



**City of Hamilton**  
**HAMILTON RENEWABLE POWER INCORPORATED**  
**BOARD OF DIRECTORS**  
**REVISED**

**Meeting #:** 18-001  
**Date:** July 11, 2018  
**Time:** 1:30 p.m.  
**Location:** Room 192, 1st Floor  
71 Main Street West

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1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **DECLARATIONS OF INTEREST**
4. **ADOPTION OF MINUTES**
  - 4.1 June 15, 2017
5. **PRESENTATIONS**
  - 5.1 Operational and Financial Update
6. **RESOLUTIONS OF THE DIRECTORS**
  - 6.1 Resignation and Appointment of Secretary
  - 6.2 2017 Audited Financial Statements
  - 6.3 2018 Budget
  - 6.4 Declaration of Dividend
  - 6.5 Confirmatory Actions

**7. PRIVATE AND CONFIDENTIAL**

7.1 Hamilton Renewable Power Incorporated Review (distributed under separate cover)

Pursuant to the Business Corporations Act (Ontario) R.S.O. 1990, c.B.16

**8. ADJOURNMENT**

**HAMILTON RENEWABLE POWER INC.  
Board of Directors**

**Minutes**

June 15, 2017

9:00 a.m.

Room 192, 1<sup>st</sup> Floor

Hamilton City Hall

71 Main St. W., Hamilton

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**Present:**

**Board of Directors:**

Mayor F. Eisenberger,  
Councillors M. Green (Chair), M. Pearson, B. Johnson.

**Officers:**

Rom D'Angela, President  
Tom Chessman, Senior Vice-President  
Frank Gazzola, Vice-President  
Janet Pilon, Acting Secretary

**Absent:**

Councillor L. Ferguson – City Business

**Also Present:**

David Oak, Business Administrator, Corporate Services

**1. CALL TO ORDER**

Quorum obtained at 9:04 a.m.

**2. CHANGES TO THE AGENDA (Item 2)**

The Acting Secretary advised the Board of the following change to the agenda:

7.3 Resolution of the Directors

Was revised and distributed to the Board Members.

**(Eisenberger/Pearson)**

That the Agenda of the June 15, 2017 meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors be approved as amended.

**CARRIED**

**3. DECLARATIONS OF INTEREST (Item 3)**

There were none declared

**4. ADOPTION OF MINUTES (Item 4)**

**(a) September 28, 2016 (Item 4.1)**

**(Pearson/Eisenberger)**

That the Minutes of the meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors held on September 28, 2016 be approved, as presented.

**CARRIED**

**5. OPERATION UPDATES (Item 5)**

**(a) Solar Update (Item 5.1)**

Mr. Frank Gazzola, Vice-President provided the Board with an update respecting solar projects.

**(Pearson/B. Johnson)**

That the Solar update, be received.

**CARRIED**

**(b) Woodward Maintenance Agreement (Item 5.2)**

Mr. Frank Gazzola, Vice-President provided the Board with an update respecting the Woodward Maintenance Agreement.

**(Pearson/Eisenberger)**

That the Woodward Maintenance Agreement update, be received.

**CARRIED**

**(c) Woodward Sphere Painting (Item 5.3)**

Mr. Frank Gazzola, Vice-President provided the Board with an update respecting painting of the Woodward Sphere, which will begin July 1, 2017 and take approximately twenty (20) weeks to complete, which will significantly impact revenues.

**(Eisenberger/Pearson)**

That Tom Chessman, Senior Vice President be directed to prepare a letter from the Hamilton Renewable Power Inc., Board of Directors to Dan McKinnon, General Manager, Public Works requesting that Public Works consider revising the current schedule for the repainting of the Woodward sphere in order to mitigate the impact the current schedule has on revenues during the Woodward sphere's downtime.

**CARRIED**

**(Pearson/B. Johnson)**

That the Woodward Sphere Painting update, be received.

**CARRIED**

**6. PRESENTATION (Item 6)**

**(a) Operational and Financial Update (Item 6.1)**

Mr. Frank Gazzola, Vice-President provided the Board with an operational update.

Mr. David Oak, Senior Financial Analyst provided the Board with a financial update.

**(Eisenberger/B. Johnson)**

That the Presentation from staff respecting the Operational and Financial Update, be received.

**CARRIED**

**7. MOTIONS (Item 7)**

**(a) 2016 Audited Financial Statements & 2017 Operating Budget of the Hamilton Renewable Power Inc. (Item 7.1)**

**(Eisenberger/B. Johnson)**

(i) That the 2016 Audited Financial Statements of Hamilton Renewable Power Inc. as presented, be approved; and

(ii) That the 2017 Operating Budget of Hamilton Renewable Power Inc, as presented, be approved.

**CARRIED**

**(b) Dividend Declaration (Item 7.2)**

**(B. Johnson/Eisenberger)**

(i) That in accordance with the Dividend Policy, a regular dividend of \$61,514 be declared for 2017 based on 80% of annual net earnings as reported on the 2016 audited financial statements;

(ii) (b) That the regular dividend be distributed in two payments of \$30,757 to the shareholder; and

(iii) That the first payment be made no later than July 31, 2017, and the second no later than December 1, 2017.

**CARRIED**

**(c) Resolution of the Directors (Item 7.3)**

**(B. Johnson/Pearson)**

**(i) RESIGNATION AND APPOINTMENT OF OFFICERS**

WHEREAS the Corporation has received and accepted the written resignations, attached to the resolution as Schedule 1, from the following officers, effective immediately:

JOHN MATER – President  
TOM CHESSMAN – Vice-President;

AND WHEREAS the of the Corporation has received and accepted the verbal resignation from the Senior Vice-President, GEOFF LUPTON, effective immediately;

RESOLVED that the following persons are appointed officers of the Corporation, to hold the offices set opposite their respective names with all rights and obligations associated therewith, until such time as said persons resign or are replaced by the Board:

ROM D'ANGELO – President  
TOM CHESSMAN – Senior Vice-President  
FRANK GAZZOLA – Vice-President.

**(ii) OTHER BUSINESS**

WHEREAS pursuant to the Corporation's By-Law No. 1, the Board of Directors shall manage or supervise the management of the business and affairs of the Corporation;

AND WHEREAS the decision to allow the Corporation to enter into an Extension Agreement, in order to extend the Term of the Maintenance Services Agreement to which the Corporation is a party with Toromont Industries, is a business decision to be approved by the Board by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Board;

RESOLVED the undersigned members of the Board of Directors unanimously agree to allow the Corporation to enter into said Agreement, a copy of which is attached to the resolution as Schedule 2.

(iii) APPOINTMENT OF ACCOUNTANT

RESOLVED that the following person is appointed by the undersigned members of the Corporation's Board of Directors as the Accountant of the Corporation during the pleasure of the Corporation's Board of Directors with all rights and obligations associated therewith:

DAVID OAK

(iv) 2016 AUDITED FINANCIAL STATEMENTS

RESOLVED that the audited financial statements for the 2016 fiscal year, a copy of which is attached to the resolution as Schedule 3, be approved.

(v) 2017 BUDGET

RESOLVED that the 2017 budget, a copy of which is attached to the resolution as Schedule 4, be approved and adopted.

THE FOREGOING RESOLUTIONS are consented to by all of the directors of the Corporation pursuant to the *Business Corporations Act* (Ontario), as evidenced by such directors' signatures hereto.

**CARRIED**

**8. ADJOURNMENT (Item 8)**

**(Pearson/B. Johnson)**

There being no further business, the meeting adjourned at 10:41 a.m.

**CARRIED**

Respectfully submitted,

Chair, Councillor M. Green  
Hamilton Renewable Power Inc.

