



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

**Meeting #:** 24-001  
**Date:** June 13, 2024  
**Time:** 11:00 a.m.  
**Location:** Room 264, 2nd Floor, City Hall (hybrid) (RM)  
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 December 12, 2023
    - \*a. December 12, 2023 - REVISED
5. OPERATIONS UPDATE
6. STAFF PRESENTATIONS
  - 6.1 Hamilton Renewable Power Inc. Operating and Financial Update
7. MOTIONS
  - 7.1 Resolutions of the Hamilton Renewable Power Inc. Board of Directors
8. ADJOURNMENT

**HAMILTON RENEWABLE POWER INC.**  
**Board of Directors**  
**Minutes 23-003**  
**December 12, 2023**  
Council Chambers  
Hamilton City Hall

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**Present:** **Board of Directors:**  
Councillors C. Cassar (Chair), M. Tadeson (Vice-Chair) and  
M. Wilson

**Officers:**  
C. Khan, President  
I. Maharjan, Senior Vice-President  
L. Campbell, Vice-President, Operations  
I. Herman, Accountant  
J. Pilon, Acting Secretary

**Also Present:** D. McKenna, Solicitor  
S. Hesmer, Manager, Accounting Services  
A. Whalen, Legislative Coordinator  
S. Salamone, Legislative Assistant

**Absent with  
regrets:** Mayor Horwath – Personal and T. Hwang – Personal

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**THE FOLLOWING ITEMS WERE REFERRED TO THE HAMILTON RENEWABLE  
POWER INC. SHAREHOLDERS:**

**1. Resolutions of the Hamilton Renewable Power Inc. Board of  
Directors (Item 7.1)**

**(Tadeson/ M. Wilson)**

**(i) EXTENSION OF TOROMONT OPERATIONS AND MAINTENANCE  
SERVICES AGREEMENT**

(a) WHEREAS the decision to allow the Corporation to execute an amending agreement (the "Agreement") in order to extend the term of the Operations and Maintenance Services Agreement between the Corporation and Toromont Industries Ltd. requires approval by the Board of Directors by written resolution signed by the Directors entitled to vote on such resolution at a meeting of the Board of Directors;

(b) BE IT RESOLVED that the Directors of the Corporation hereby authorize and direct the President of the Corporation to execute, on behalf of the Corporation, together with all

necessary ancillary documents, the Agreement, with content satisfactory to the President and in a form satisfactory to the Corporation's solicitor.

**(ii) RENEWABLE NATURAL GAS DEVELOPMENT STUDY**

- (a) WHEREAS at an August 30, 2022 Board of Directors meeting the Directors of the Corporation received Report HRP202201 (attached hereto as Appendix "A");
- (b) AND WHEREAS as a result of the 'lame duck' session of the Hamilton City Council prior to the 2022 Municipal Elections, the recommendations associated with Report HRP202201 were not ratified;
- (c) AND WHEREAS staff deem it prudent to seek renewed authorization from the Board of Directors as a result of the appointment of new members to the Board of Directors following the 2022 Municipal Elections;
- (d) BE IT RESOLVED that the consultant report identified as "Renewable Energy Options Assessment", prepared by Jacobs Engineering Group Inc., dated June 2, 2022 (attached hereto as Appendix "B") be received;
- (e) BE IT FURTHER RESOLVED that the Directors of the Corporation hereby authorize and direct staff to proceed to advance the concept design and develop both a financial business case, including funding options, and an environmental benefit assessment for renewable natural gas production, at a cost not to exceed \$150,000 to be drawn from the Corporation's 'cash reserve'.

**(iii) CONFIRMATORY ACTIONS**

- (a) BE IT RESOLVED that the officers of the Corporation are, and each acting alone is, hereby authorized and directed to do and perform any and all such acts, including execution of any other agreements, documents, notices, articles and/or certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.
- (b) 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.

- (c) 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.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

**FOR INFORMATION:**

The meeting was called to order at 11:30 a.m.

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

The Secretary advised the Board of the following changes to the agenda:

**5. OPERATIONS UPDATE**

- 5.1 Glanbrook Landfill Site-Proposed Extension to the Toromont Operations and Maintenance Services Agreement
- 5.2 Renewable Energy Options Assessment of HRP Inc. – Woodward Operations

**7. MOTIONS**

- 7.1 Resolutions of the Hamilton Renewable Power Inc. Board of Directors - REVISED

**(M. Wilson/Tadeson)**

That the Agenda of the December 12, 2023, meeting of the Hamilton Renewable Power Inc. (HRPI) Board of Directors be approved, as amended.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

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

There were no declarations of interest.

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

**(a) June 26, 2023 (Item 4.1)**

**(Tadeson/ M. Wilson)**

That the Minutes of the meeting of the Hamilton Renewable Power Inc. (HRP Inc.) Board of Directors held on June 26, 2023, be approved, as presented.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

**(d) OPERATIONS UPDATE (Item 5)**

**(i) Glanbrook Landfill Site-Proposed Extension to the Toromont Operations and Maintenance Services Agreement (Item 5.1)**

**(Tadeson/ M. Wilson)**

That the information report respecting the Glanbrook Landfill Site-Proposed Extension to the Toromont Operations and Maintenance Services Agreement, be received.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

**(ii) Renewable Energy Options Assessment of HRP Inc. – Woodward Operations (Item 5.2)**

**(Tadeson/ M. Wilson)**

That the information report respecting the Renewable Energy Options Assessment of HRP Inc. – Woodward Operations, be received.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

**(e) ADJOURNMENT (Item 8)**

**(Tadeson/ Cassar)**

There being no further business, the meeting adjourned at 11:49 a.m.

