



City of Hamilton
HAMILTON RENEWABLE POWER INCORPORATED
BOARD OF DIRECTORS

Meeting #: 19-001
Date: September 16, 2019
Time: Immediately Following the Board of Health Meeting
Location: Council Chambers, Hamilton City Hall
71 Main Street West

1. **APPOINTMENT OF CHAIR AND VICE-CHAIR**
2. **APPROVAL OF AGENDA**
3. **DECLARATIONS OF INTEREST**
4. **ADOPTION OF MINUTES**
 - 4.1 July 30, 2018
5. **STAFF PRESENTATIONS**
 - 5.1 Operation and Financial Update
6. **MOTIONS**
 - 6.1 Removal, Resignation and Appointment of Officers
 - 6.2 2018 Audited Financial Statements
 - 6.3 2019 Budget
 - 6.4 Declaration of Dividend
 - 6.5 Confirmatory Actions
7. **ADJOURNMENT**

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

Minutes

July 30, 2018

2:00 p.m.

Room 192, 1st Floor

Hamilton City Hall

71 Main St. W., Hamilton

Present:

Board of Directors:

Mayor F. Eisenberger,
Councillors M. Green (Chair), L. Ferguson (Vice Chair), B.
Johnson.

Officers:

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

Non-Voting:

Dan McKinnon, General Manager of Public Works

Absent:

Councillor M. Pearson – Personal

Also Present:

Nicole Auty, City Solicitor

1. CALL TO ORDER

Quorum obtained at 2:00 p.m.

2. CHANGES TO THE AGENDA (Item 2)

The Acting Secretary advised the Board Chair that there were no changes to the agenda.

(Eisenberger/B. Johnson)

That the Agenda of the July 30, 2018 meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors be approved as presented.

CARRIED

3. DECLARATIONS OF INTEREST (Item 3)

There were none declared

4. ADOPTION OF MINUTES (Item 4)

(a) July 15, 2017 (Item 4.1)

(B. Johnson/Eisenberger)

That the Minutes of the meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors held on July 15, 2017 be approved, as presented.

CARRIED

(b) July 11, 2018 (Item 4.2)

(B. Johnson/Eisenberger)

That the Minutes of the meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors held on July 11, 2018 be approved, as presented.

CARRIED

5. PRESENTATION (Item 5)

(a) Operational and Financial Update (Item 5.1)

Mr. Frank Gazzola, Vice-President and David Oak, Accountant provided the Board with an Operational and Financial Update.

(Eisenberger/Ferguson)

That the Operational and Financial Update, be received.

CARRIED

6. RESOLUTIONS (Item 6)

(a) Resignation and Appointment of Secretary (Item 6.1)

(Ferguson/B. Johnson)

WHEREAS the Corporation has received and accepted the written resignation, attached as Schedule 1 to the Resolution of the Directors, from the following individual, effective immediately:

ROSE CATERINI – Secretary

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

CARRIED

(b) 2017 Audited Financial Statements (Item 6.2)

(Ferguson/B. Johnson)

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

CARRIED

(c) 2018 Budget (Item 6.3)

(Ferguson/B. Johnson)

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

CARRIED

(d) Declaration of Dividend (Item 6.4)

(B. Johnson/Ferguson)

- (i) 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;
- (ii) That the regular dividend be distributed in two payments of \$51,528 and \$51,529 to the shareholder; and
- (iii) That the first payment be made no later than July 31, 2018, and the second no later than December 1, 2018.

CARRIED

(e) Confirmatory Actions (Item 6.5)

(B. Johnson/Ferguson)

- (i) 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; and
- (ii) 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.

CARRIED

7. PRIVATE AND CONFIDENTIAL (Item 7)

The Hamilton Renewable Power Incorporated Board of Directors moved into Closed Session to discuss the Hamilton Renewable Power Incorporated Review Pursuant to the *Business Corporations Act* (Ontario) R.S.O. 1990 c. B. 16 (Item 7.1)

Hamilton Renewable Power Inc. Review (Item 7.1)

(B. Johnson/Ferguson)

That the presentation and report respecting the Hamilton Renewable Power Inc. Review, be received.

CARRIED.

8. ADJOURNMENT (Item 8)

(B. Johnson/Ferguson)

There being no further business, the meeting adjourned at 3:07 p.m.

CARRIED

Respectfully submitted,

Chair, Councillor M. Green
Hamilton Renewable Power Inc.

Janet Pilon, Acting City Clerk
Secretary to Hamilton Renewable Power Inc.
July 30, 2018



INFORMATION REPORT

TO:	Chair and Members of the HRPI Board
DATE:	September 16, 2019
SUBJECT/REPORT NO:	Hamilton Renewable Power Inc. Operating and Financial Update
WARD(S) AFFECTED:	Not Applicable
SUBMITTED BY:	Rom D'Angelo, C.E.T.; CFM President, HRPI Director, Energy, Fleet & Facilities Management Public Works Department
SIGNATURE:	

The purpose of this Information Update is to advise and inform on the operational and financial status of HRPI business. Attached in Appendix A is an update, in the form of a presentation, of the operations for the Woodward cogeneration unit and the Glanbrook landfill site as well as a financial update and summary.

Operational Update

For the period of January 1st 2019 to June 30th 2019 the operational highlights include;

- Overall kilowatt hour combined production for Woodward & Glanbrook is higher by 15.9%:
 - Glanbrook production is down 2.8% relative to last year (2018);
 - Woodward production is up from 2018 by 104%.
- Prime reasons for production performance is the 2018 period when Woodward was offline due to the methane sphere coating project:
 - Glanbrook had 2% (165) higher engine run hours compared to the same period in 2018;
 - Woodward engine run hours are higher by 109% (1,775) hours compared to same period in 2018.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Financial Update

The HRPI operations have earned a net profit of \$131,688 at the mid-year point in 2019 which covers the 6 month period from January 1 to June 30. This reported profit has exceeded year-to-date budget expectations by \$67,781 or 106%, with favourable variances being realized in both revenues and expenditures as follows:

Revenues \$38,984

- Glanbrook electricity variance is favourable by \$65,241 as actual engine run hours surpassed budget levels resulting in better than expected energy production.
- Woodward electricity and thermal energy variance is unfavourable by (\$27,717) on account of hydro outages that negatively impacted engine run performance.
- Bank interest slightly above budget by \$1,460 due to improved cash flows.

Cost of Goods Sold \$6,345

- Represents the cost of methane purchased from the City which is in a slightly positive variance position that is mathematically insignificant relative to the budget.

Expenditures \$22,452

- Operating expenditures are below budget by \$44,962 with the largest contributors being repair and maintenance \$26,447 and depreciation \$11,054. Lower actual engine run hours compared to budget for Woodward is the main reason for the favourable variances in these two expense items.
- Payments in lieu of taxes (PILs) are overspent (\$22,510) due to actual net income before tax being higher than budget.

Going forward, a net profit of approximately \$258,000 is being projected by the end of 2019, translating into a year-end favourable budget variance of \$118,000. This year-end forecast assumes the current profit trend will continue with no changes in the operating environment (i.e. major engine breakdown), and factors in all known future costs.

One last financial disclosure worth noting is the status of the outstanding loan with the City. This debt obligation was paid in full in the first half of 2019, eliminating the liability on the HRPI books.

If you require further information on this matter, please contact Tom Chessman, Senior Vice President at extension 2494.

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Appendices and Schedules Attached

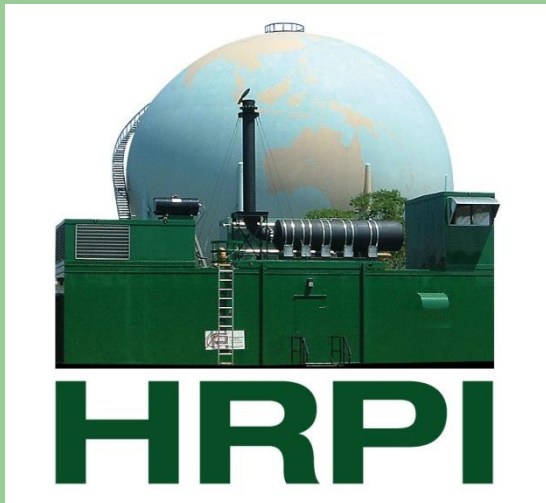
Appendix “A” – Hamilton Renewable Power Inc. Board Meeting Presentation

Copy to:

Dan McKinnon, General Manager, Public Works
Andrea Holland, City Clerk, General Manager’s Office

HAMILTON RENEWABLE POWER INC. BOARD MEETING

September 16, 2019





Hamilton Renewable Power Inc.