Janet Pilon, Deputy City Clerk  
Acting Secretary to Hamilton Renewable Power Inc.  
June 15, 2017





# HAMILTON RENEWABLE POWER INC. BOARD OF DIRECTORS MEETING

July 11, 2018





# Hamilton Renewable Power Inc.

## Table of Contents

1. Operational Update
2. Financial Update

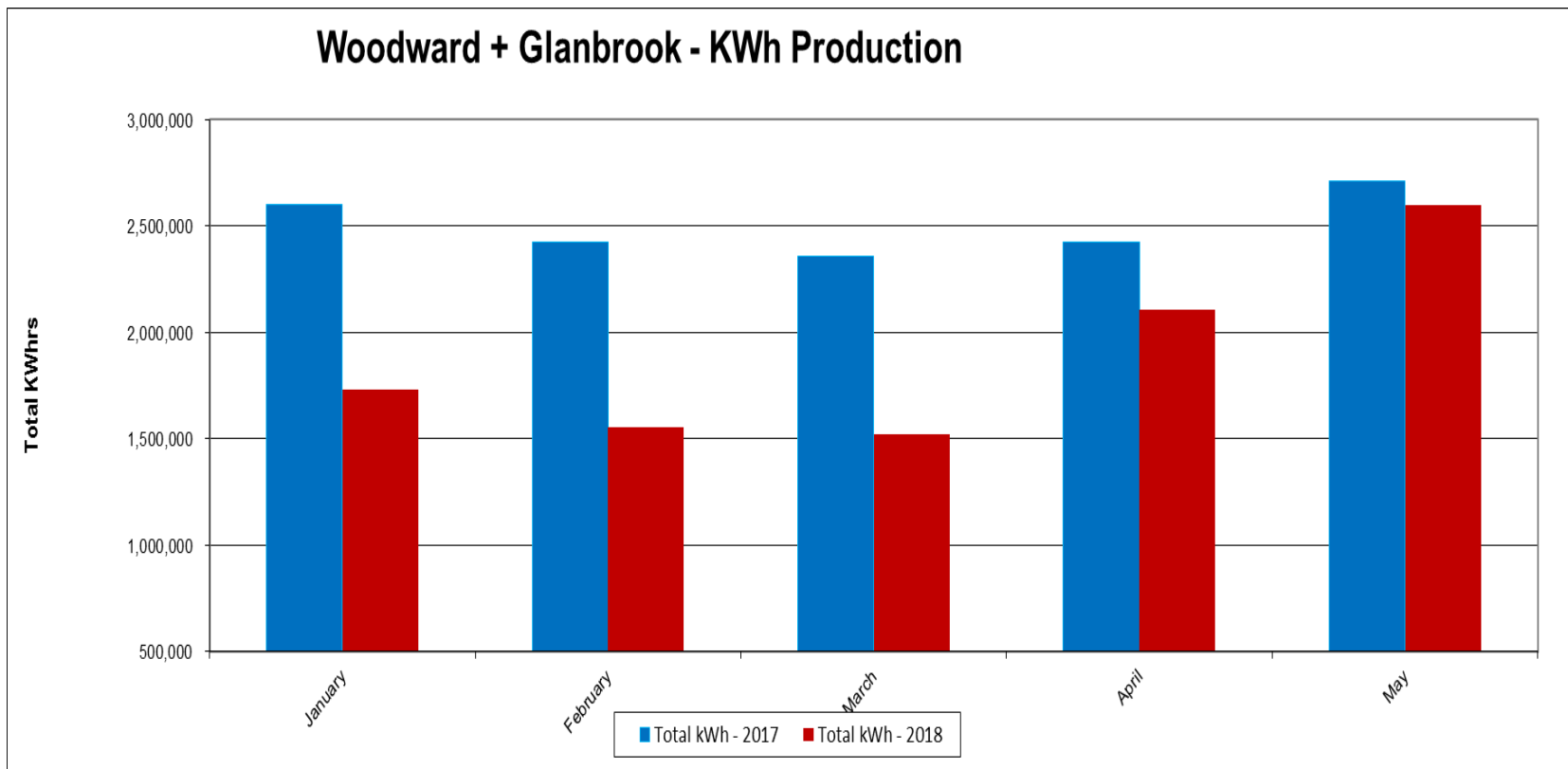


**Hamilton Renewable Power Inc.**

# **Operational Update 2018 Year to Date**

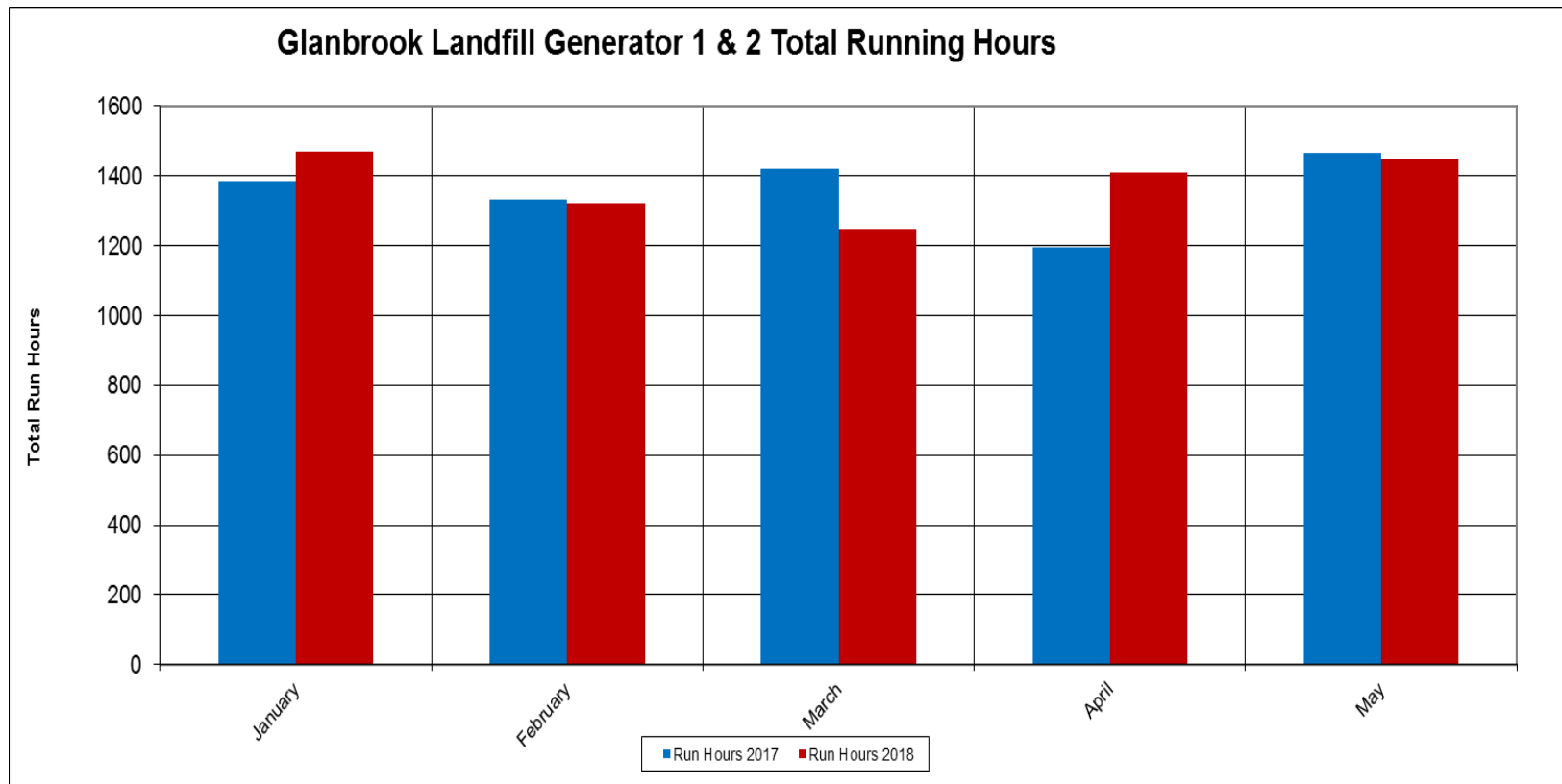


# Monthly kilowatt hour (kWh) Production



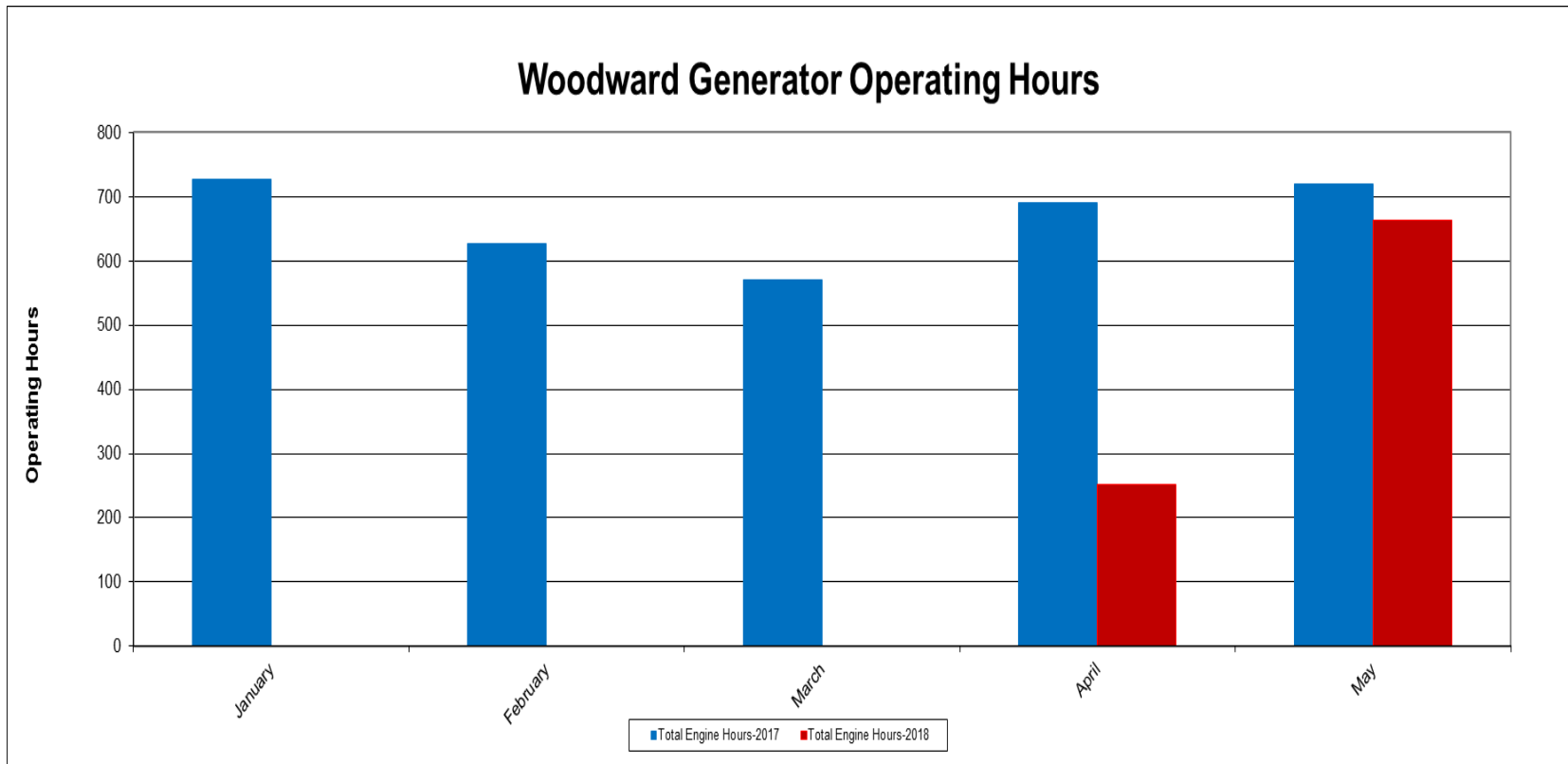


# Glanbrook Engine Operating Hours





# Woodward Engine Operating Hours





# Hamilton Renewable Power Inc.

## Financial Update 2018

1. 2017 Overview / Financial Statements
2. 2018 Budget
3. 2018 YTD Actuals / YE Forecast
4. Financial Trends



# 2017 Financial Overview

- Net income earned totalled \$128,821, a 68% increase over the previous year
- Woodward co-gen shutdown loss estimated to be \$100K from Oct to Dec
- Payments issued to the City amounted to \$1,890,222
- Outstanding debt reduced by \$495,630





# 2017 Financial Statements

## 2017 Income Statement – Audited

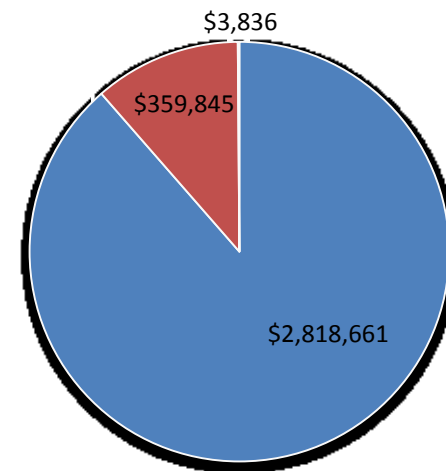
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	\$3,362,387	\$3,182,342	(\$180,045)
Cost of Methane	\$936,848	\$871,803	\$65,045
Expenses	\$2,264,859	\$2,135,272	\$129,587
PILs	\$42,580	\$46,446	(\$3,866)
Net Income	\$118,100	\$128,821	\$10,721



# 2017 Financial Statements

	2017 Actual Revenues	%
Electricity Generation	\$ 2,818,661	88.6%