**Result: Motion CARRIED by a vote of 3 to 0, as follows:**

|        |   |                                  |
|--------|---|----------------------------------|
| Absent | - | Mayor Andrea Horwath             |
| Yes    | - | Ward 12 Councillor Craig Cassar  |
| Absent | - | Ward 4 Councillor Tammy Hwang    |
| Yes    | - | Ward 11 Councillor Mark Tadeson  |
| Yes    | - | Ward 1 Councillor Maureen Wilson |

Respectfully submitted,

Chair, Councillor C. Cassar  
Hamilton Renewable Power Inc.  
Board of Directors

Janet Pilon, Acting City Clerk  
Acting Secretary to Hamilton Renewable Power Inc.  
December 12, 2023



# INFORMATION REPORT

|                           |  |
|---------------------------|--|
| <b>TO:</b>                | Chair and Members of the HRP Inc. Board                      |
| <b>DATE:</b>              | June 13, 2024  |
| <b>SUBJECT/REPORT NO:</b> | Hamilton Renewable Power Inc. Operating and Financial Update |
| <b>WARD(S) AFFECTED:</b>  | N/A  |
| <b>PREPARED BY:</b>       | Linda Campbell, VP, Operations<br>Shelley Hesmer, Treasurer  |
| <b>SUBMITTED BY:</b>      | Carlyle Khan<br>President, HRP Inc.                          |
| <b>SIGNATURE:</b>         |  |

The purpose of this Information Update is to advise and inform on the financial status of HRP Inc. business and provide a high-level overview of current operations.

Attached in Appendix “A” is the presentation of the financial update for 2023 and an overview of the 2024 financial comparisons of budget vs. actual for the Woodward Avenue Wastewater Treatment Plant Co-Generation Facility and the Glanbrook Landfill site Combine-Heat-and-Power plants.

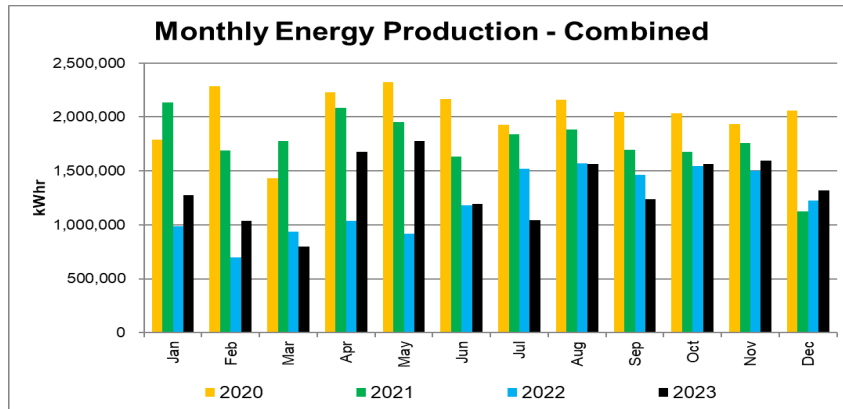
## 2023 Audit Updates

As a result of the City of Hamilton cybersecurity incident on February 25, 2024, the validation of financials as it relates to the relationship between the City of Hamilton (City) and Hamilton Renewal Power Inc. (HRP Inc.) by the external auditors cannot be confirmed at this time. The 2023 HRP Inc Financial Statements will be brought forward to the board for final approval once this information can be validated by the external auditors.

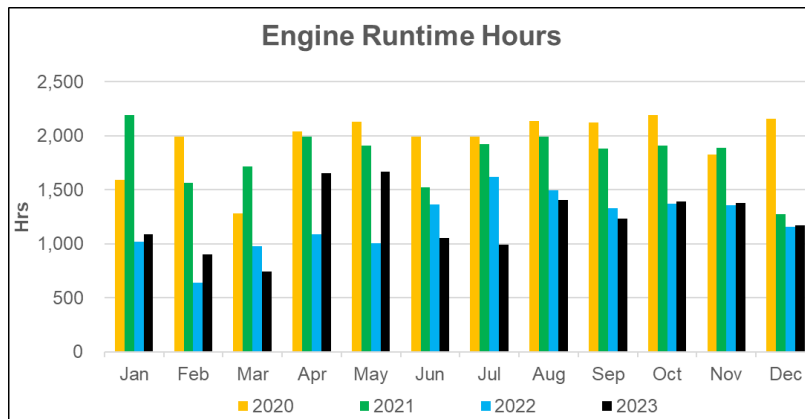
A copy of the draft 2023 Hamilton Renewable Power Inc. Financial Statements is attached as Appendix “B”.

**Operational Update** For the period of January 1<sup>st</sup>, 2023, to December 31, 2023 the operational highlights include:

- Overall kilowatt hour combined production for Woodward & Glanbrook:
  - Glanbrook production is down by 6.8% relative to last year (2022);
  - Woodward production is up 53.7% from 2022.



- Prime reasons for production performance:
  - Glanbrook had 16.7% lower engine run hours compared to the same period in 2022 due primarily to lower methane availability at site;
  - Woodward engine run hours are higher by 42.5% compared to same period in 2022 as the unit was down from January-May 2022.



**2023 Financial Update**

HRP Inc. is reporting a net loss of \$455,583 for the 2023 fiscal year. The main contributing factor for the net loss is attributed to lower revenues than expenses.



Actual revenues for 2023 were \$1,870,108. Revenues were lower than budget by \$262,322. Glanbrook landfill site experienced lower methane production in 2023 than expected.

Actual expenses for 2023 were \$1,978,714. Expenses were lower than budget by \$90,476.

