weatherford Canada Ltd.
21. Ian Thomson, Winterhawk
22. Jonah Urton, Barlon Asset Management
23. Russel Orcutt, Summit Earth
24. Jonathan Stringer, Black Diamond Group
25. Todd Van Vliet, Energera
26. Steve Konopelky, ELM Inc.

Distinguished Volunteer Awards were awarded for outstanding leadership in Canada’s energy services, supply, and manufacturing sector to the following member volunteers. Each of these award winners will receive 500 dollars to donate to the post-secondary institution of their choosing to support student learning:

- Bryan Miske, Tier 1 Energy Solutions, Co-Chair of Oilwell Perforating Council and regular contributor on several OWP initiatives over the last 3 years
- Steve Wierenga, Downton’s Completion Services, Co-Chair of Oilwell Perforating Council and regular contributor on several OWP initiatives over the last 3 years
- Toni Saville, Halliburton, Co-Chair ESG Council
- Christine Crawford, STEP Energy Services, Co-chair ESG Council
- Rhonda Rudnitski, Secure Energy Services, Co-chair ESG Council

5. INCOMING CHAIR REMARKS

Incoming Chair, Tyler Dahlseide of Ferus Inc. provided remarks to the membership.

6. ADJOURNMENT

MOTION: Moved and seconded to adjourn the meeting.

Carried

Enserva (previously known as Petroleum Services Association of Canada)
Financial Statements
August 31, 2023
(in Canadian dollars)



December 20, 2023

Independent Practitioner's Review Engagement Report

To the Directors of Enserva (previously known as Petroleum Services Association of Canada)

We have reviewed the accompanying financial statements of Enserva (previously known as Petroleum Services Association of Canada) (the Association) that comprise the statement of financial position as at August 31, 2023 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Association as at August 31, 2023, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

PricewaterhouseCoopers LLP
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825, ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Enserva (previously known as Petroleum Services Association of Canada)

Statement of Financial Position

As at August 31, 2023

(in Canadian dollars)

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash		2,783,657	2,994,841
Accounts receivable		1,179,728	51,924
Prepaid expenses		4,084	7,089
		<u>3,967,469</u>	<u>3,053,854</u>
Capital assets	3	20,530	11,534
		<u>3,987,999</u>	<u>3,065,388</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	1,296,673	1,017,759
Deferred revenue	5	799,255	109,745
Current portion of long-term debt	7	60,000	-
		<u>2,155,928</u>	<u>1,127,504</u>
Long-term debt	7	-	60,000
Deferred contributions	6	276,926	365,887
		<u>2,432,854</u>	<u>1,553,391</u>
Net Assets			
Unrestricted		559,696	516,548
Internally restricted	9	995,449	995,449
		<u>1,555,145</u>	<u>1,511,997</u>
		<u>3,987,999</u>	<u>3,065,388</u>
Contingency	8		

Approved by the Board of Directors

Director_____
Director

Enserva (previously known as Petroleum Services Association of Canada)

Statement of Operations

For the year ended August 31, 2023

(in Canadian dollars)

	Note	2023 \$	2022 \$
Revenue			
Programs, projects and events (schedule 1)	10	3,064,825	2,679,549
Membership dues		728,101	754,131
Interest and other income		43,446	23,770
		<u>3,836,372</u>	<u>3,457,450</u>
Expenses			
Administration (schedule 2)		1,151,647	858,847
Amortization	3	4,491	4,970
Programs, projects and events (schedule 1)		2,637,086	2,226,807
		<u>3,793,224</u>	<u>3,090,624</u>
Excess of revenue over expenses		<u>43,148</u>	<u>366,826</u>

Enserva (previously known as Petroleum Services Association of Canada)
Statement of Change in Assets
For the year ended August 31, 2023

(in Canadian dollars)

	Unrestricted	Internally restricted			2023 Total	2022 Total
		Special Reserves Fund	Educational Reserve Fund	Working Energy Commitment Fund		
	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	516,548	715,306	27,109	253,034	1,511,997	1,146,725
Excess of revenue over expenses	43,148	-	-	-	43,148	366,826
Use of Special Reserves Fund	-	-	-	-	-	(1,554)
Balance - End of year	559,696	715,306	27,109	253,034	1,555,145	1,511,997

The accompanying notes are an integral part of these financial statements.