Thermal Energy Sales	\$ 359,845	11.3%
Bank Interest Earned	\$ 3,836	0.1%
<b>Total</b>	<b>\$ 3,182,342</b>	<b>100.0%</b>

2017 Actual Revenues

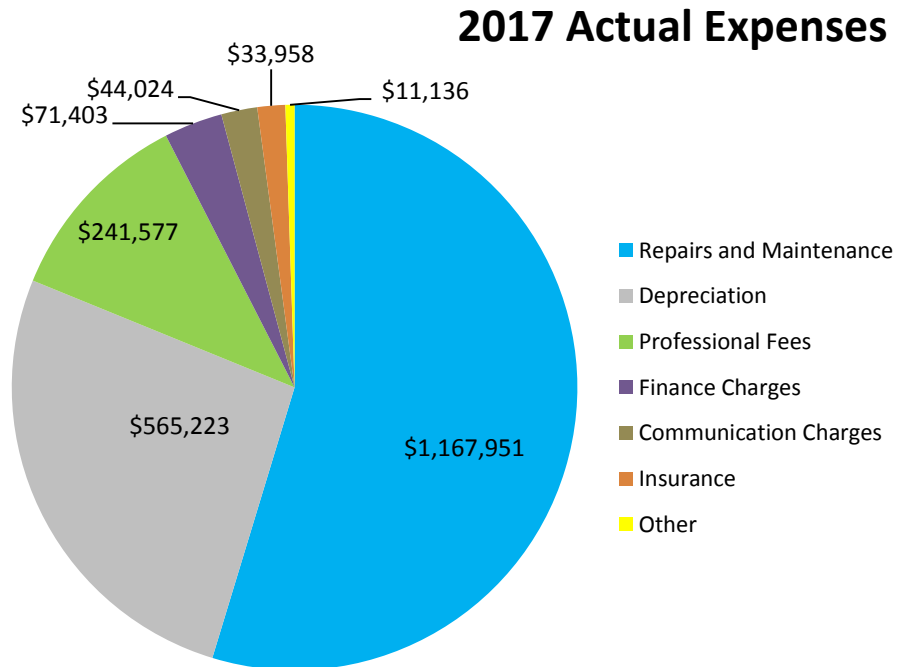


■ Electricity Generation ■ Thermal Energy Sales ■ Bank Interest Earned



# 2017 Financial Statements

	2017 Actual Expenses	%
Repairs and Maintenance	\$ 1,167,951	54.7%
Depreciation	\$ 565,223	26.5%
Professional Fees	\$ 241,577	11.3%
Finance Charges	\$ 71,403	3.3%
Communication Charges	\$ 44,024	2.1%
Insurance	\$ 33,958	1.6%
Other	\$ 11,136	0.5%
<b>Total</b>	<b>\$ 2,135,272</b>	<b>100.0%</b>





# 2017 Financial Statements

## 2017 Balance Sheet – Audited

Current Assets	\$757,880
Fixed Assets	\$6,766,950
<b>Total Assets</b>	<b>\$7,524,830</b>
Current Liabilities	\$1,159,600
Non-Current Liabilities	\$697,411
Equity	\$5,667,819
<b>Total Liabilities &amp; Equity</b>	<b>\$7,524,830</b>



# 2017 Financial Statements

## 2017 Net Benefit to City – Audited

	Budget	Actual	Variance
Dividend	\$61,514	\$61,514	\$0
Methane	\$936,848	\$871,803	(\$65,045)
Loan Interest	\$71,403	\$71,403	\$0
Professional Services	\$264,660	\$237,323	(\$27,337)
Opportunity Cost	(\$31,735)	(\$31,735)	\$0
<b>Benefit to City</b>	<b>\$1,302,690</b>	<b>\$1,210,308</b>	<b>(\$92,382)</b>



# 2018 Budget

## Income Statement – 2018 Budget

	Budget
Revenues	\$2,814,399
Cost of Methane	\$786,541
Expenses	\$2,127,720
PILs	(\$35,278)
Net Income (loss)	(\$64,584)
<b>Net Cash Flow</b>	<b>(\$34,724)</b>