Cost of goods sold (COGS) for 2023 were \$473,680. COGS were lower than budget by \$87,440. In 2023, HRP Inc. experienced lower methane production at the Glanbrook landfill site. COGS represents the cost of methane purchased from the City.

Recovery in lieu of taxes for 2023 was \$126,703. This is a variance of \$5,237 lower than budget for 2023.

2023 net benefits to the City were \$735,441. The cumulative net benefit to the City since 2006 represents approximately \$22.3 million. This net benefit amount includes salary recoveries for legal and administrative support, cost of methane purchased from the City and dividends paid to the City in previous years.

A copy of the draft 2023 HRP Inc. financial statements is attached as Appendix "B".

If you require further information on this matter, please contact Shelley Hesmer, Treasurer at extension 4157.

### **Appendices and Schedules Attached**

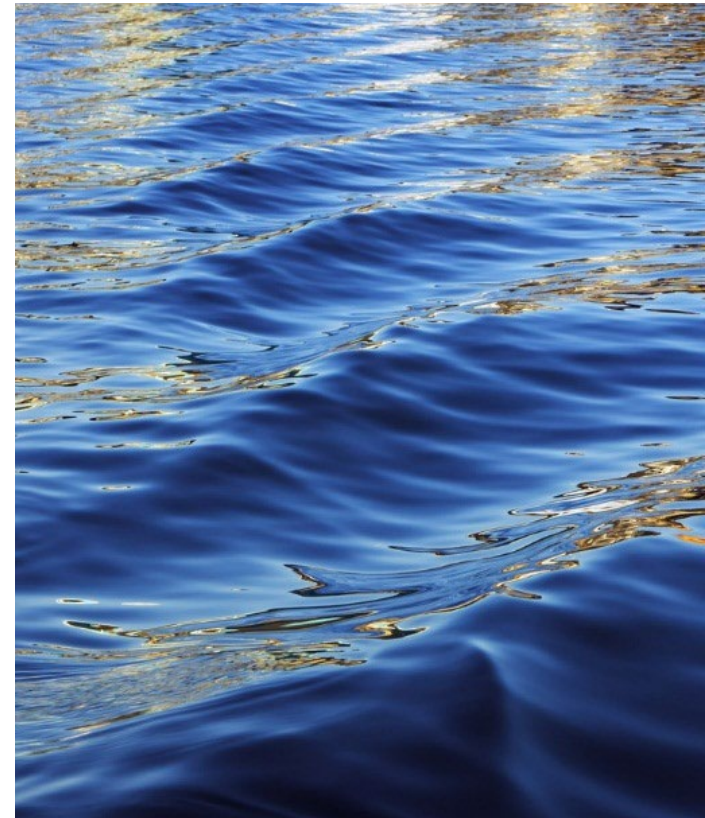
Appendix "A" - Hamilton Renewable Power Inc. Board Meeting Presentation

Appendix "B" - Draft 2023 Hamilton Renewable Power Inc. Financial Statements



# HRP Inc. Board Meeting

June 13, 2024



# Agenda

## Update

### Financial Update

- 2023 Draft Financial Results and 2024 Budget

### Update on existing Energy Generation Sites

- 2023 Energy Production
- 2023 Engine Runtime Hours
- Site Operational Updates

## Review

### Review of Future Potential Opportunities

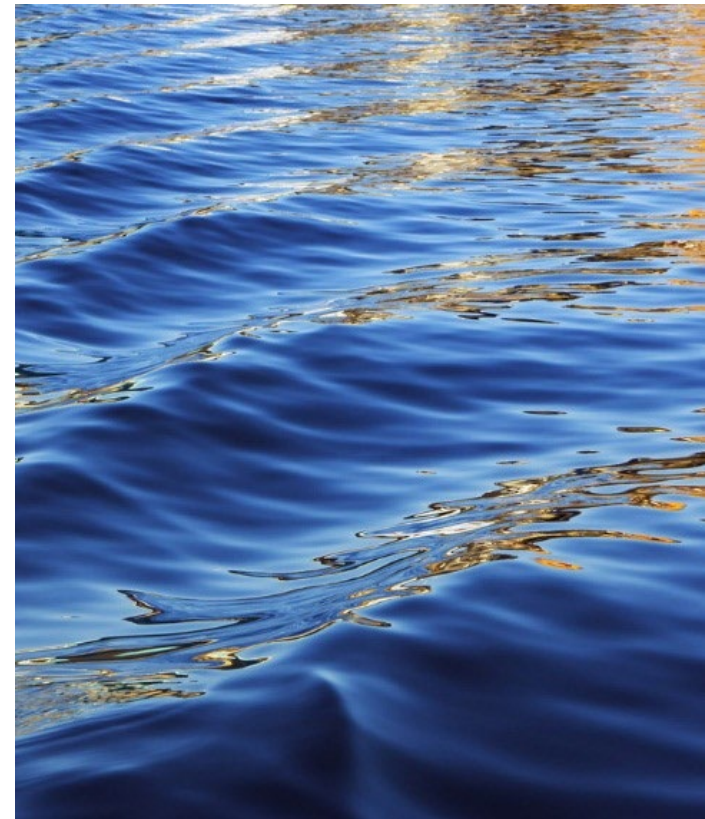
Renewable Natural Gas Production  
Solar Renewable Energy Generation  
Battery Storage and Wastewater Heat Recovery

## Discussion

### Strategic Plan



# Financial Update



# 2023 & 2024 FINANCIAL UPDATE

1. 2023 Financial Overview
2. 2024 Operating Budget
3. 2024 Year-to-Date (YTD) Actuals
4. City of Hamilton Net Benefits