Agenda

1. **Operations Update**
2. **Financial Update**
3. **Proposals**

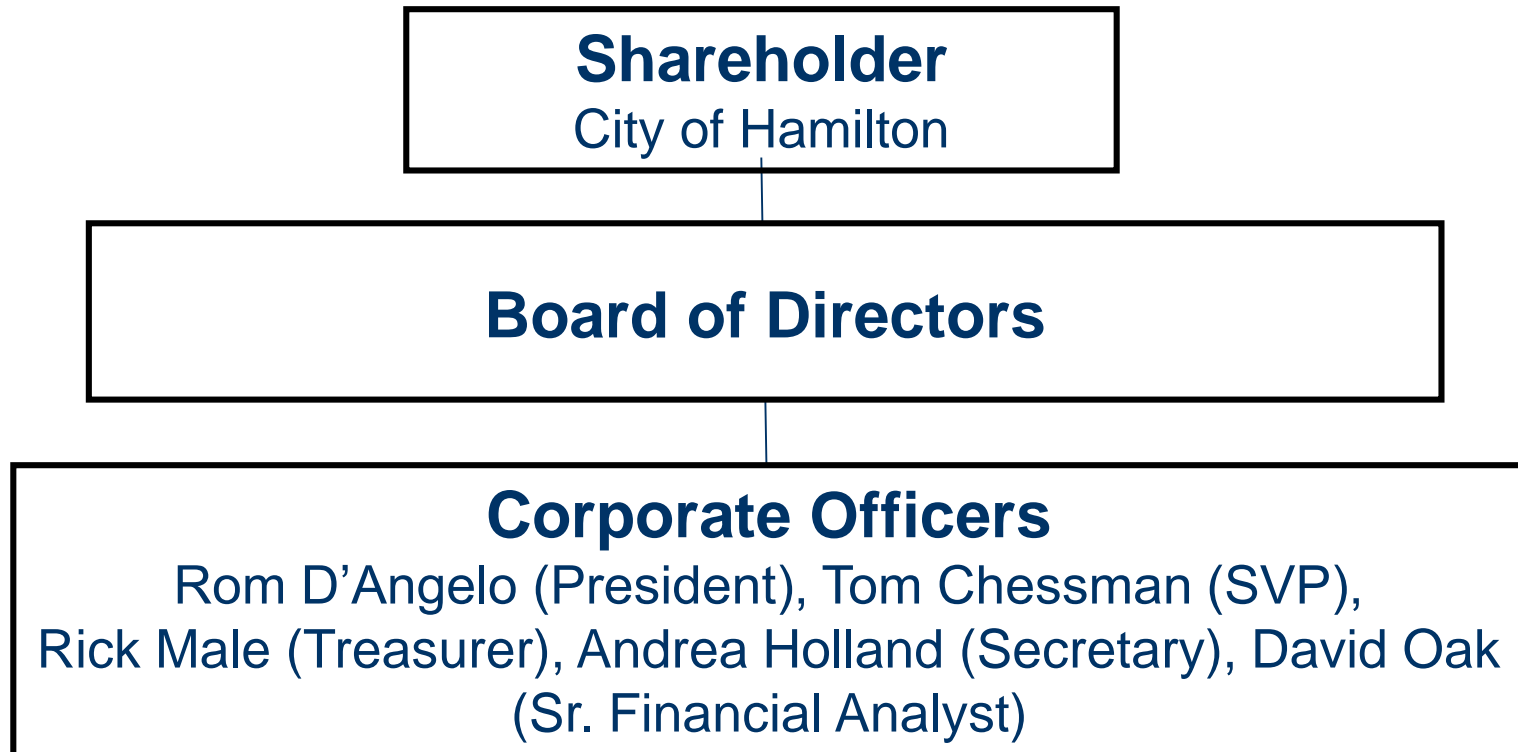


Hamilton Renewable Power Inc.

Operational Update 2019



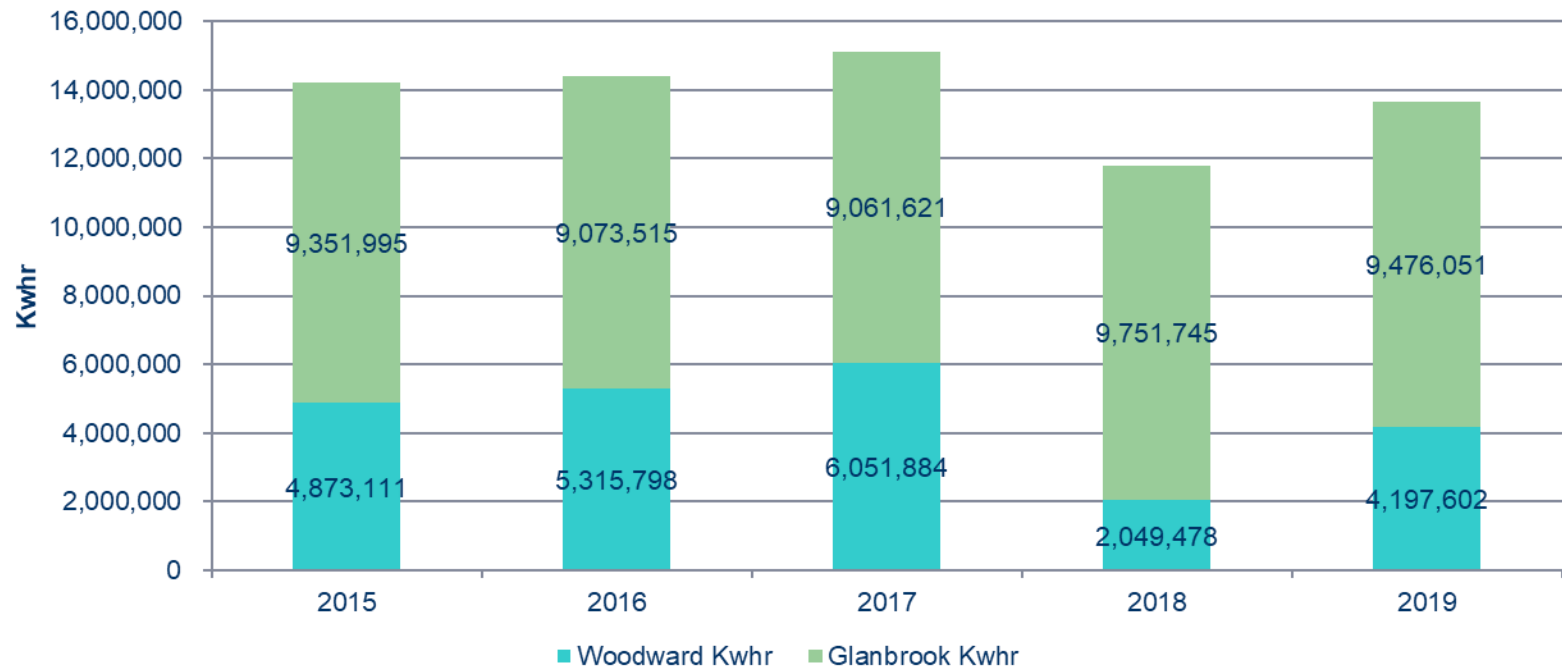
Corporate Structure





Hamilton Renewable Power Inc.