# 2018 Budget

## Net Benefit to City – 2018 Budget

	<b>Budget</b>
Dividend	\$103,057
Methane	\$786,541
Loan Interest	\$41,506
Professional Fees	\$237,360
Opportunity Cost	(\$18,447)
<b>Benefit to City</b>	<b>\$1,150,017</b>



# 2018 Year-To-Date Actuals

## Income Statement – to April 30

	YTD Budget	YTD Actuals	Variance
Revenues	\$781,836	\$786,696	\$4,860
Cost of Methane	\$220,097	\$209,872	\$10,225
Expenses	\$606,139	\$579,407	\$26,732
PILs	(\$23,809)	\$42,000	(\$65,809)
Net Income (loss)	(\$20,591)	(\$44,583)	(\$23,992)





# 2018 Full Year Forecast

## Income Statement – to December 31

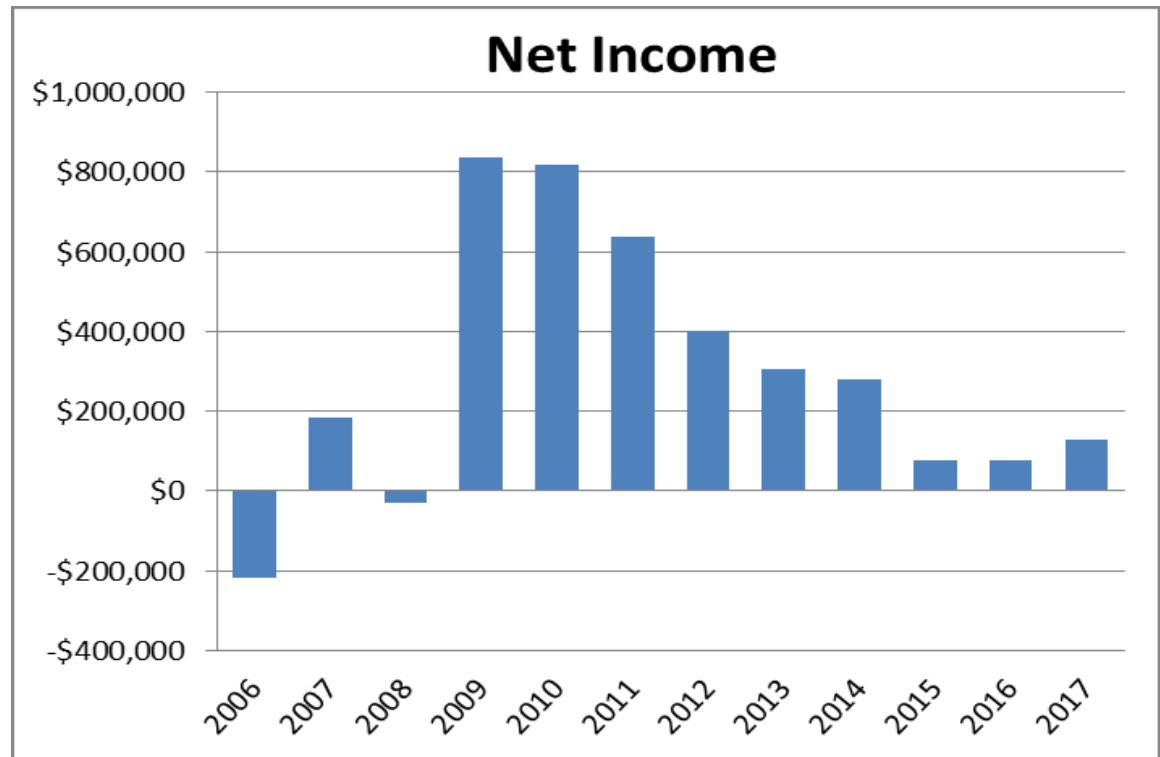
	<b>FY Budget</b>	<b>FY Forecast</b>	<b>Variance</b>
Revenues	\$2,814,399	\$2,817,447	\$3,048
Cost of Methane	\$786,541	\$776,316	\$10,225
Expenses	\$2,127,720	\$2,101,115	\$26,605
PILs	(\$35,278)	(\$27,307)	(\$7,971)
Net Income (loss)	(\$64,584)	(\$32,677)	\$31,907



# FINANCIAL TRENDS

## Net Income Earned

Year	Net Income
2006	-\$ 218,363
2007	\$ 184,301
2008	-\$ 28,544
2009	\$ 834,850
2010	\$ 816,973
2011	\$ 635,185
2012	\$ 399,710
2013	\$ 306,585
2014	\$ 279,202
2015	\$ 75,935
2016	\$ 76,892
2017	\$ 128,821

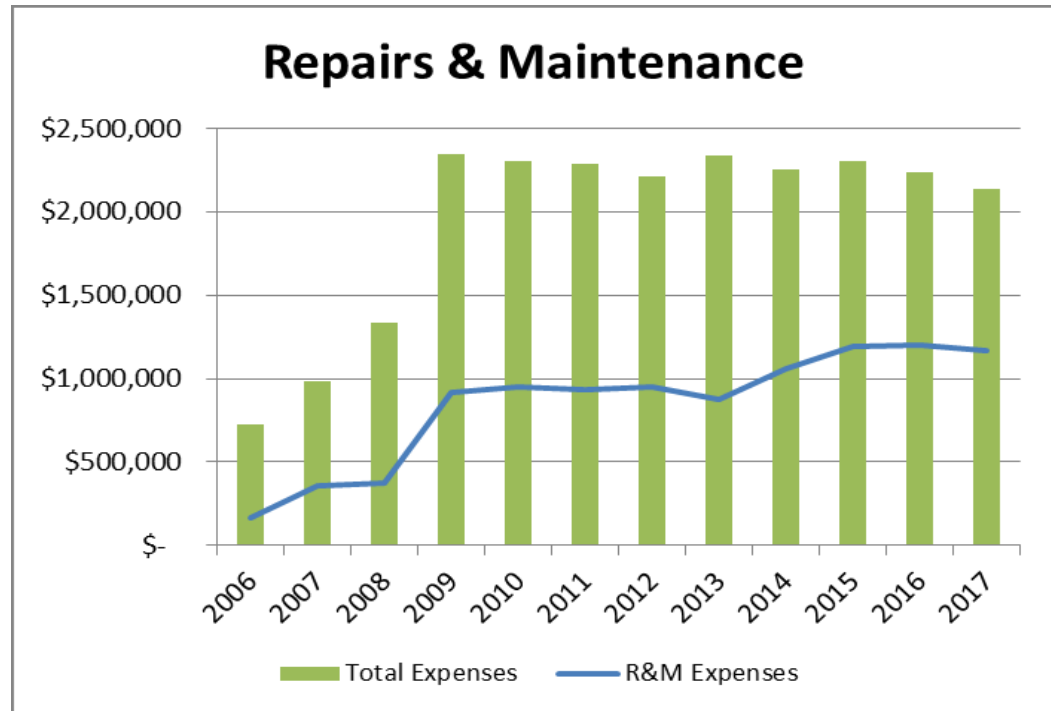




# FINANCIAL TRENDS

## Repairs & Maintenance Expenses

Year	R&M Expenses	Total Expenses	% of Total Expenses
2006	\$ 165,303	\$ 720,566	22.9%
2007	\$ 357,710	\$ 987,513	36.2%
2008	\$ 370,068	\$ 1,332,808	27.8%
2009	\$ 913,425	\$ 2,346,141	38.9%
2010	\$ 949,091	\$ 2,305,576	41.2%
2011	\$ 929,956	\$ 2,285,861	40.7%
2012	\$ 948,275	\$ 2,210,898	42.9%
2013	\$ 874,598	\$ 2,334,380	37.5%
2014	\$ 1,058,549	\$ 2,257,231	46.9%
2015	\$ 1,190,804	\$ 2,304,389	51.7%
2016	\$ 1,203,826	\$ 2,233,949	53.9%
2017	\$ 1,167,951	\$ 2,135,272	54.7%