# 2023 FINANCIAL OVERVIEW

## Financial Highlights:

### 2023 Audit Update

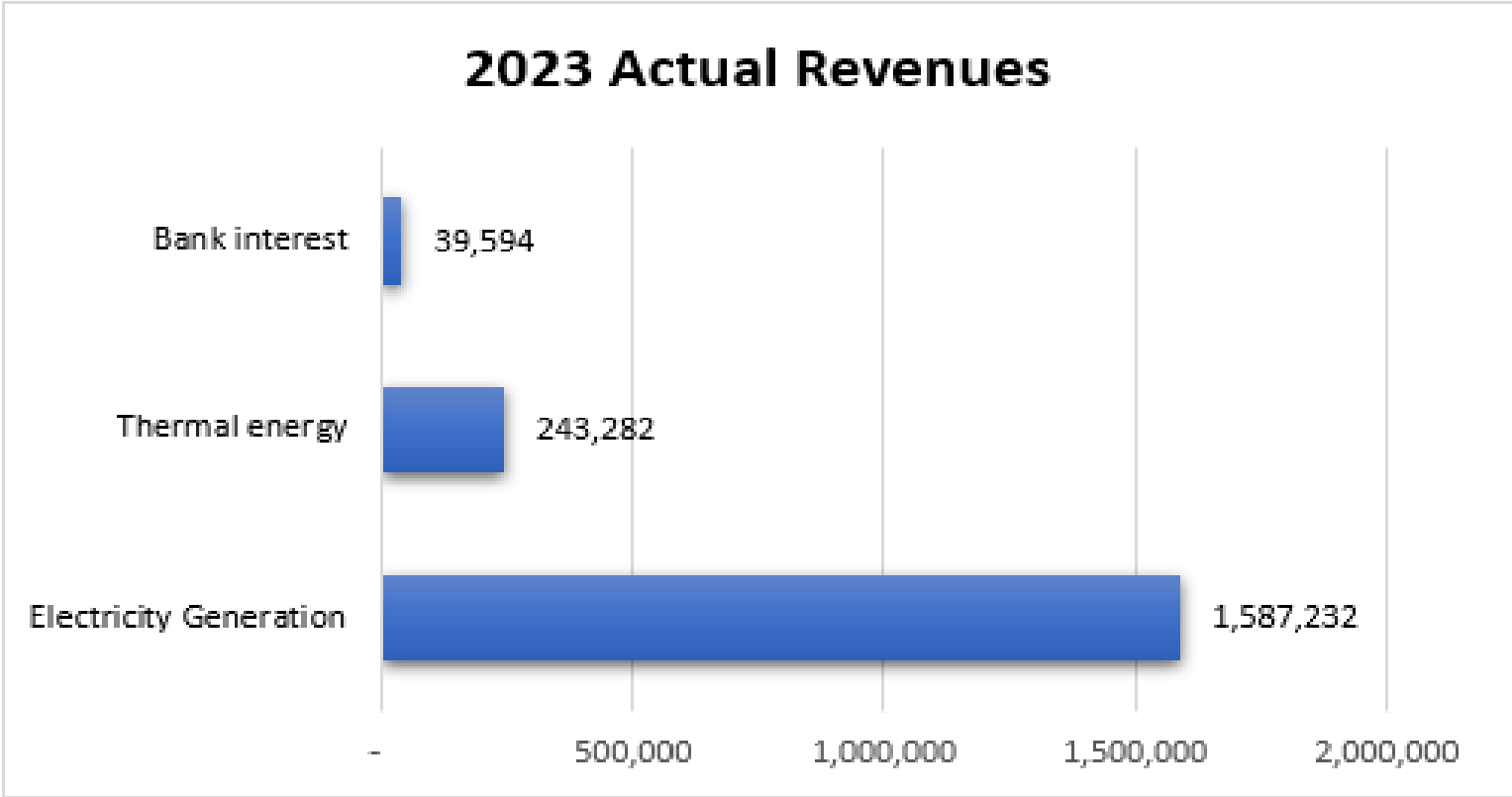
- Audit is complete subject to HRP's external auditors validating financial transactions between the City of Hamilton and HRP Inc.
- 2023 HRP Inc. Financial Statements will be brought forward for Board approval once audit is finalized.
- No audit adjustments have been noted by the external auditors at this time.

# 2023 FINANCIAL OVERVIEW

## Financial Highlights:

- Net loss of \$455,583 is being reported for the 2023 fiscal year.
- There will be no dividend payment in 2024.
- Payments issued to the City for methane and professional fees amounted to approximately \$735,000.