Enserva (previously known as Petroleum Services Association of Canada)

Statement of Cash Flows

For the year ended August 31, 2023

(in Canadian dollars)

	2023	2022
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	43,148	366,826
Items not involving cash		
Amortization	4,491	4,970
Decrease of internally restricted net assets	-	(1,554)
	<u>47,639</u>	<u>370,242</u>
Changes in non-cash working capital		
Accounts receivable	(1,127,804)	28,116
Prepaid expenses	3,005	10,774
Accounts payable and accrued liabilities	278,914	909,032
Deferred revenue	689,510	(154,932)
Deferred contributions	(88,961)	(26,060)
	<u>(197,697)</u>	<u>1,137,172</u>
Investing activity		
Purchase of capital assets	<u>(13,487)</u>	<u>(5,304)</u>
(Decrease) increase in cash during the year	(211,184)	1,131,868
Cash - Beginning of year	<u>2,994,841</u>	<u>1,862,973</u>
Cash - End of year	<u><u>2,783,657</u></u>	<u><u>2,994,841</u></u>

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

1. Organization and nature of operations

Enserva (previously known as Petroleum Services Association of Canada) (the Association) is incorporated under the Societies Act of Alberta and is exempt from income tax under Section 149(1)(l) of the Income Tax Act (Canada). The Association's mission is to create and empower a vibrant Canadian energy services sector.

The association formerly known as Petroleum Services Association of Canada has changed its name to Enserva effective February 22, 2023. The financial statements have been updated to reflect this change. There have been no changes in ownership or operations due to this name change.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the Chartered Professional Accountants of Canada Handbook.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. There were no significant items subject to such estimates and assumptions.

Cash

Cash consists of funds held with Canadian financial institutions.

Capital assets

Capital assets are recorded at cost less accumulated amortization and impairments. Contributed capital assets are recorded at fair value as at the date of contribution. During the year, there was \$nil contributed capital assets (2022 - \$nil). Amortization is based on the estimated useful life for each major class of assets according to the following methods and over the periods indicated:

Computer software	5 years straight-line
Furniture	20% declining balance
Computer hardware	3 years straight-line
Other assets	2 years straight-line

Amortization is not provided on capitalized costs relating to major additions until the respective additions are substantially complete and put into use.

Revenue recognition

The Association accounts for contributions using the deferral method. Externally restricted contributions are deferred and recognized as revenue in the year in which the expense is recognized.

Membership dues are deferred and recognized as revenue over the period of the membership. Revenue from programs, publications and functions held for a specific purpose is recognized when received or receivable and the activity is completed.

Financial instruments

Recognition and derecognition

A financial asset or a financial liability is initially recognized when the Association becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished. Where the terms of a financial liability are renegotiated in an arm's length transaction, resulting in substantially different terms, this is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any difference recognized in the statement of operations. Where the terms of a financial liability are renegotiated with a related party, this is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference is recognized in either net income or equity, depending on the circumstances.

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

Measurement

The Association initially measures its financial assets originated or acquired and financial liabilities issued or assumed in an arm's length transaction at fair value. These financial assets and liabilities are subsequently measured at amortized cost, except for equity investments quoted in active markets and derivative financial instruments, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, deferred contributions and long-term debt.

Where transactions with related parties result in the recognition of derivative contracts, quoted debt or equity instruments, or debt instruments where significant inputs to measure their fair value are observable, these are initially measured at fair value. All other financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest payments, less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Association in the transaction. Equity instruments quoted in active markets and derivative financial instruments are subsequently measured at fair value, with changes in fair value recognized in net income. All other financial instruments resulting from related party transactions are subsequently measured at cost less any reduction for impairment.

Transaction costs on financial assets and liabilities measured at amortized cost are adjusted against the carrying value of the related asset or liability and then recognized over the expected life of the instrument using the straight-line method. Transaction costs on equity investments quoted in active markets are recognized immediately in the statement of operations.

Impairment

At the end of each reporting period, the Association assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the Association determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

For all financial assets, other than investments in debt or equity instruments originated or acquired in a related party transaction and initially measured at cost, the carrying amount of the asset is reduced to the higher of: the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, the amount that could be realized by selling the asset at the statement of financial position date, and the amount that could be realized by exercising the Association's right to any collateral held, net of all costs necessary to exercise those rights.