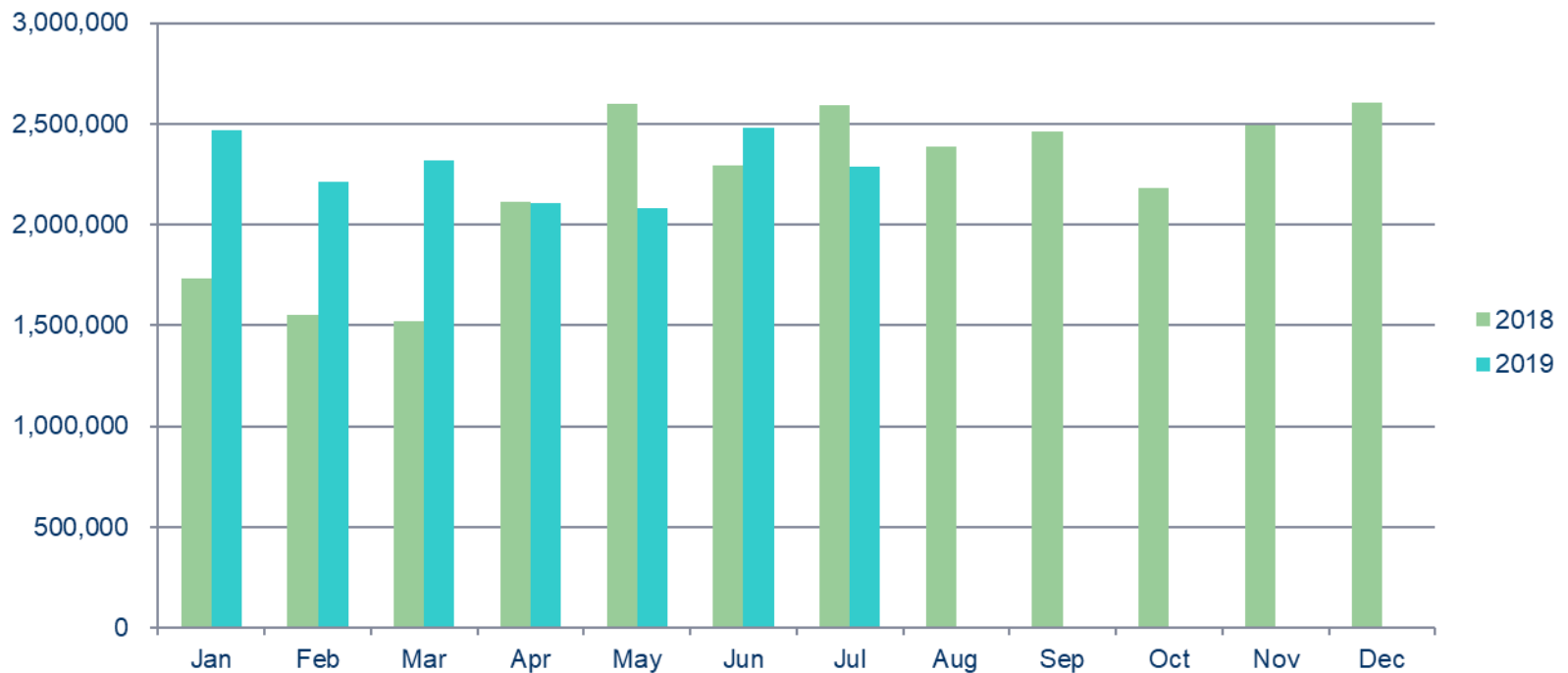
Q1 & Q2 Production (kWh)





Hamilton Renewable Power Inc.

Monthly Energy Production (kWh)





Hamilton Renewable Power Inc.

- Glanbrook O&M Agreement with Toromont renewed for 5 years.
- Mitigating communications costs:
 - Finalizing agreement with HCE Telecom to reduce dark fibre costs at Woodward.
 - Developing plans to enhance communication service at remote Glanbrook site by using HRPI owned tower. Wireless solution could benefit City owned site, local residents and HRPI operations.



Hamilton Renewable Power Inc.

Financial Update 2019

1. 2018 Overview / Financial Statements
2. 2019 Budget
3. 2019 YTD Actuals / FY Forecast
4. Financial Trends



2018 Financial Overview

Audit Findings

- 2018 Financial Statements audited by KPMG
 - no adjustments or restatements
- GST/HST audit conducted by CRA for period July 2014 to May 2018
 - disallowed input tax credits for methane gas and insurance

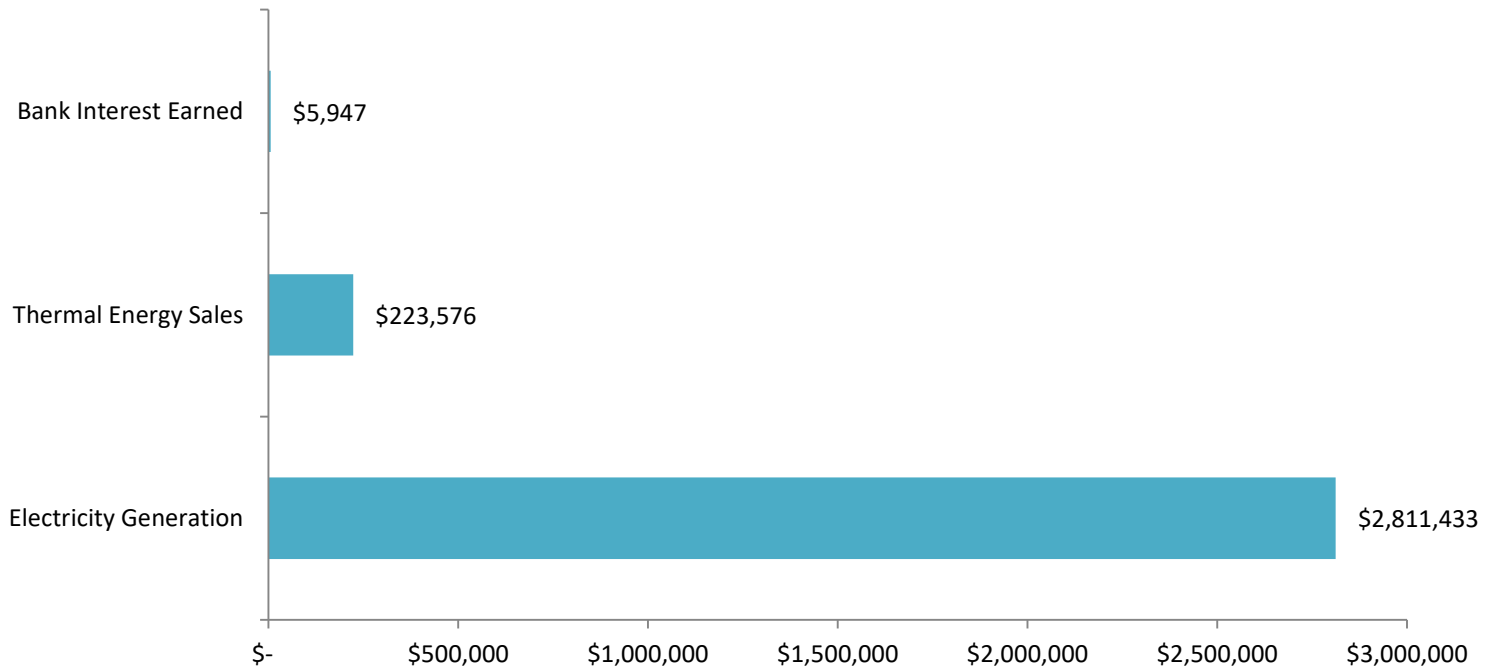


2018 Financial Overview

- Net income earned totalled \$133,711, a \$4,890 or 3.8% increase over the previous year (2017 = \$128,821)
- Woodward co-gen shutdown net loss estimated to be \$64,000 for Jan to Apr period
- Payments issued to the City amounted to \$1,728,509
- Outstanding debt reduced by \$529,649