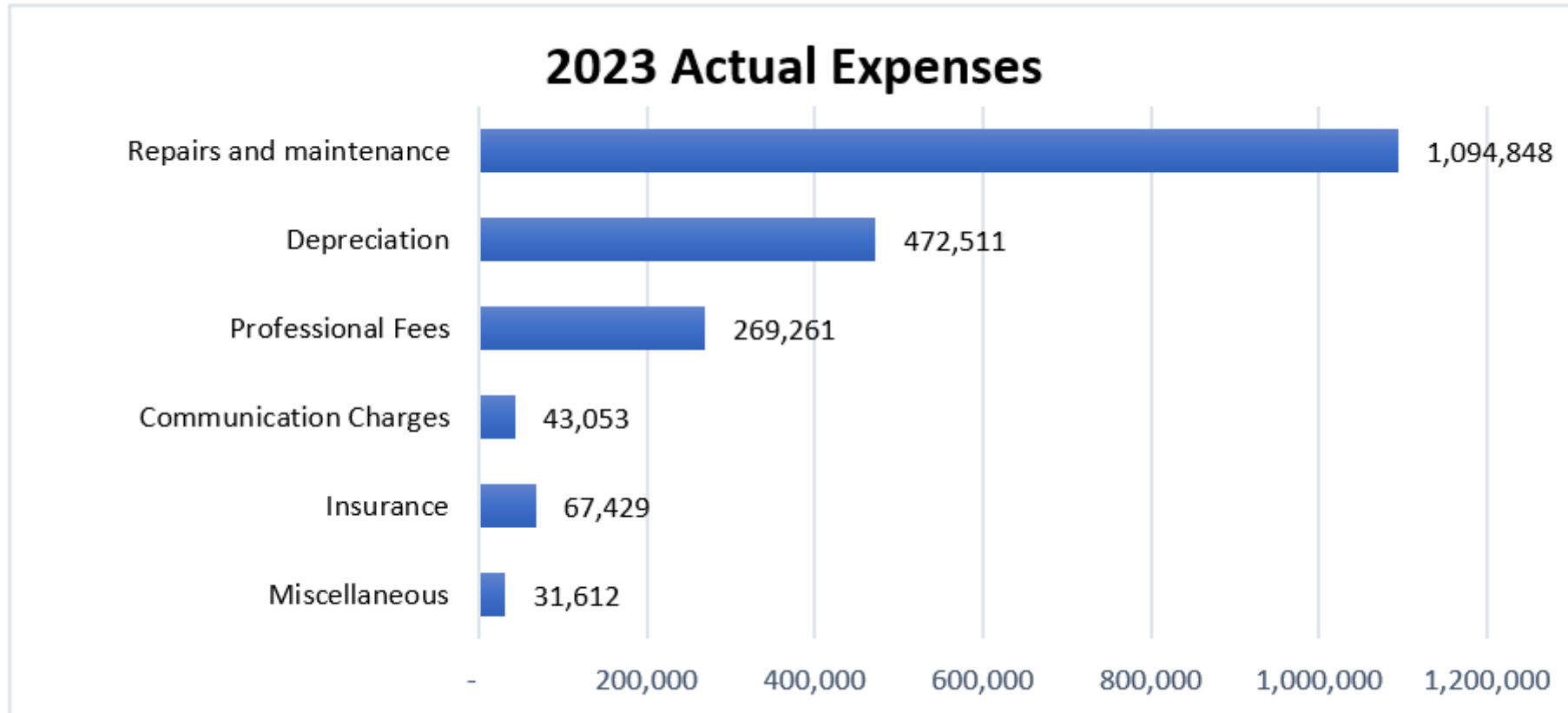
# 2023 FINANCIAL OVERVIEW



**2023 Actual Revenues = \$1,870,108**



# 2023 FINANCIAL OVERVIEW



**2023 Actual Expenses = \$1,978,714**

# 2023 FINANCIAL OVERVIEW

## 2023 INCOME STATEMENT-DRAFT

Year Ended December 31

|                    | <b>Budget</b>    | <b>Actual</b>    | <b>Variance</b> |
|--------------------|------------------|------------------|-----------------|
| Revenue            | 2,132,430        | 1,870,108        | (262,322)       |
| Cost of Goods Sold | 561,120          | 473,680          | (87,440)        |
| Gross Profit       | 1,571,310        | 1,396,428        | (174,882)       |
| Expenses           | 2,069,190        | 1,978,714        | (90,476)        |
| Tax                | (131,940)        | (126,703)        | 5,237           |
| <b>Net Loss</b>    | <b>(365,940)</b> | <b>(455,583)</b> | <b>(89,643)</b> |

# 2023 FINANCIAL OVERVIEW

## 2023 BALANCE SHEET-DRAFT

Year Ended December 31

|                                       | 2023             | 2022             |
|---------------------------------------|------------------|------------------|
| Current Assets                        | 1,250,867        | 1,361,640        |
| Fixed Assets                          | 3,654,555        | 4,127,066        |
| <b>Total Assets</b>                   | <b>4,905,422</b> | <b>5,488,706</b> |
| Current Liabilities                   | 520,010          | 536,610          |
| Non-Current Liabilities               | 19,810           | 130,911          |
| Equity                                | 4,365,602        | 4,821,185        |
| <b>Total Liabilities &amp; Equity</b> | <b>4,905,422</b> | <b>5,488,706</b> |

# 2024 OPERATING BUDGET

Year Ended December 31

|                     | 2024<br>Budget   | 2023<br>Budget   | Variance         |
|---------------------|------------------|------------------|------------------|
| Revenue             | 2,015,100        | 2,132,430        | (117,330)        |
| Cost of Goods Sold  | 474,200          | 561,120          | (86,920)         |
| <b>Gross Profit</b> | <b>1,540,900</b> | <b>1,571,310</b> | <b>(30,410)</b>  |
| Expenses            | 2,184,340        | 2,069,190        | 115,150          |
| Tax                 | (170,510)        | (131,940)        | (38,570)         |
| <b>Net Loss</b>     | <b>(472,930)</b> | <b>(365,940)</b> | <b>(106,990)</b> |

\* 2024 detailed budget can be found in Schedule "A".