For a debt instrument originated or acquired in a related party transaction and initially measured at cost, the carrying amount of the asset is reduced to the higher of: the undiscounted expected cash flows, excluding interest and dividends, the amount that could be realized by selling the asset at the statement of financial position, and the amount that could be realized by exercising the Association's right to any collateral held, net of all costs necessary to exercise those rights.

For an equity instruments originated or acquired in a related party transaction and initially measured at cost, the carrying amount is reduced to the amount that could be realized by selling the asset.

If circumstances change, a previously recognized impairment may be reversed to the extent of the improvement, provided the adjusted carrying amount is no greater than the amount that would have been recognized if the impairment had not been recorded.

Derivative financial instrument

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each statement of financial position date. Changes in fair value are recorded in net income.

The Association enters into forward exchange contracts to manage its exposure to fluctuations in foreign exchange rates. These contracts are classified as derivative instruments and measured at fair value. The Association has not adopted hedge accounting; accordingly, any outstanding contracts are recorded at their fair value.

Foreign exchange forward contracts are presented in accounts receivable and/or accounts payable and accrued liabilities as appropriate.

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

Contributed goods and services

The value of contributed goods and services is not recognized in the financial statements.

Volunteers contribute a substantial number of hours each year to assist the Association in fulfilling its mandate. Due to difficulty in estimating their value, volunteer services are not recognized in the financial statements.

Government assistance

The Association uses the income approach to account for government assistance received. The income approach requires that the government assistance be credited to the statement of operations as a direct increase in revenue or reduction in expense.

3. Capital assets

			2023	2022
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer software	3,411	3,231	180	401
Furniture	8,598	7,065	1,533	1,916
Computer hardware	27,727	9,046	18,681	8,915
Other assets	849	713	136	302
	40,585	20,055	20,530	11,534

Impairment

No impairment charge was required in 2023.

Amortization

Amortization of \$4,491 (2022 - \$4,970) was recognized in the statement of operations.

4. Government remittances

Government remittances consist of amounts to be paid to government authorities and are recognized when the amounts are due. In respect of government remittances, goods and services tax of \$36,876 (2022 - \$30,947) is included in accounts payable and accrued liabilities as at August 31, 2023.

5. Deferred revenue

Deferred revenue consists of amounts billed by the Association for products and services to be delivered in a future fiscal period. A breakdown of the amounts is as follows:

	2023	2022
	\$	\$
Membership dues	799,255	100,230
Publications	-	9,515
	799,255	109,745

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

6. Deferred contributions

Deferred contributions represent externally restricted amounts that have not been spent. These amounts are restricted as follows.

Education and energy brand activity

	2023	2022
	\$	\$
Opening balance	143,375	149,515
Contributions received	-	-
Contributions recognized	-	(6,140)
Closing balance	<u>143,375</u>	<u>143,375</u>

Working energy commitments

	2023	2022
	\$	\$
Opening balance	12,029	12,354
Contributions received	-	-
Contributions recognized	-	(325)
Closing balance	<u>12,029</u>	<u>12,029</u>

Other initiatives

	2023	2022
	\$	\$
Opening balance	103,654	230,078
Contributions received	-	65,372
Contributions recognized	-	(191,796)
Closing balance	<u>103,654</u>	<u>103,654</u>

WCB Safety Program Funds

	2023	2022
	\$	\$
Opening balance	106,829	-
Contributions received	-	106,829
Contributions recognized	(88,961)	-
Closing balance	<u>17,868</u>	<u>106,829</u>

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

7. Long-term debt

	2023	2022
	\$	\$
Canada Emergency Business Account loan	60,000	60,000
Less: Current portion	60,000	-
	<u>-</u>	<u>60,000</u>

On May 14, 2020, the Association obtained \$40,000 from the Government of Canada under the Canada Emergency Business Account (CEBA) to cover operating costs, offered in the context of the COVID-19 pandemic outbreak. On December 23, 2020, the Association obtained an expansion of \$20,000. The loan is non-interest bearing until January 18, 2024, at which point it begins to accrue interest at a rate of 5% per annum. If the Association repays \$40,000 of the \$60,000 loan on or before December 18, 2024, up to 33% of the loan will be forgiven.