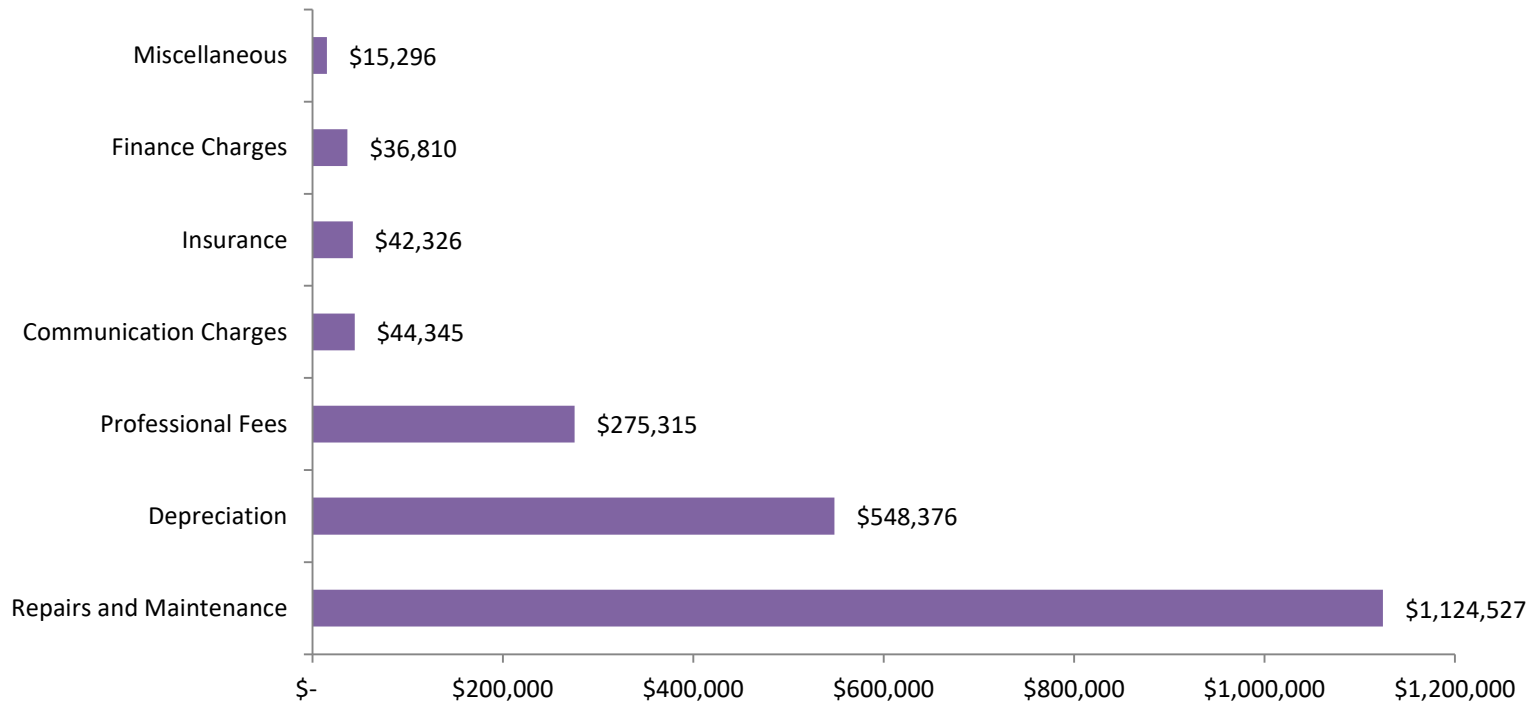
2018 Financial Statements



2018 Actual Revenues = \$3,040,956



2018 Financial Statements



2018 Actual Expenses = \$2,086,995



2018 Financial Statements

2018 Income Statement – Audited

	Budget	Actual	Variance
Revenues	\$2,814,398	\$3,040,956	\$226,558
Methane Cost	\$786,540	\$771,480	\$15,060
Expenses	\$2,127,720	\$2,086,995	\$40,725
PILs	(\$35,278)	\$48,770	(\$84,048)
Net Income (Loss)	(\$64,584)	\$133,711	\$198,295



2018 Financial Statements

2018 Net Earnings Distribution

HRPI ALLOCATION (20%)

- Retained Earnings \$26,741

CITY ALLOCATION (80%)

- Unallocated Capital Reserve \$53,484
 - Closed Landfill Reserve \$26,743
 - Wastewater Capital Reserve \$26,743
- \$106,970
\$133,711



2018 Financial Statements

2018 Balance Sheet – Audited

Current Assets	\$850,359
Fixed Assets	\$6,218,574
Total Assets	\$7,068,933
Current Liabilities	\$995,338
Non-Current Liabilities	\$375,122
Equity	\$5,698,473
Total Liabilities & Equity	\$7,068,933



2018 Financial Statements

	CURRENT ASSETS	FIXED ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	EQUITY
CASH	\$ 461,865				
ACCOUNTS RECEIVABLE	\$ 388,288				
PREPAID EXPENSES	\$ 206				
SECURITY DEPOSIT		\$ 32,000			
BUILDING		\$ 206,943			
GENERATING EQUIPMENT		\$ 4,008,101			
INTERCONNECT TO GRID		\$ 1,277,989			
PIPELINE		\$ 693,541			
ACCOUNTS PAYABLE			\$ 623,944		
PILs TAX PAYABLE			\$ 74,010		
HST PAYABLE			\$ 19,079		
CAPITAL LOAN - CURRENT			\$ 278,305		
DEFERRED PILs PROVISION				\$ 375,122	
COMMON SHARES					\$ 6,000,010
RETAINED EARNINGS (DEFICIT)					-\$ 301,537
TOTAL	\$ 850,359	\$ 6,218,574	\$ 995,338	\$ 375,122	\$ 5,698,473



2018 Financial Statements

2018 Net Benefit to City – Audited

	Budget	Actual	Variance
Dividend	\$103,057	\$103,057	\$0
Methane Gas	\$786,540	\$771,480	(\$15,060)
Loan Interest	\$41,506	\$36,810	(\$4,696)
Professional Services	\$237,360	\$236,875	(\$485)
Opportunity Cost	(\$18,447)	(\$16,360)	\$2,087
Total Benefit to City	\$1,150,016	\$1,131,862	(\$18,154)



2019 Budget

2019 Income Statement – Budget

	Budget
Revenues	\$3,220,250
Methane Cost	\$835,790
Expenses	\$2,193,060
PILs	\$50,720
Net Income	\$140,680
Net Cash Flow	\$468,630



2019 Budget

2019 Net Benefit to City – Budget

	Budget
Dividend	\$106,970
Methane Gas	\$835,790
Loan Interest	\$4,700
Professional Fees	\$240,500
Opportunity Cost	(\$2,090)
Benefit to City	\$1,185,870



2019 Year-To-Date Actuals

Income Statement – to June 30

	YTD Budget	YTD Actuals	Variance
Revenues	\$1,596,126	\$1,635,110	\$38,984
Methane Cost	\$414,463	\$408,118	\$6,345
Expenses	\$1,095,266	\$1,050,304	\$44,962
PILs	\$22,490	\$45,000	(\$22,510)
Net Income	\$63,907	\$131,688	\$67,781