# 2024 YEAR-TO-DATE

## 2024 INCOME STATEMENT

Month Ended March 31

|                     | YTD<br>Budget    | YTD<br>Actuals   | Variance        |
|---------------------|------------------|------------------|-----------------|
| Revenue             | 493,567          | 491,416          | (2,151)         |
| Cost of Goods Sold  | 114,095          | 123,381          | 9,287           |
| <b>Gross Profit</b> | <b>379,472</b>   | <b>368,035</b>   | <b>(11,437)</b> |
| Expenses            | 519,864          | 520,841          | 977             |
| Tax                 | (36,727)         | (36,727)         | 0               |
| <b>Net Loss</b>     | <b>(103,664)</b> | <b>(116,079)</b> | <b>(12,415)</b> |

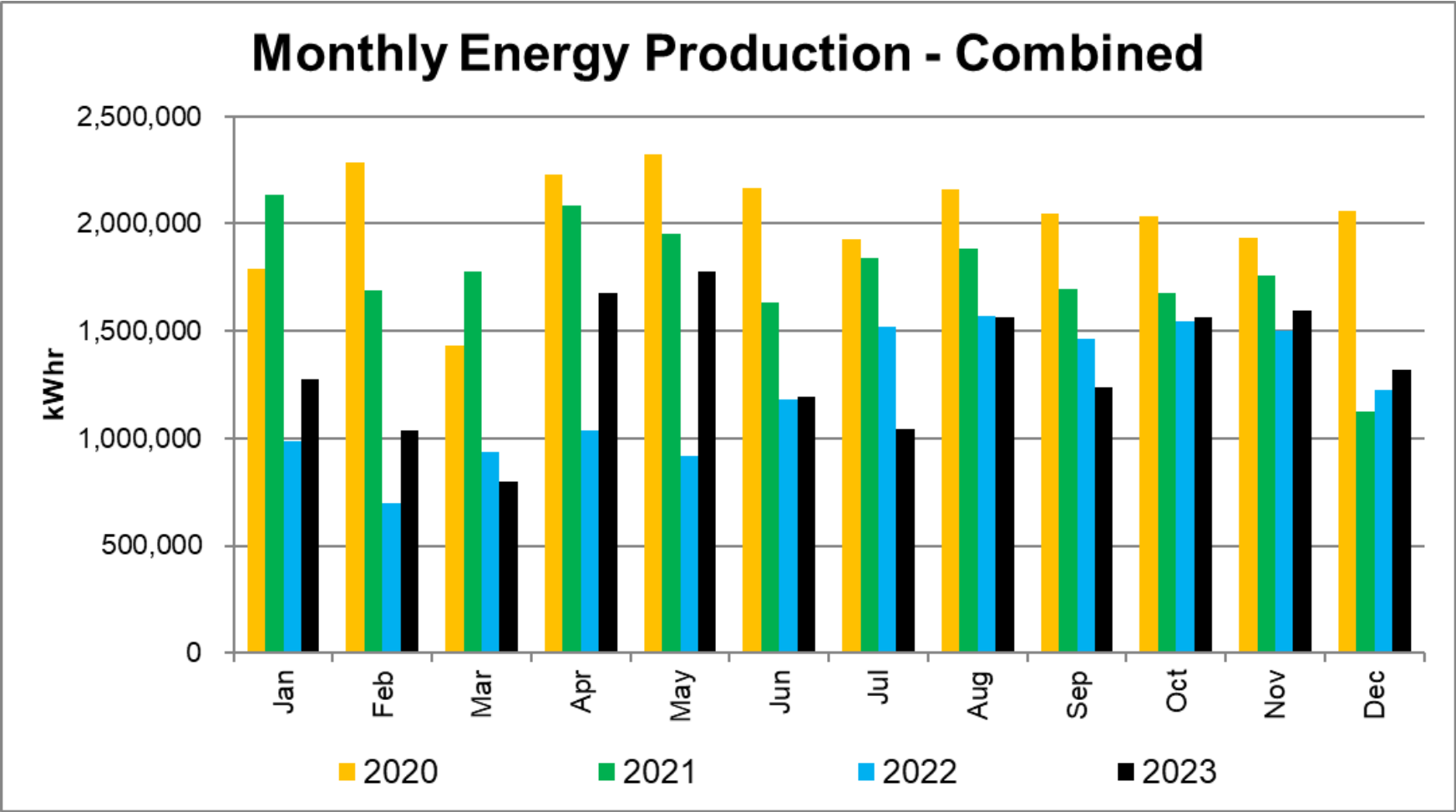
## CITY OF HAMILTON NET BENEFITS

- Since inception (2006), the City of Hamilton has received approximately \$22.3 million in benefits from HRP Inc.
- Although dividends have not been paid in the last two years, the City continues to receive benefits in terms of salary recovery and payment for methane (approximately \$735K per year).