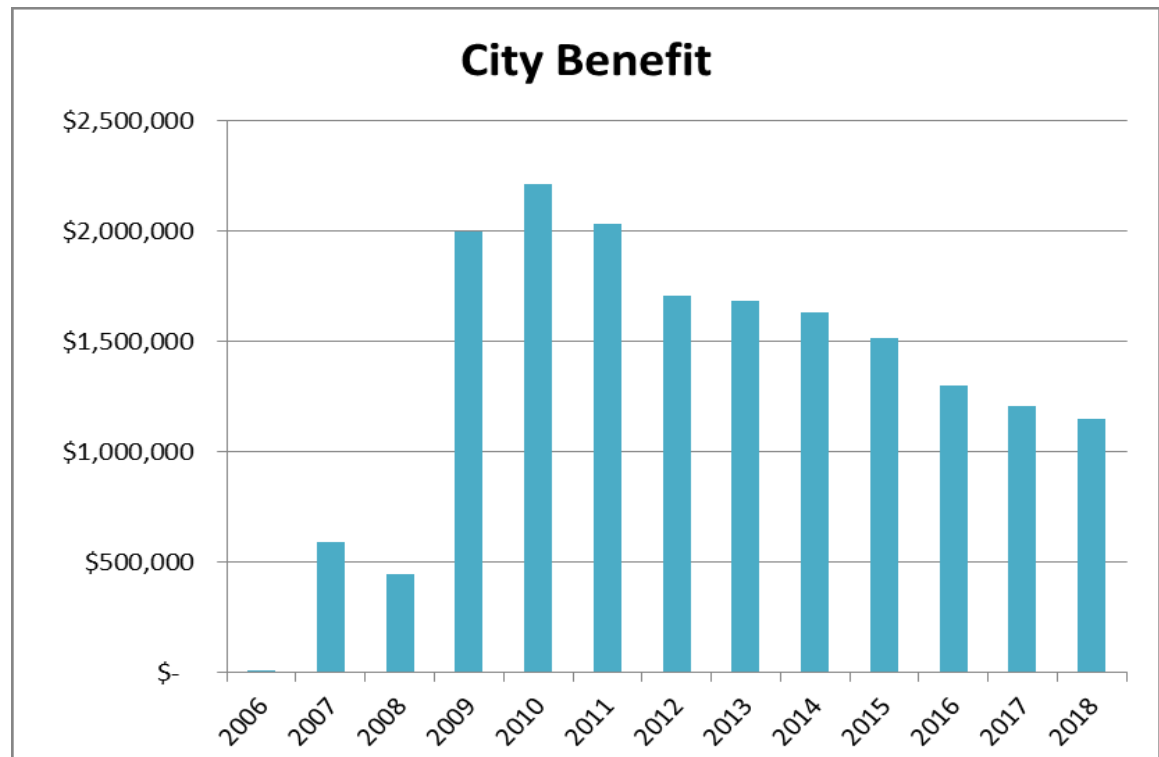


# FINANCIAL TRENDS

## Net Benefit to City

From Commencement of Commercial Operations in 2006 including 2018 Budget

Year	Net Benefit to the City
2006	\$ 11,257
2007	\$ 591,719
2008	\$ 447,373
2009	\$ 2,000,345
2010	\$ 2,213,378
2011	\$ 2,033,743
2012	\$ 1,708,212
2013	\$ 1,686,137
2014	\$ 1,633,667
2015	\$ 1,517,245
2016	\$ 1,301,246
2017	\$ 1,210,308
2018	\$ 1,150,017
<b>Total</b>	<b>\$ 17,504,647</b>

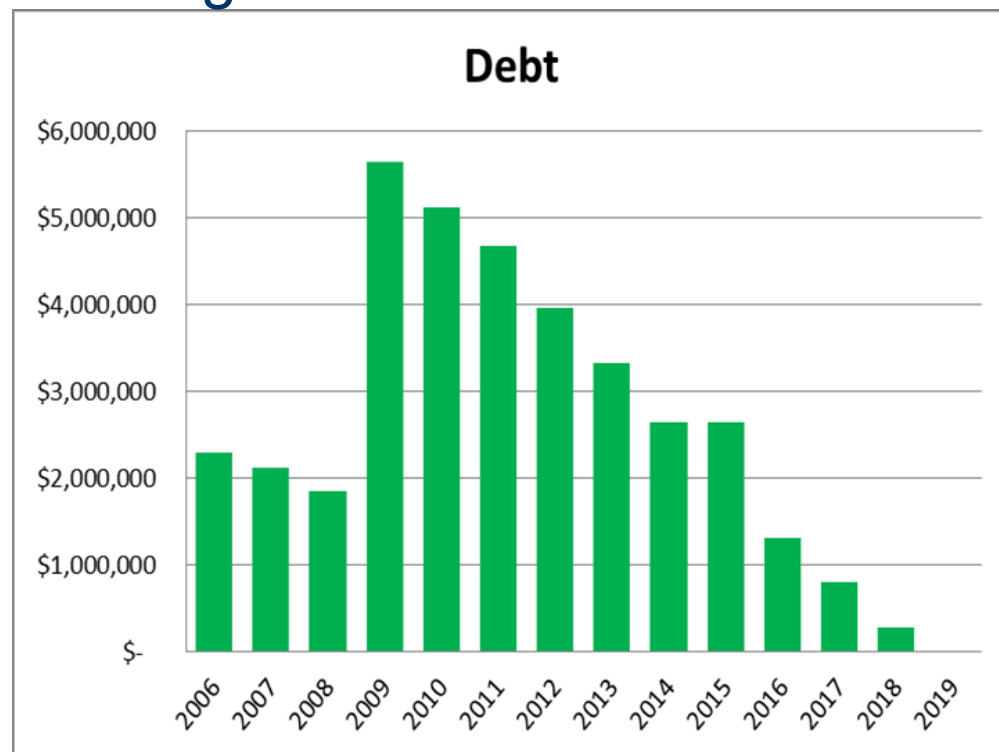




# FINANCIAL TRENDS

## Outstanding Debt

Year	Actual Debt	Equity Forecast	D/E Ratio
2006	\$ 2,290,483	\$ 1,705,705	1.34
2007	\$ 2,123,635	\$ 5,690,006	0.37
2008	\$ 1,851,646	\$ 5,661,462	0.33
2009	\$ 5,642,071	\$ 6,496,312	0.87
2010	\$ 5,120,167	\$ 6,101,198	0.84
2011	\$ 4,676,774	\$ 6,000,666	0.78
2012	\$ 3,966,430	\$ 5,773,734	0.69
2013	\$ 3,329,511	\$ 5,774,197	0.58
2014	\$ 2,648,875	\$ 5,757,583	0.46
2015	\$ 2,648,875	\$ 5,584,368	0.47
2016	\$ 1,303,584	\$ 5,600,906	0.23
2017	\$ 807,954	\$ 5,667,819	0.14
2018	\$ 278,305	\$ 5,709,545	0.05
2019	\$ -	\$ 5,751,270	0.00

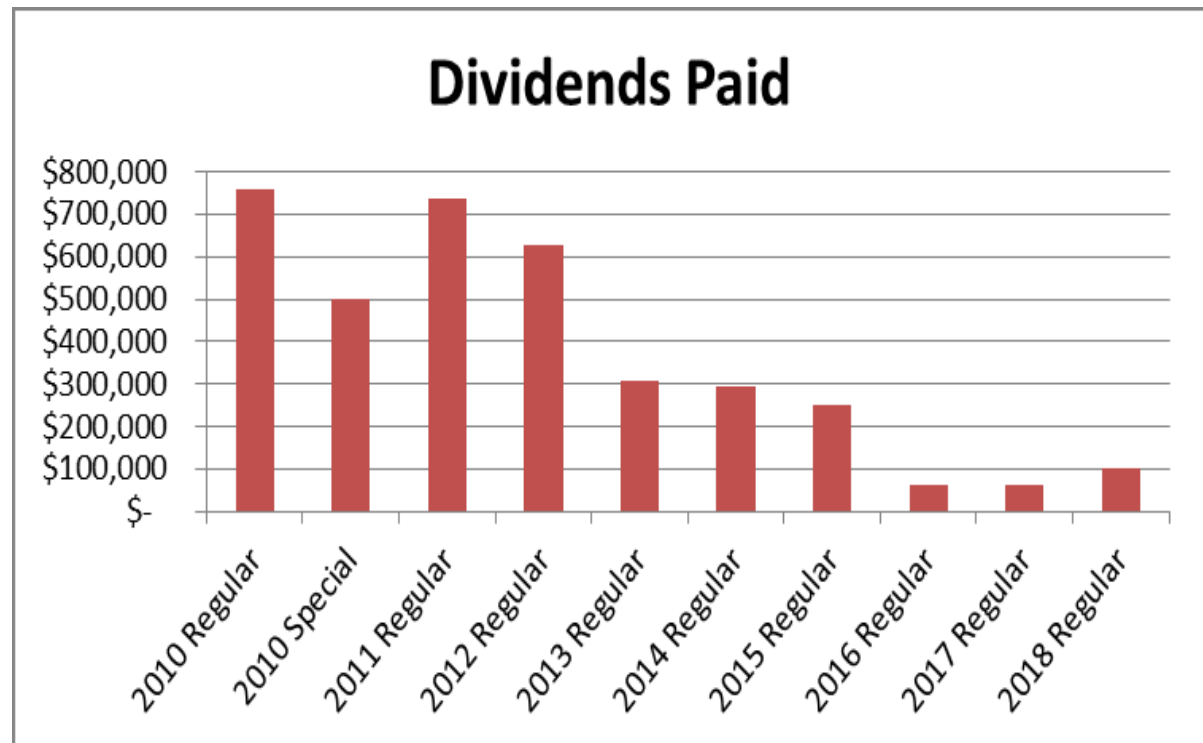




# FINANCIAL TRENDS

## Dividend Amounts Paid to the City including 2018 Declaration

2010 Regular	\$ 757,963
2010 Special	\$ 500,000
2011 Regular	\$ 736,920
2012 Regular	\$ 626,642
2013 Regular	\$ 306,122
2014 Regular	\$ 295,816
2015 Regular	\$ 249,150
2016 Regular	\$ 60,748
2017 Regular	\$ 61,514
2018 Regular	\$ 103,057
<b>Total</b>	<b>\$ 3,697,932</b>