2019 Full Year Forecast

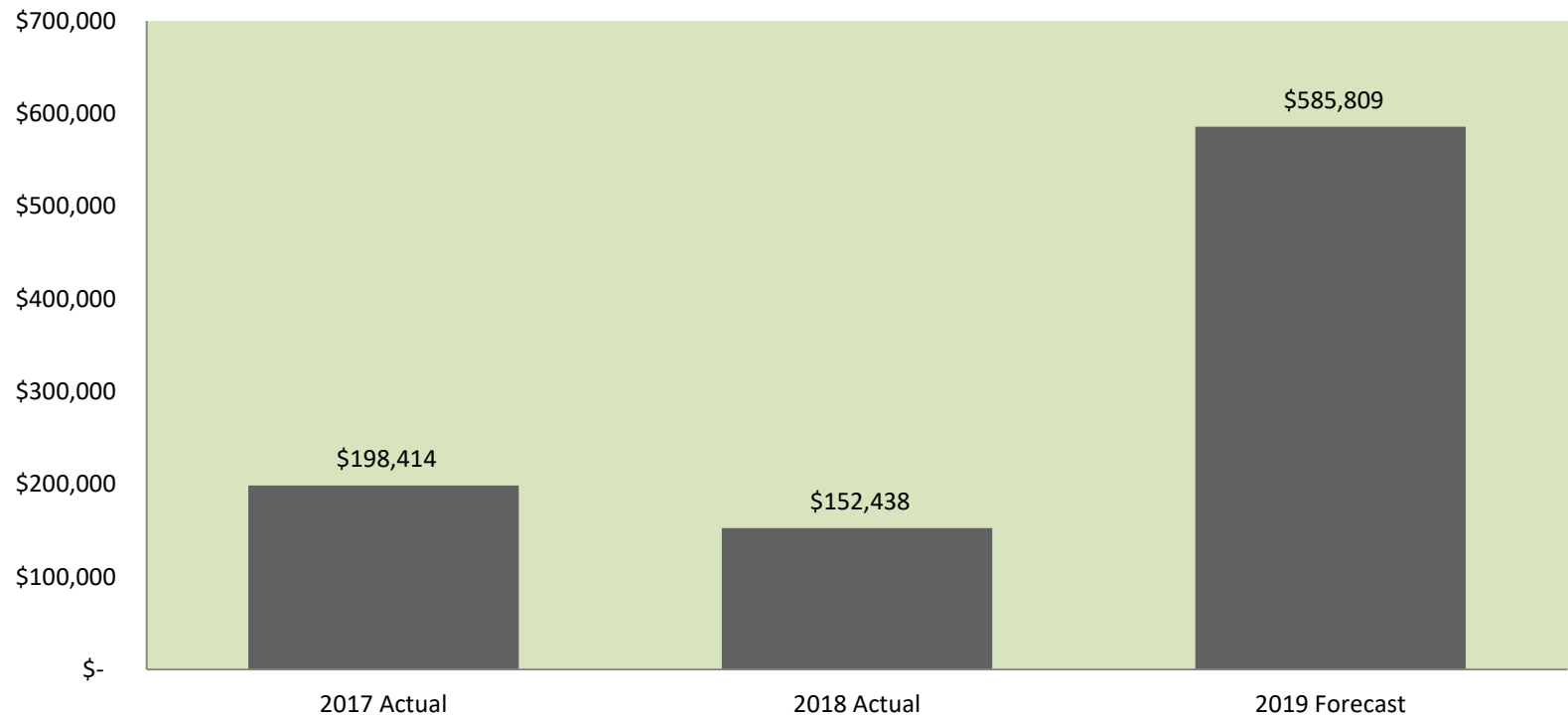
Income Statement – to December 31

	FY Budget	FY Forecast	Variance
Revenues	\$3,220,250	\$3,270,221	\$49,971
Methane Cost	\$835,790	\$816,237	\$19,553
Expenses	\$2,193,060	\$2,111,114	\$81,946
PILs	\$50,720	\$84,187	(\$33,467)
Net Income	\$140,680	\$258,683	\$118,003



2019 Full Year Forecast

Net Cash Flow

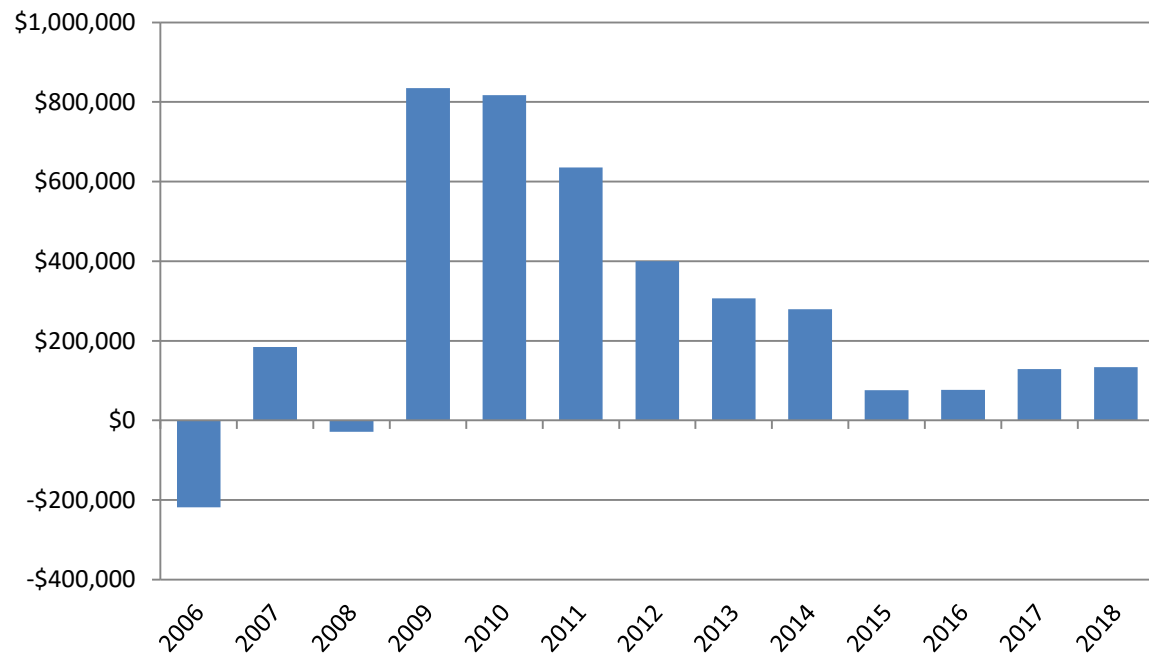




Financial Trends

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
2018	\$ 133,711





Financial Trends

Repairs & Maintenance Expenses

Year	Total Expenses	R&M Expenses	% of Total Expenses
2006	\$ 720,566	\$ 165,303	22.9%
2007	\$ 987,513	\$ 357,710	36.2%
2008	\$ 1,332,808	\$ 370,068	27.8%
2009	\$ 2,346,141	\$ 913,425	38.9%
2010	\$ 2,305,576	\$ 949,091	41.2%
2011	\$ 2,285,861	\$ 929,956	40.7%
2012	\$ 2,210,898	\$ 948,275	42.9%
2013	\$ 2,334,380	\$ 874,598	37.5%
2014	\$ 2,257,231	\$ 1,058,549	46.9%
2015	\$ 2,304,389	\$ 1,190,804	51.7%
2016	\$ 2,233,949	\$ 1,203,826	53.9%
2017	\$ 2,135,272	\$ 1,167,951	54.7%
2018	\$ 2,086,995	\$ 1,124,527	53.9%

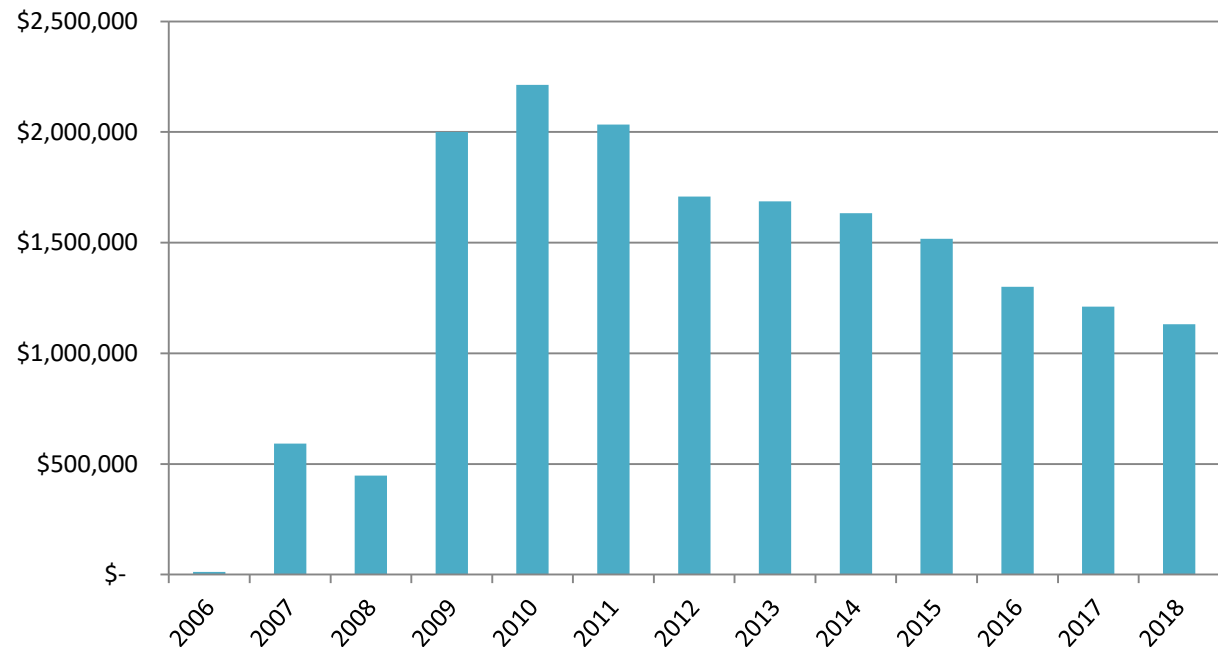




Financial Trends

Net Benefit to City

Year	City Net Benefit
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	\$ 1,131,862
Total	\$ 17,486,492