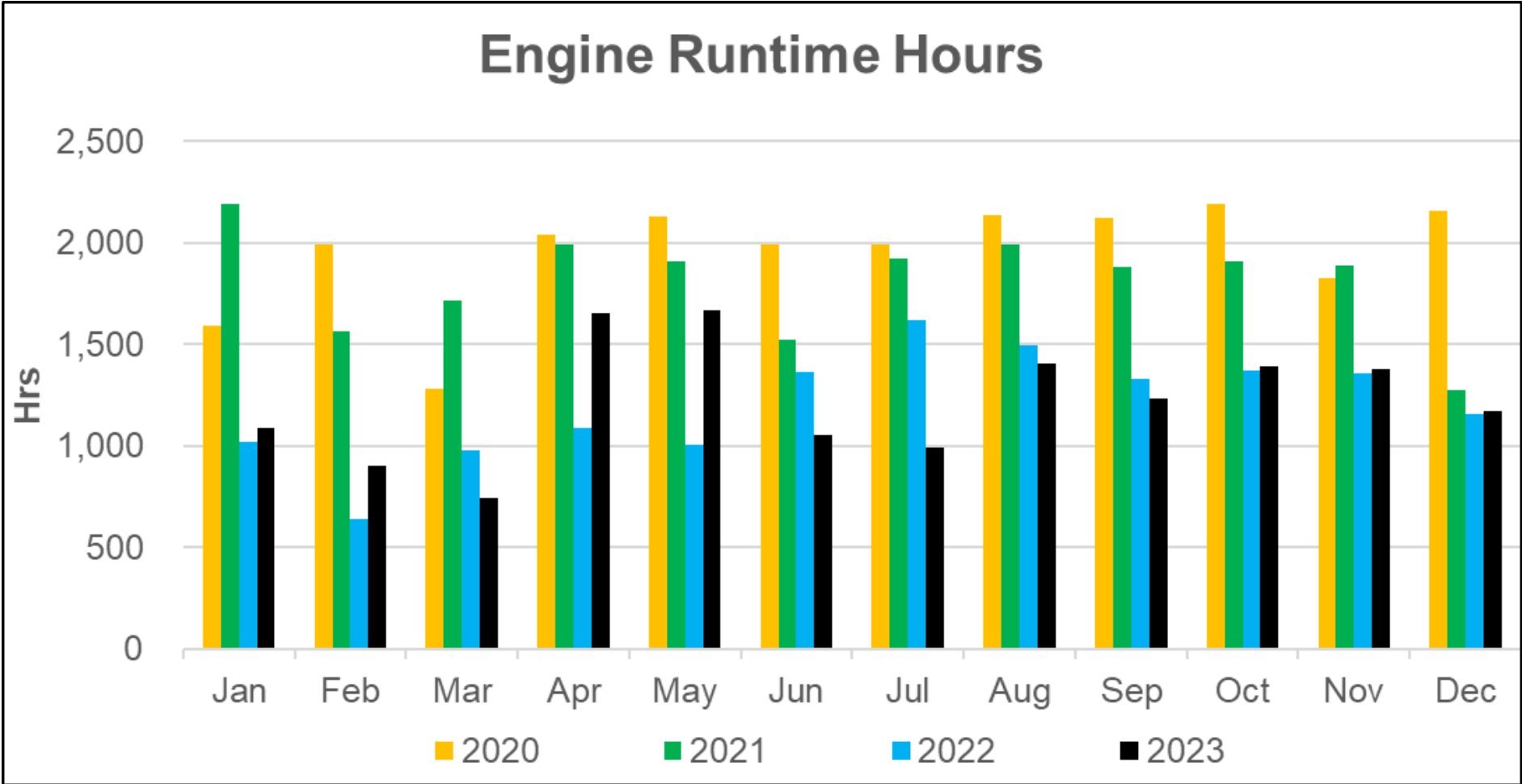
# Update on Existing Generating Sites

# 2023 Energy Production - Combined





# 2023 Engine Runtime Hours



# Site Operational Updates

## Glanbrook Landfill Cogeneration Site

- WSP Report on Review of Landfill Gas Collection System is not complete to date
- Task 5 of the above report -Modeling of Landfill Gas Generation by WSP has been completed

## WoodWard WWTP Cogeneration Site

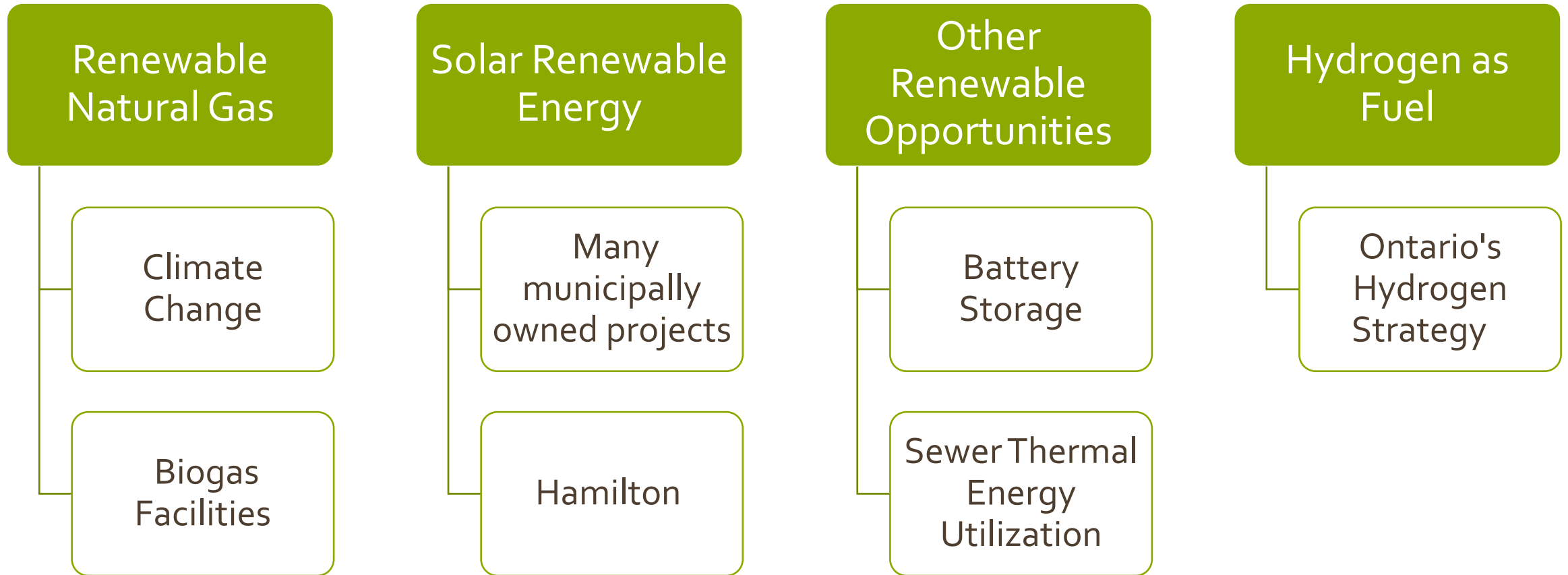
- Operations continue with no real concerns to production