# Hamilton Renewable Power Inc.

**Questions ?**





**HAMILTON RENEWABLE ENERGY INC.**  
(the "Corporation")

**RESOLUTIONS OF THE DIRECTORS**

1. **RESIGNATION AND APPOINTMENT OF SECRETARY**

**RESOLVED** that the Corporation has received and accepted the written resignation, attached hereto as Schedule 1, from the following individual, effective immediately:

ROSE CATERINI – Secretary

**AND BE IT FURTHER RESOLVED** that the following person is appointed to hold the office set opposite her name with all rights and obligations associated therewith, until such time as said person resigns or is replaced by the Board:

JANET PILON – Secretary

2. **2017 AUDITED FINANCIAL STATEMENTS**

**RESOLVED** that the audited financial statements for the 2017 fiscal year, a copy of which is attached hereto as Schedule 2, be approved.

3. **2018 BUDGET**

**RESOLVED** that the 2018 budget, a copy of which is attached hereto as Schedule 3, be approved and adopted.

4. **DECLARATION OF DIVIDEND**

**RESOLVED** that in accordance with the Dividend Policy, a regular dividend of \$103,057 be declared for 2018 based on 80% of annual net earnings as reported on the 2017 audited financial statements;

**AND BE IT FURTHER RESOLVED** that the regular dividend be distributed in two payments of \$51,528 and \$51,529 to the shareholder;

**AND BE IT FURTHER RESOLVED** that the first payment be made no later than July 31, 2018, and the second no later than December 1, 2018.

5. **CONFIRMATORY ACTIONS**

**RESOLVED** that the officers of the Corporation are, and each acting alone is, hereby authorized to do and perform any and all such acts, including execution of any and all documents and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

**BE IT FURTHER RESOLVED** that any actions taken by such officers prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of the Corporation.

**THE FOREGOING RESOLUTIONS** are consented to by all of the directors of the Corporation pursuant to the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as evidenced by such directors' signatures hereto.

DATED the 11th day of July, 2018.

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Mayor F. Eisenberger

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Brenda Johnson

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Matthew Green

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Lloyd Ferguson

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Maria Pearson

# Schedule 1

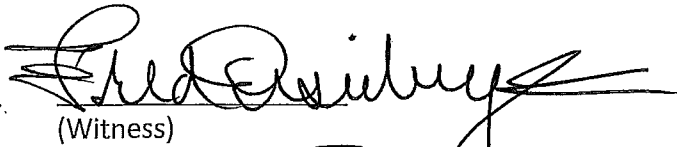
HAMILTON RENEWABLE POWER INC.  
(the "Corporation")

## RESIGNATION

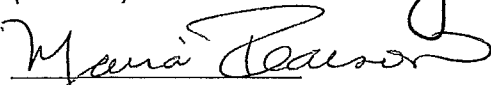
I, Rose Caterini, do hereby resign as Secretary of the Corporation effective March 29, 2018.



Rose Caterini



(Witness)



(Witness)

Schedule 2

Financial Statements of

**HAMILTON RENEWABLE  
POWER INCORPORATED**

Year ended December 31, 2017

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KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Hamilton Renewable Power Incorporated

We have audited the accompanying financial statements of Hamilton Renewable Power Incorporated, which comprise the statement of financial position as at December 31, 2017, the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 International Financial Reporting Standards, 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 in our audit 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 Hamilton Renewable Power Incorporated as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

DATE

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# HAMILTON RENEWABLE POWER INCORPORATED

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# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 488,141	\$ 339,687
Accounts receivable	207,727	211,055
Due from related party	15,062	122,447
HST receivable	46,950	43,530
	<u>757,880</u>	<u>716,719</u>
Deposit (note 4)	32,000	32,000
Property, plant and equipment (note 5)	6,734,950	7,300,173
	<u>\$ 7,524,830</u>	<u>\$ 8,048,892</u>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 146,705	\$ 178,289
Due to related party	460,587	493,833
Payment in lieu of taxes	22,659	15,724
Current portion of capital loan (note 6)	529,649	495,630
	<u>1,159,600</u>	<u>1,183,476</u>
Non- Current liabilities:		
Deferred payment in lieu of taxes (note 8)	419,106	456,950
Capital loan (note 6)	278,305	807,954
	<u>697,411</u>	<u>1,264,904</u>
Total liabilities	<u>1,857,011</u>	<u>2,448,380</u>
Shareholder's equity:		
Common shares (note 7)	6,000,010	6,000,010
Deficit	(332,191)	(399,498)
	<u>5,667,819</u>	<u>5,600,512</u>
	<u>\$ 7,524,830</u>	<u>\$ 8,048,892</u>

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

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director



# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Income and Comprehensive Income

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Electricity distribution service charges	\$ 2,818,660	\$ 2,824,220
Thermal energy	359,845	427,704
Miscellaneous	-	5,831
	3,178,505	3,257,755
Cost of goods sold:		
Methane purchases	871,803	920,392
Gross profit	2,306,702	2,337,363
Expenses:		
Repairs and maintenance	1,167,951	1,203,826
Depreciation	565,223	593,680
Professional fees	241,577	266,831
Insurance	33,958	33,767
Communication charges	44,024	39,415
Bank charges and interest	589	608
Miscellaneous	10,546	-
	2,063,868	2,138,127
Income from operating activities	242,834	199,236
Finance income	3,836	6,471
Finance charges	(71,403)	(101,653)
Income before payment in lieu of taxes	175,267	104,054
Payment in lieu of taxes (note 8):		
Current	84,290	60,807
Deferred	(37,844)	(33,645)
	46,446	27,162
Net income and comprehensive income	\$ 128,821	\$ 76,892

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

# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Changes in Equity

Year ended December 31, 2017, with comparative information for 2016

	Common shares	Deficit	Total
Balance at January 1, 2016	\$ 6,000,010	\$ (415,642)	\$ 5,584,368
Net income and comprehensive income	-	76,892	76,892
Dividends	-	(60,748)	(60,748)
Balance at December 31, 2016	\$ 6,000,010	\$ (399,498)	\$ 5,600,512
Balance at January 1, 2017	\$ 6,000,010	\$ (399,498)	\$ 5,600,512
Net income and comprehensive income	-	128,821	128,821
Dividends	-	(61,514)	(61,514)
Balance at December 31, 2017	\$ 6,000,010	\$ (332,191)	\$ 5,667,819

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

# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Operating activities:		
Net income and comprehensive income	\$ 128,821	\$ 76,892
Adjustments for:		
Depreciation	565,223	593,680
Payments in lieu of income taxes expense	84,290	60,807
Finance income	(3,836)	(6,471)
Finance charges	71,403	101,653
Deferred payment in lieu of income taxes expense	(37,844)	(33,645)
Accounts receivable	3,328	121,737
HST receivable	(3,420)	(22,822)
Accounts payable and accrued liabilities	(23,219)	(346,406)
Cash provided by operating activities	784,746	545,425
Finance charges paid	(79,768)	(283,532)
Finance charges received	3,836	6,471
Payments in lieu of income taxes paid	(77,355)	(32,931)
Net cash used in operating activities	631,459	235,433
Investing activities		
Purchase of capital assets	-	(38,900)
Net cash used in investing activities	-	(38,900)
Financing activities:		
Advances from (payments to) the City of Hamilton	74,139	(145,146)
Repayment of capital loan	(495,630)	(1,345,291)
Dividends paid / payable	(61,514)	(309,898)
Net cash used in financing activities	(483,005)	(1,800,335)
Increase (decrease) in cash	148,454	(1,603,802)
Cash, beginning of year	339,687	1,943,489
Cash, end of year	\$ 488,141	\$ 339,687

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

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements

Year ended December 31, 2017

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## 1. Purpose of the organization:

Hamilton Renewable Power Inc. ("the Company") owns and operates two renewable power generation facilities in Hamilton, Ontario. The Woodward Plant is a 1.6 Megawatt ("MW") cogeneration facility, which is fuelled by methane gas provided from the City of Hamilton's wastewater treatment facility. The Glanbrook Plant, is comprised of two 1.6 MW generators (3.2 MW in total) and is fuelled by methane gas provided by a landfill gas collection system in the Glanbrook Landfill. Electricity produced by both plants is sold to the Independent Electricity System Operator. Thermal energy produced at Woodward is used by the wastewater treatment facility processes and for space heating.