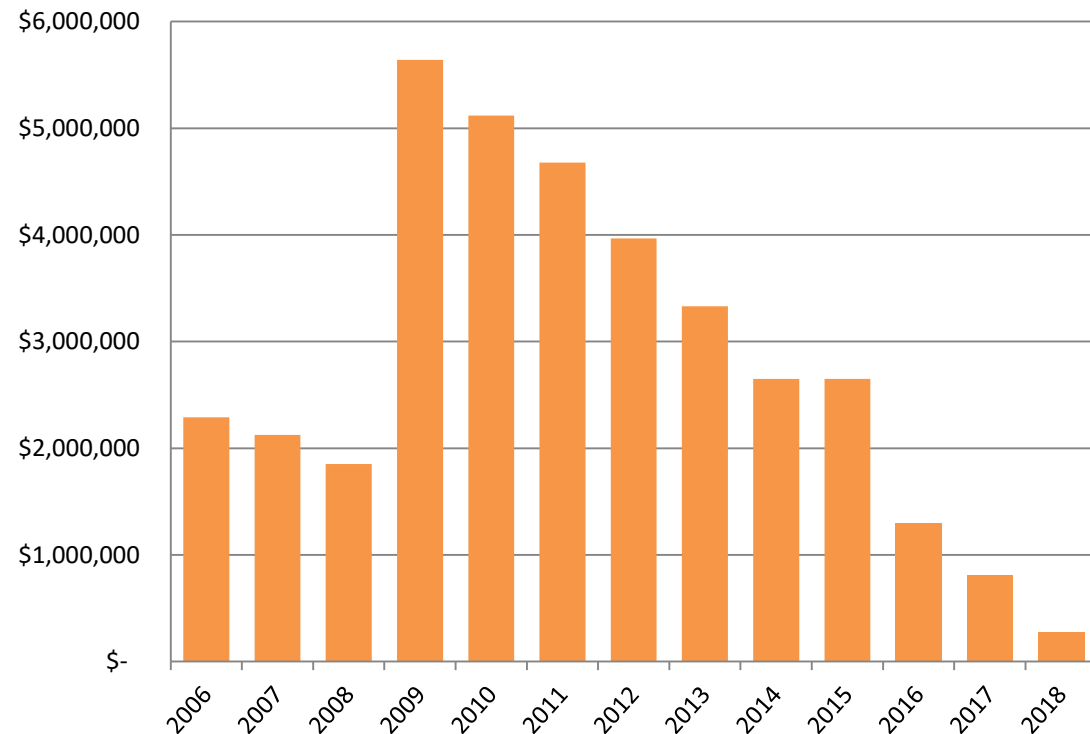




Financial Trends

Outstanding Capital Loan (Debt)

Year	Debt
2006	\$ 2,290,483
2007	\$ 2,123,635
2008	\$ 1,851,646
2009	\$ 5,642,071
2010	\$ 5,120,167
2011	\$ 4,676,774
2012	\$ 3,966,430
2013	\$ 3,329,511
2014	\$ 2,648,875
2015	\$ 2,648,875
2016	\$ 1,303,584
2017	\$ 807,954
2018	\$ 278,305

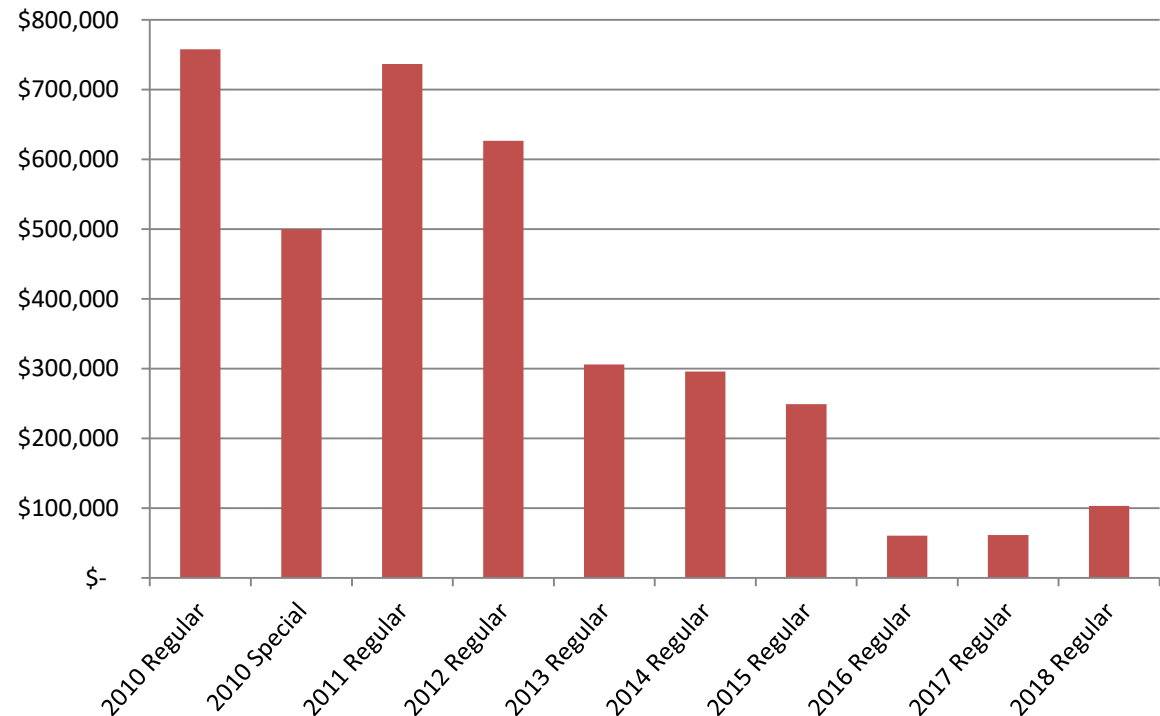




Financial Trends

Type	Dividend
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
Total	\$ 3,697,932

Dividends Paid to City





Related Motions

- That the Board approve the 2018 audited financial statements, as presented.
- That the Board approve the 2019 operating budget, as presented.



Dividend Declaration

- That in accordance with the Dividend Policy, a regular dividend of \$106,970 be declared for 2019 based on 80% of annual net earnings as reported on the 2018 audited financial statements.
- That the regular dividend be distributed in one payment of \$106,970 to the shareholder, to be issued no later than December 1, 2019.



Hamilton Renewable Power Inc.

Proposals



Hamilton Renewable Power Inc.

Sequester Emissions (Algae Study):

- Option to enhance revenue and continued use of generators at Glanbrook.
- Sequester CO₂ Emissions by generating algae growth.
- BAD algae = water bloom. GOOD algae used in food products, food dyes, pharma industry & animal feedstock among many other growing market demands.
- WHY Glanbrook? Steady production & output (other sites too small), can capture heat from engines, space for trailers & storage. GHG reduction and revenue potential are both key reasons to investigate.
 - Visited working sites in St. Mary's & Markham.
- HOW? If study shows this is safe & viable, consider on-site pilot test facility for 3 – 6 months.
 - Seeking approval to develop & assess business case and consider options (joint venture, long term fixed price contract on CO₂ or ?)



Hamilton Renewable Power Inc.





Hamilton Renewable Power Inc.

Solar Rooftop PV Systems (exploring with City):

- Invest in renewable generation on 2 arena roofs.
- Assists City in meeting renewable energy goals, emission reductions and lower operating costs.
- Aligned with HRPI business model.
- Needs to be financially good for City & HRPI:
- Approval today:
 - Explore financials options & generate detailed proposal



Hamilton Renewable Power Inc.

Questions ?

HAMILTON RENEWABLE POWER INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CORPORATION

1. REMOVAL, RESIGNATION AND APPOINTMENT OF OFFICERS

RESOLVED that the Corporation has approved the termination of the following person, effective as of March 1, 2019:

FRANK GAZZOLA – Vice President

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

JANET PILON - 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:

ANDREA HOLLAND – Secretary

2. 2018 AUDITED FINANCIAL STATEMENTS

RESOLVED that the audited financial statements for the 2018 fiscal year, a copy of which is attached hereto as Schedule 1, be approved.