8. Contingency

In March 2022, a former employee of the Association has filed a lawsuit against the Association for constructive dismissal. As the outcome cannot be determined at this time and the amount of any possible settlement cannot be reliably estimated, no provision has been accrued in the financial statements.

9. Internally restricted net assets

The Association's Board of Directors has internally restricted net assets, which are available for other purposes without the approval of the Board of Directors, as follows:

	2023	2022
	\$	\$
Special Reserves Fund	715,306	715,306
Working Energy Commitment Fund	253,034	253,034
Educational Reserve Fund	27,109	27,109
	<u>995,449</u>	<u>995,449</u>

The Special Reserves Fund is for ongoing working capital requirements, for windup costs and for special projects that occur from time to time.

The Working Energy Commitment Fund is for public safety and environmental protection activities. This fund represents an initial Board of Directors approved transfer of \$250,000 and interest earned on deferred contributions related to safety and environmental protection (note 6).

The Educational Reserve Fund represents interest income earned on deferred contributions related to scholarships and educational activities (note 6).

10. Government assistance

During the year, the Association has secured a government grant of \$200,000 for developing a labour supply application in the petroleum industry. This strategic initiative aims to address industry labour challenges, expand market reach and contribute to socio-economic development.

11. Financial instruments and financial risk factors

Financial risk management

The Association's financial instruments expose it to a variety of financial risks.

Enserva (previously known as Petroleum Services Association of Canada)

Notes to Financial Statements

August 31, 2023

(in Canadian dollars)

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Association is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities and long-term debt. The Association holds cash with major Canadian chartered or government owned banks and, therefore, the Association's liquidity risk is considered minimal. Trade accounts payable and non-bonus accrued liabilities are generally paid within 30 days. The Association monitors its available and projected net cash positions to ensure sufficient cash will be available for all expected significant cash outflows.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to credit risk consist principally of cash and accounts receivable.

Non-members typically provide payment prior to any product or service being delivered, thereby reducing any related credit risk. Member payments are governed under the Association's Membership Agreement, which prescribes a 30-day payment window for all invoices. Receivable transactions involving large amounts are typically governed under a Contract or Memorandum of Understanding, thereby reducing any exposure to credit risk. Historically, the Association has never had any bad debts and continues to carefully monitor its receivables and undertake any corrective actions as necessary.

While no term deposits were held during 2023, any credit risk associated with such deposits is not significant as they are held with large financial institutions and are restricted to guaranteed investment certificates or banker's acceptances. The Association may utilize such financial instruments in the future.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Association is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Association is not exposed to significant interest rate risk from its use of financial instruments, and the risk has not changed from the prior year.

12. Allocated expenses

Salaries and employee benefits of \$863,282 (2022 - \$834,577) have been recorded based on actual hours worked as follows:

	2023	2022
	\$	\$
Administration	575,727	501,276
Programs, projects and events	287,555	314,173
Publications	-	19,128
	<u>863,282</u>	<u>834,577</u>

Enserva (previously known as Petroleum Services Association of Canada)

Schedule 1 - Programs, Projects and Events Revenue and Expenses

August 31, 2023

(In Canadian dollars)

	2023	2022
	\$	\$
Revenue		
Safety positions (WCB)	416,544	427,096
STARS Gala	2,347,241	2,127,059
Golf tournament & scholarships	26,440	22,915
Government grant	200,000	-
Other	74,600	102,479
	<u>3,064,825</u>	<u>2,679,549</u>
Expenses		
Safety positions (WCB)	416,544	318,270
STARS & Spurs Gala	819,115	746,704
Payment to STARS	1,300,000	1,104,284
Golf tournament and scholarships	37,617	7,092
Other	63,810	50,457
	<u>2,637,086</u>	<u>2,226,807</u>
	<u>427,739</u>	<u>452,742</u>

Enserva (previously known as Petroleum Services Association of Canada)

Schedule 2 - Administration Expenses

August 31, 2023

(in Canadian dollars)

	2023	2022
	\$	\$
Personnel	572,859	501,276
Professional fees	455,726	195,637
Office supplies and promotional	81,610	77,518
Member communications	29,236	53,127
Meetings	12,216	7,618
Travel and promotion	-	23,671
	<u>1,151,647</u>	<u>858,847</u>