The address of the Company's registered office is 71 Main Street West, Hamilton, Ontario, Canada.

## 2. Significant accounting policies:

### a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized by the Board of Directors on DATE.

### b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### c) Revenue recognition:

#### Electricity distribution services charges

These charges comprise charges to customers for use of the Company's electricity distribution system. These charges are recorded in the period when the energy is produced and sold to the Independent Electricity System Operator at the fair value of the consideration received or receivable.

#### Thermal energy

These charges comprise charges to customers for use of the Company's thermal energy distribution system. These charges are recorded when the related services are performed at the fair value of the consideration received or receivable.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### d) Expenses:

Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

### e) Property, plant and equipment and depreciation:

Property, plant and equipment and depreciation are initially recorded at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. All property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated service life of property, plant and equipment, less its residual value as follows:

Asset	Service life
Building	20 years
Generating equipment	45,000-180,000 hours
Interconnect to Grid	20 years
Pipe line	20 years

Material residual value estimates and estimates of useful life are updated as required, but are reviewed at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss.

### f) Impairment

#### (i) Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### f) Impairment (continued)

#### (i) Financial assets measured at amortized cost (continued)

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

#### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

### g) Payments in Lieu of Taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act of Canada ("ITA") and the Ontario Corporations Tax Act ("OCTA"). Pursuant to the Electricity Act, 1998 (Ontario) ("EA"), the Company is required to compute taxes under the ITA and OCTA and remit such amounts to the Ontario Electricity Financial Corporation ("OEFC").

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### g) Payments in Lieu of Taxes ("PILs") (continued):

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax assets and liabilities is recognized in respect of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

### h) Equity and dividend payments:

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior period retained profits. Dividend distributions payable to the shareholder are included in liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with the shareholder are recorded separately within equity.

### i) Financial instruments:

All financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provision of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of all financial assets and liabilities, except those held-for-trading and available for sale, are measured at amortized cost determined using the effective interest rate method.

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 1 (f). The Company does not enter into derivative instruments.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### j) Capital disclosures:

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year.

### k) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

### l) Finance income and finance charges:

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents.

Finance charges comprise interest expense on the capital loan. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

### m) Future changes in accounting policy and disclosures:

The Company is still evaluating the adoption of the following new and revised standards along with any subsequent amendments.

#### *Revenue recognition*

The IASB has issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company will adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning January 1, 2018. The Company does not expect the standard to have a material impact on the financial statements.

#### *Financial instruments*

In July 2014, the IASB issued a new standard, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for periods beginning on or after January 1, 2018 and must be applied retrospectively. The Company will adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The Company does not expect the standard to have a material impact on the financial statements.



# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

m) Future changes in accounting policy and disclosures (continued):

### *Leases*

In January 2016, the IASB issued IFRS 16 Leases to establish principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the standard to have a material impact on the financial statements.

### *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company is assessing the impact of IFRIC Interpretation 23 on its results of operations, financial position and disclosures.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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### 3. Estimation uncertainty:

The preparation of financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of each reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions potentially having a material future effect on the Company's historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Areas requiring the use of significant assumptions and that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

#### *Useful lives of depreciable assets*

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of the asset.

#### *Impairment of property, plant and equipment*

Management reviews property, plant and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

### 4. Deposit:

The balance is made up of a security deposit of \$32,000 (2016 - \$32,000) paid to the Ontario Electricity Financial Corporation ("OEFC"). On December 23, 2004, Hamilton Renewable Power Inc. (then called Hamilton Hydro Energy Inc.) signed a Renewable Power Energy Supply contract with the OEFC, which was subsequently transferred by the OEFC to the Independent Electricity System Operator ("IESO"), for the supply of 1.6 MW of electricity. During 2007, the IESO determined the security required under this contract to be \$32,000.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 5. Property, plant and equipment:

	Building	Generating equipment	Interconnect to grid	Pipeline	Total
<i>Cost or deemed cost</i>					
Balance at January 1, 2016	\$ 498,509	\$ 8,175,649	\$ 2,659,720	\$ 1,528,917	\$ 12,862,795
Additions	-	38,900	-	-	38,900
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2016	\$ 498,509	\$ 8,214,549	\$ 2,659,720	\$ 1,528,917	\$ 12,901,695
Balance at January 1, 2017	\$ 498,509	\$ 8,214,549	\$ 2,659,720	\$ 1,528,917	\$ 12,901,695
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2017	\$ 498,509	\$ 8,214,549	\$ 2,659,720	\$ 1,528,917	\$ 12,901,695
<i>Accumulated Depreciation</i>					
Balance at January 1, 2016	\$ 216,791	\$ 3,202,240	\$ 982,773	\$ 606,038	\$ 5,007,842
Additions	24,925	359,323	132,986	76,446	593,680
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2016	\$ 241,716	\$ 3,561,563	\$ 1,115,759	\$ 682,484	\$ 5,601,522
Balance at January 1, 2017	\$ 241,716	\$ 3,561,563	\$ 1,115,759	\$ 682,484	\$ 5,601,522
Additions	24,925	330,866	132,986	76,446	565,223
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2017	\$ 266,641	\$ 3,892,429	\$ 1,248,745	\$ 758,930	\$ 6,166,745
<i>Carrying amount</i>					
December 31, 2016	\$ 256,793	\$ 4,652,986	\$ 1,543,961	\$ 846,433	\$ 7,300,173
December 31, 2017	231,868	4,322,120	1,410,975	769,987	6,734,950

At December 31, 2017, property, plant and equipment with a carrying value in the amount of \$6,734,950 (2016 - \$7,300,173) are subject to a general security agreement.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 6. Capital loan:

The City of Hamilton, the sole shareholder, has provided a capital loan, bearing interest at 6.75% compounded semi-annually, due in semi-annual payments of \$287,698 principal and interest maturing in 2019.

	2017	2016
Capital loan	\$ 807,954	\$ 1,303,584
Less current portion	529,649	495,630
	\$ 278,305	\$ 807,954

The capital loan is secured by a first charge general security agreement over all of the corporation's assets.

Fair value of the capital loan is estimated to be \$849,000. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date.

Principal repayments in each of the years to maturity are as follows:

2018	529,649
2019	278,305

## 7. Common shares:

The Company is authorized to issue an unlimited number of common shares. Any invitation to the public to subscribe for shares of the Company is prohibited.

	2017	2016
Issued:		
600,001 Common shares	\$ 6,000,010	\$ 6,000,010

The Company paid aggregate dividends in the year on common shares of \$0.10 per share (2016 - \$0.10) which amount to total dividends paid in the year of \$61,514 (2016 - \$60,748)

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 8. Payments in lieu of income taxes:

The provision for payments in lieu of income taxes ("PILs") recognized in income is as follows:

	2017	2016
Current PILs:		
Current year	\$ 84,290	\$ 60,807
Deferred PILs:		
Origination and reversal of temporary differences	(37,844)	(33,645)
	\$ 46,446	\$ 27,162

### Reconciliation of effective tax rate

The provision for PILs differs from amounts, which would be computed by applying the Company's combined statutory income tax rate as follows:

	2017	2016
Basic rate applied to income before PILs	26.50%	26.50%
Decrease in PILs resulting from:		
Items not deductible for tax purposes and other	-%	(0.40)%
Effective rate applied to income before PILs	26.50%	26.10%

### Deferred payments in lieu of income tax

Significant component of the Company's deferred PILs is as follows:

	2017	2016
Deferred PILs liability:		
Property, plant and equipment	\$ 419,106	\$ 456,950

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 9. Related party transactions:

The Company sold \$359,845 (2016 - \$427,704) of thermal energy to the sole shareholder, the City of Hamilton, and incurred methane purchase costs of \$871,803 (2016 - \$920,392) from the City of Hamilton, which are included in cost of goods sold. These transactions are recorded at fair value.