3. 2019 BUDGET

RESOLVED that the 2019 budget, a copy of which is attached hereto as Schedule 2, be approved and adopted.

4. DECLARATION OF DIVIDEND

RESOLVED that in accordance with the Dividend Policy, a regular dividend of \$106,970 be declared for 2019 based on 80% of annual net earnings as reported on the 2018 audited financial statements;

AND BE IT FURTHER RESOLVED that the regular dividend be distributed in one payment of \$106,970 to the shareholder;

AND BE IT FURTHER RESOLVED that the dividend payment be made no later than December 1, 2019.

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 hereby 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 16th day of September, 2019.

Brenda Johnson

Terry Whitehead

John Paul Danko

SCHEDULE 1

6.1

HAMILTON RENEWABLE POWER INC.
(the "Corporation")

RESIGNATION

I, Janet Pilon, do hereby resign as Secretary of the Corporation effective September 16, 2019.

Janet Pilon

(Witness)

(Witness)

Financial Statements of

**HAMILTON RENEWABLE
POWER INCORPORATED**

Year ended December 31, 2018

Draft



INDEPENDENT AUDITORS' REPORT

To the Shareholder of Hamilton Renewable Power Incorporated

Opinion

We have audited the accompanying financial statements of Hamilton Renewable Power Incorporated (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of income and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

September 16, 2019

Draft

HAMILTON RENEWABLE POWER INCORPORATED

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Draft

HAMILTON RENEWABLE POWER INCORPORATED

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 461,865	\$ 488,141
Accounts receivable	300,268	207,630
Due from related party	88,020	15,062
HST receivable	-	46,950
Prepaid expenses	206	97
	<u>850,359</u>	<u>757,880</u>
Deposit (note 5)	32,000	32,000
Property, plant and equipment (note 6)	6,186,574	6,734,950
	<u>\$ 7,068,933</u>	<u>\$ 7,524,830</u>
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 143,793	\$ 146,705
Due to related party	480,151	460,587
Payment in lieu of taxes	74,010	22,659
Current portion of capital loan (note 7)	278,305	529,649
HST payable	19,079	-
	<u>995,338</u>	<u>1,159,600</u>
Non- Current liabilities:		
Deferred payment in lieu of taxes (note 9)	375,122	419,106
Capital loan (note 7)	-	278,305
	<u>375,122</u>	<u>697,411</u>
Total liabilities	1,370,460	1,857,011
Shareholder's equity:		
Common shares (note 8)	6,000,010	6,000,010
Deficit	(301,537)	(332,191)
	<u>5,698,473</u>	<u>5,667,819</u>
	<u>\$ 7,068,933</u>	<u>\$ 7,524,830</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Electricity distribution service charges	\$ 2,811,433	\$ 2,818,660
Thermal energy	223,576	359,845
	3,035,009	3,178,505
Cost of goods sold:		
Methane purchases	771,480	871,803
Gross profit	2,263,529	2,306,702
Expenses:		
Repairs and maintenance	1,124,527	1,167,951
Depreciation	548,376	565,223
Professional fees	275,315	241,577
Insurance	42,326	33,958
Communication charges	44,345	44,024
Bank charges and interest	566	589
Miscellaneous	14,730	10,546
	2,050,185	2,063,868
Income from operating activities	213,344	242,834
Finance income	5,947	3,836
Finance charges	(36,810)	(71,403)
Income before payment in lieu of taxes	182,481	175,267
Payment in lieu of taxes (note 9):		
Current	92,754	84,290
Deferred	(43,984)	(37,844)
	48,770	46,446
Net income and comprehensive income	\$ 133,711	\$ 128,821

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

HAMILTON RENEWABLE POWER INCORPORATED

Statement of Changes in Equity

Year ended December 31, 2018, with comparative information for 2017

	Common shares	Deficit	Total
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
Balance at January 1, 2018	\$ 6,000,010	\$ (332,191)	\$ 5,667,819
Net income and comprehensive income	-	133,711	133,711
Dividends	-	(103,057)	(103,057)
Balance at December 31, 2018	\$ 6,000,010	\$ (301,537)	\$ 5,698,473

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

HAMILTON RENEWABLE POWER INCORPORATED

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Operating activities:		
Net income and comprehensive income	\$ 133,711	\$ 128,821
Adjustments for:		
Depreciation	548,376	565,223
Payments in lieu of income taxes expense	92,754	84,290
Finance income	(5,947)	(3,836)
Finance charges	36,810	71,403
Deferred payment in lieu of income taxes expense	(43,984)	(37,844)
Accounts receivable	(92,638)	3,231
HST receivable	66,029	(3,420)
Prepaid expenses	(109)	97
Accounts payable and accrued liabilities	6,026	(23,219)
Cash provided by operating activities	741,028	784,746
Finance charges paid	(45,747)	(79,768)
Finance charges received	5,947	3,836
Payments in lieu of income taxes paid	(41,404)	(77,355)
Net cash used in operating activities	659,824	631,459
Financing activities:		
Advances from (payments to) the City of Hamilton	(53,394)	74,139
Repayment of capital loan	(529,649)	(495,630)
Dividends paid / payable	(103,057)	(61,514)
Net cash used in financing activities	(686,100)	(483,005)
Increase (decrease) in cash	(26,276)	148,454
Cash, beginning of year	488,141	339,687
Cash, end of year	\$ 461,865	\$ 488,141

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

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements

Year ended December 31, 2018

1. Purpose of the organization:

Hamilton Renewable Power Inc. ("the Entity") owns and operates two renewable power generation facilities in Hamilton, Ontario. The Woodward Plant is a 1.6 Megawatt ("MW") cogeneration facility, which is fueled 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 fueled 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 Entity'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 September 16, 2019.

b) Functional and presentation currency:

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

c) Revenue recognition:

Electricity distribution and thermal energy service charges

These charges comprise charges to customers for use of the Entity's electricity and thermal distribution systems. The performance obligations are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity and thermal services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Entity has the right to bill.

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

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 Entity'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 loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Significant accounting policies (continued):

f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Entity'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 Entity 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 Entity 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, 2018

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 Entity 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 and financial liabilities are classified as amortized cost. 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 Entity does not enter into derivative instruments.

Prior to January 1, 2018, all financial assets were classified as loans and receivables and all financial liabilities were classified as other liabilities. These financial instruments were recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they were measured at amortized cost using the effective interest method less any impairment for the financial assets.

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Significant accounting policies (continued):

j) Capital disclosures:

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

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 Entity intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Entity does not expect the standard to have a material impact on the financial statements.

3. Change in accounting policy:

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The Entity has initially applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from January 1, 2018 on a retrospective basis. These standards did not have an impact on net income and comprehensive income.

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Estimation uncertainty:

The preparation of financial statements requires that the Entity's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Entity'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 Entity's historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Entity'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 Entity'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.

5. Deposit:

The balance is made up of a security deposit of \$32,000 (2017 - \$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, 2018

6. Property, plant and equipment:

	Building	Generating equipment	Interconnect to grid	Pipeline	Total
<i>Cost or deemed cost</i>					
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
Balance at January 1, 2018	\$ 498,509	\$ 8,214,549	\$ 2,659,720	\$ 1,528,917	\$ 12,901,695
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2018	\$ 498,509	\$ 8,214,549	\$ 2,659,720	\$ 1,528,917	\$ 12,901,695
<i>Accumulated Depreciation</i>					
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
Balance at January 1, 2018	\$ 266,641	\$ 3,892,429	\$ 1,248,745	\$ 758,930	\$ 6,166,745
Additions	24,925	314,019	132,986	76,446	548,376
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2018	\$ 291,566	\$ 4,206,448	\$ 1,381,731	\$ 835,376	\$ 6,715,121
<i>Carrying amount</i>					
December 31, 2017	\$ 231,868	\$ 4,322,120	\$ 1,410,975	\$ 769,987	\$ 6,734,950
December 31, 2018	206,943	4,008,101	1,277,989	693,541	6,186,574

At December 31, 2018, property, plant and equipment with a carrying value in the amount of \$6,186,574 (2017 - \$6,734,950) are subject to a general security agreement.

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. 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.

	2018	2017
Capital loan	\$ 278,305	\$ 807,954
Less current portion	278,305	529,649
	\$ -	\$ 278,305

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 approximately equal to its carrying value. 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.

The remaining principal balance will be repaid in 2019.

8. Common shares:

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

	2018	2017
Issued: 600,001 Common shares	\$ 6,000,010	\$ 6,000,010

The Entity paid dividends in the year on common shares which amount to total dividends paid in the year of \$103,057 (2017 - \$61,514).

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Payments in lieu of income taxes:

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

	2018	2017
Current PILs:		
Current year	\$ 92,754	\$ 84,290
Deferred PILs:		
Origination and reversal of temporary differences	(43,984)	(37,844)
	\$ 48,770	\$ 46,446

Reconciliation of effective tax rate

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

	2018	2017
Basic rate applied to income before PILs	26.50%	26.50%
Decrease in PILs resulting from:		
Items not deductible for tax purposes and other	-%	-%
Effective rate applied to income before PILs	26.50%	26.50%

Deferred payments in lieu of income tax

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

	2018	2017
Deferred PILs liability:		
Property, plant and equipment	\$ 375,122	\$ 419,106

HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2018

10. Related party transactions:

The Entity sold \$223,576 (2017 - \$359,845) of thermal energy to the sole shareholder, the City of Hamilton, and incurred methane purchase costs of \$771,480 (2017 - \$871,803) from the City of Hamilton, which are included in cost of goods sold. These transactions are recorded at fair value.

The Entity paid \$236,875 (2017 - \$237,323) to the City of Hamilton for administrative support.

The Entity paid \$118,788 (2017 - \$123,618) 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.

11. Economic dependence:

The Entity earns its revenue from three customers, one of which is the City of Hamilton, the others being Independent Electricity System Operator and Hydro One. The agreement with Independent Electricity System Operator expires in November 2027.

12. Financial instruments:

Fair value

The carrying value of the Entity's financial instruments as at December 31, 2018 approximate fair value.

Financial risk management

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

Credit risk

The Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 100% of the Entity's revenue is attributable to sales transactions with two customers. The carrying amounts of the Entity'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, 2018 is \$nil (2017 - \$nil). The Entity'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, 2018

12. Financial instruments (continued):

Liquidity risk

Liquidity risk is the risk that the Entity will be unable to meet its financial obligations as they become due. The Entity manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. The Entity 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 Entity's exposure to liquidity risk and management of this risk has not changed from the previous year.

At December 31, 2018, the Entity's current liabilities consisted of accounts payable and accrued liabilities, HST payable, payment in lieu of taxes, due to related party and current portion of capital loan. The Entity's cash and cash equivalents together with projected cash flows over the next 12 months is sufficient to pay these current liabilities.

Draft

HAMILTON RENEWABLE POWER INC
2019 DRAFT BUDGET

August 27, 2019

FISCAL PERIOD: JANUARY 1 TO DECEMBER 31, 2019

	2018			2019		
	Approved Budget	Audited Actuals	Variance	2019 Draft Budget	\$ Change	% Change
Revenue						
Electricity Revenue	\$ 2,570,538	\$ 2,811,433	\$ 240,895	\$ 2,895,440	\$ 324,902	12.6%
Thermal Revenue	\$ 240,020	\$ 223,576	\$ (16,444)	\$ 318,810	\$ 78,790	32.8%
Interest Earned	\$ 3,840	\$ 5,947	\$ 2,107	\$ 6,000	\$ 2,160	56.3%
Total Revenue	\$ 2,814,398	\$ 3,040,956	\$ 226,558	\$ 3,220,250	\$ 405,852	14.4%
Cost of Goods Sold						
Methane Gas	\$ 786,540	\$ 771,480	\$ 15,060	\$ 835,790	\$ 49,250	6.3%
Gross Profit	\$ 2,027,858	\$ 2,269,477	\$ 241,619	\$ 2,384,460	\$ 356,602	17.6%
Expenses						
Operations Charge	\$ 400,940	\$ 400,460	\$ 480	\$ 414,220	\$ 13,280	3.3%
Maintenance Contracts	\$ 736,735	\$ 697,900	\$ 38,835	\$ 802,510	\$ 65,775	8.9%
Unscheduled Maintenance	\$ 25,200	\$ 26,167	\$ (967)	\$ 25,560	\$ 360	1.4%
Communications	\$ 44,060	\$ 44,345	\$ (285)	\$ 44,650	\$ 590	1.3%
Utilities (Electric)	\$ 6,780	\$ 7,063	\$ (283)	\$ 7,070	\$ 290	4.3%
Ground Maintenance	\$ -	\$ 4,805	\$ (4,805)	\$ 4,800	\$ 4,800	NA
Portable Toilet Rental	\$ 1,620	\$ 1,760	\$ (140)	\$ 1,760	\$ 140	8.6%
Insurance	\$ 33,960	\$ 42,326	\$ (8,366)	\$ 37,020	\$ 3,060	9.0%
Professional Fees						
Consulting	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ (35,000)	NA
Legal	\$ 55,860	\$ 55,860	\$ -	\$ 55,860	\$ -	0.0%
Audit	\$ 3,440	\$ 3,440	\$ -	\$ 3,440	\$ -	0.0%
City Staff	\$ 181,500	\$ 181,015	\$ 485	\$ 184,640	\$ 3,140	1.7%
Financial Charges						
Bank Service	\$ 600	\$ 566	\$ 34	\$ 570	\$ (30)	-5.0%
Late Payment	\$ 500	\$ 597	\$ (97)	\$ -	\$ (500)	-100.0%
RITC	\$ 510	\$ 505	\$ 5	\$ -	\$ (510)	-100.0%
Non Operating Expenses						
Depreciation	\$ 559,509	\$ 548,376	\$ 11,133	\$ 606,260	\$ 46,751	8.4%
Loan Interest	\$ 41,506	\$ 36,810	\$ 4,696	\$ 4,700	\$ (36,806)	-88.7%
Total Expenses	\$ 2,127,720	\$ 2,086,995	\$ 40,725	\$ 2,193,060	\$ 65,340	3.1%
Net Income Before Taxes	\$ (99,862)	\$ 182,482	\$ 282,344	\$ 191,400	\$ 291,262	-291.7%
Current and Deferred PIL Taxes	\$ (35,278)	\$ 48,771	\$ (84,049)	\$ 50,720	\$ 85,998	-243.8%
Net Income After Taxes	\$ (64,584)	\$ 133,711	\$ 198,295	\$ 140,680	\$ 205,264	-317.8%
Cash Flow						
Net Income After Tax	\$ (64,584)	\$ 133,711	\$ 198,295	\$ 140,680	\$ 205,264	-317.8%
Add: Non-Cash Expenses	\$ 559,509	\$ 548,376	\$ 11,133	\$ 606,260	\$ 46,751	8.4%
Less: Loan Principle Payments	\$ (529,649)	\$ (529,649)	\$ 0	\$ (278,310)	\$ 251,339	-47.5%
Net Cash Inflow	\$ (34,724)	\$ 152,438	\$ 209,428	\$ 468,630	\$ 503,354	-1449.6%

Summary of Benefits of HRPI Operations to City of Hamilton

	2018			2019		
	Approved Budget	Audited Actuals	Variance	2019 Draft Budget	\$ Change	% Change
Dividend	* \$ 103,057	\$ 103,057	\$ -	** \$ 106,970	\$ 3,913	3.8%
Methane Gas Purchased	\$ 786,540	\$ 771,480	\$ (15,060)	\$ 835,790	\$ 49,249	6.3%
Loan Interest Paid (6.75% Annual Rate)	\$ 41,506	\$ 36,810	\$ (4,696)	\$ 4,700	\$ (36,806)	-88.7%
Professional Fees - City staff	\$ 237,360	\$ 236,875	\$ (485)	\$ 240,500	\$ 3,140	1.3%
City's Opportunity Cost of Loan (3%)	\$ (18,447)	\$ (16,360)	\$ 2,087	\$ (2,090)	\$ 16,357	-88.7%
Total Net Benefit to City	\$ 1,150,016	\$ 1,131,862	\$ (18,154)	\$ 1,185,870	\$ 35,853	3.1%

Dividend Calculation:

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

** 2019 budgeted dividend based on 2018 audited net earnings (\$133,711 X .80) = \$106,970