The Company paid \$237,323 (2016 - \$263,631) to the City of Hamilton for administrative support.

The Company paid \$123,618 (2016 - \$123,773) to a corporation under common control for operation charges related to the Woodward co-generation facility.

These transactions are in the normal course of operations and are measured at the exchange value as agreed upon by the related parties.

Amounts due to and from related party included in current liabilities and current assets is due to/from the City of Hamilton and is non-interest bearing with no fixed terms of repayment.

## 10. Economic dependence:

The Company earns its revenue from three customers, one of which is the City of Hamilton, the others being Independent Electricity System Operator and Hydro One.

## 11. Financial instruments:

### Fair value

The carrying value of the Company's financial instruments as at December 31, 2017 approximate fair value, with the exception of the capital loan (note 6).

### Financial risk management

The types of financial risk exposure and the way in which such exposure is managed by the Company are as follows:

#### *Credit risk*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 100% of the Company's revenue is attributable to sales transactions with two customers. The carrying amounts of the Company's accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. The balance of the allowance for impairment as at December 31, 2017 is \$nil (2016 - \$nil). The Company's exposure to credit risk and management of this risk has not changed from the previous year. Management believes that the exposure is minimal as all amounts receivable are not past due.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 11. Financial instruments (continued):

### *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. The Company forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through cash flows from operations. Management believes that the Company's exposure to liquidity risk and management of this risk has not changed from the previous year.

At December 31, 2017, the Company's current liabilities consisted of accounts payable and accrued liabilities, payment in lieu of taxes, due to related party and current portion of capital loan. The Company's cash and cash equivalents together with projected cash flows over the next 12 months is sufficient to pay these current liabilities.

DRAFT

# Schedule 3

## HAMILTON RENEWABLE POWER INC 2018 DRAFT BUDGET

July 5, 2018

FISCAL PERIOD: JANUARY 1 TO DECEMBER 31, 2018

	2017			2018		
	Approved Budget	Audited Actuals	Variance	Draft Budget	\$ Change	% Change
<b>Revenue</b>						
Electricity Revenue	\$ 2,927,175	\$ 2,818,660	\$ (108,514)	\$ 2,570,538	\$ (356,636)	-12.2%
Thermal Revenue	\$ 428,763	\$ 359,845	\$ (68,918)	\$ 240,020	\$ (188,742)	-44.0%
Interest Earned	\$ 6,450	\$ 3,836	\$ (2,614)	\$ 3,840	\$ (2,610)	-40.5%
<b>Total Revenue</b>	<b>\$ 3,362,387</b>	<b>\$ 3,182,342</b>	<b>\$ (180,046)</b>	<b>\$ 2,814,399</b>	<b>\$ (547,988)</b>	<b>-16.3%</b>
<b>Cost of Goods Sold</b>						
Methane Gas	\$ 936,848	\$ 871,803	\$ 65,045	\$ 786,541	\$ (150,307)	-16.0%
<b>Gross Profit</b>	<b>\$ 2,425,539</b>	<b>\$ 2,310,539</b>	<b>\$ (115,000)</b>	<b>\$ 2,027,858</b>	<b>\$ (397,681)</b>	<b>-16.4%</b>
<b>Expenses</b>						
Operations Charge	\$ 416,661	\$ 397,851	\$ 18,810	\$ 400,940	\$ (15,721)	-3.8%
Maintenance Contracts	\$ 792,752	\$ 732,878	\$ 59,873	\$ 736,735	\$ (56,017)	-7.1%
Unscheduled Maintenance	\$ 21,600	\$ 37,222	\$ (15,622)	\$ 25,200	\$ 3,600	16.7%
Communications	\$ 43,452	\$ 44,024	\$ (572)	\$ 44,060	\$ 608	1.4%
Utilities (Electric)	\$ 7,920	\$ 6,732	\$ 1,188	\$ 6,780	\$ (1,140)	-14.4%
Portable Toilet Rental	\$ 1,620	\$ 1,760	\$ (140)	\$ 1,620	\$ -	0.0%
Insurance	\$ 33,767	\$ 33,958	\$ (191)	\$ 33,960	\$ 193	0.6%
Professional Fees						
Consulting	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000	NA
Legal	\$ 55,860	\$ 55,860	\$ -	\$ 55,860	\$ -	0.0%
Audit	\$ 3,200	\$ 4,254	\$ (1,054)	\$ 3,440	\$ 240	7.5%
City Staff	\$ 208,800	\$ 181,463	\$ 27,337	\$ 181,500	\$ (27,300)	-13.1%
Financial Charges						
Bank Service	\$ 600	\$ 589	\$ 11	\$ 600	\$ -	0.0%
Late Payment	\$ 120	\$ 501	\$ (381)	\$ 500	\$ 380	316.7%
RITC	\$ 1,710	\$ 1,554	\$ 156	\$ 510	\$ (1,200)	-70.2%
Non Operating Expenses						
Depreciation	\$ 605,395	\$ 565,223	\$ 40,171	\$ 559,509	\$ (45,886)	-7.6%
Loan Interest	\$ 71,403	\$ 71,403	\$ -	\$ 41,506	\$ (29,897)	-41.9%
<b>Total Expenses</b>	<b>\$ 2,264,859</b>	<b>\$ 2,135,273</b>	<b>\$ 129,587</b>	<b>\$ 2,127,720</b>	<b>\$ (137,140)</b>	<b>-6.1%</b>
<b>Net Income Before Taxes</b>	<b>\$ 160,680</b>	<b>\$ 175,267</b>	<b>\$ 14,587</b>	<b>\$ (99,862)</b>	<b>\$ (260,541)</b>	<b>-162.1%</b>
<b>Current and Deferred PIL Taxes</b>	<b>\$ 42,580</b>	<b>\$ 46,446</b>	<b>\$ (3,866)</b>	<b>\$ (35,278)</b>	<b>\$ (77,858)</b>	<b>-182.9%</b>
<b>Net Income After Taxes</b>	<b>\$ 118,100</b>	<b>\$ 128,821</b>	<b>\$ 10,721</b>	<b>\$ (64,584)</b>	<b>\$ (182,684)</b>	<b>-154.7%</b>
<b>Cash Flow</b>						
Net Income After Tax	\$ 118,100	\$ 128,821	\$ 10,721	\$ (64,584)	\$ (182,684)	-154.7%
Add: Non-Cash Expenses	\$ 605,395	\$ 565,223	\$ 40,171	\$ 559,509	\$ (45,886)	-7.6%
Less: Loan Principle Payments	\$ (495,629)	\$ (495,629)	\$ -	\$ (529,649)	\$ (34,020)	6.9%
<b>Net Cash Inflow</b>	<b>\$ 227,865</b>	<b>\$ 198,415</b>	<b>\$ 50,892</b>	<b>\$ (34,724)</b>	<b>\$ (262,589)</b>	<b>-115.2%</b>

### Summary of Benefits of HRPI Operations to City of Hamilton

	2017			2018 Budget	\$ YOY Change	% YOY Change
	2017 Budget	Audited Actuals	2017 Variance			
Dividend	* \$ 61,514	\$ 61,514	\$ -	** \$ 103,057	\$ 41,543	67.5%
Methane Gas Purchased	\$ 936,848	\$ 871,803	\$ (65,045)	\$ 786,541	\$ (150,307)	-16.0%
Loan Interest Paid (6.75% Annual Rate)	\$ 71,403	\$ 71,403	\$ -	\$ 41,506	\$ (29,897)	-41.9%
Professional Fees - City staff	\$ 264,660	\$ 237,323	\$ (27,337)	\$ 237,360	\$ (27,300)	-10.3%
City's Opportunity Cost of Loan (3% Annual Rate)	\$ (31,735)	\$ (31,735)	\$ -	\$ (18,447)	\$ 13,288	-41.9%
<b>Total Net Benefit to City</b>	<b>\$ 1,302,690</b>	<b>\$ 1,210,308</b>	<b>\$ (92,382)</b>	<b>\$ 1,150,017</b>	<b>\$ (152,674)</b>	<b>-11.7%</b>

**Dividend Calculation:**

\* 2017 budgeted dividend based on 2016 audited net earnings (\$76,892 x.80) = \$61,514

\*\* 2018 budgeted dividend based on 2017 unaudited net earnings (\$128,821 x.80) = \$103,057