# Review of Future Potential Opportunities

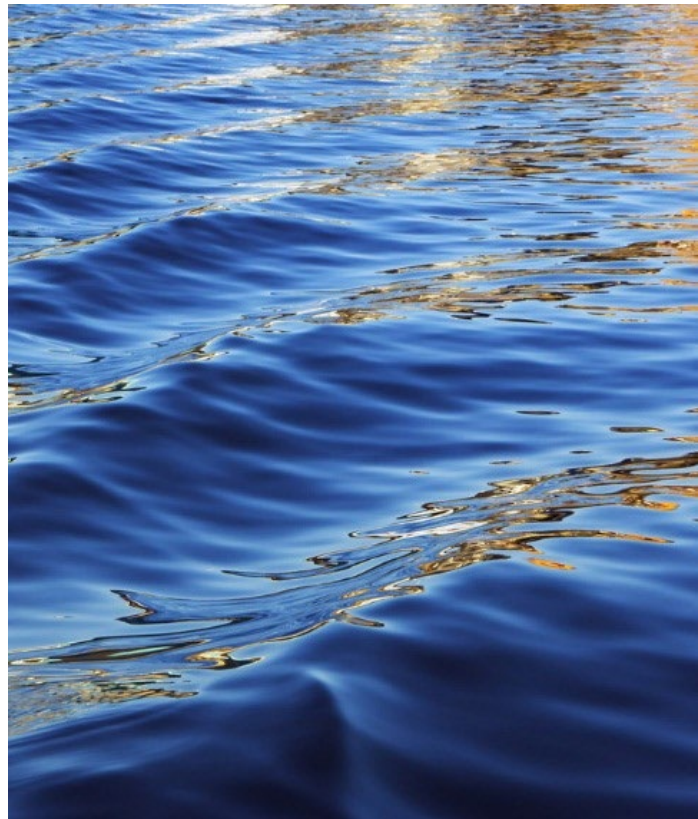


# Potential Partnership Opportunities





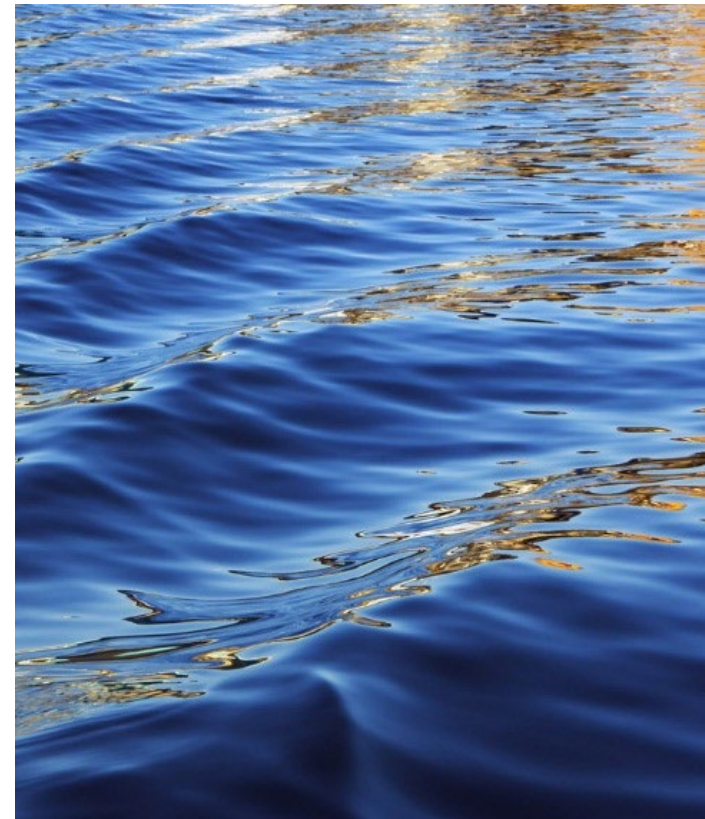
# Discussion





# Thank You

Next Board Meeting on September 12, 2024



Financial Statements of

**HAMILTON RENEWABLE  
POWER INCORPORATED**

And Independent Auditor's Report Thereon

Year ended December 31, 2023

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## INDEPENDENT AUDITOR'S 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, 2023
- the statement of loss and comprehensive loss 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

### ***Auditor's 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 auditor's 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.

Page 3

- 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 auditor's 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 auditor's 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.

**DRAFT**

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

**Date**

# HAMILTON RENEWABLE POWER INCORPORATED

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| <b>Independent Auditor's Report</b>      |        |
| Statement of Financial Position          | 1      |
| Statement of Loss and Comprehensive Loss | 2      |
| Statement of Changes in Equity           | 3      |
| Statement of Cash Flows                  | 4      |
| Notes to Financial Statements            | 5 - 14 |

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# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Assets</b>                               |                     |                     |
| Current assets:                             |                     |                     |
| Cash  | \$ 842,315          | \$ 964,365          |
| Accounts receivable                         | 145,681             | 132,584             |
| Due from related party (note 7)             | 80,737              | 88,406              |
| HST receivable                              | 12,981              | 22,757              |
| Payment in lieu of taxes receivable         | 167,405             | 151,803             |
| Prepaid expenses                            | 1,748               | 1,725               |
|   | <u>1,250,867</u>    | <u>1,361,640</u>    |
| Deposit (note 3)                            | 32,000              | 32,000              |
| Property, plant and equipment (note 4)      | 3,622,555           | 4,095,066           |
|   | <u>\$ 4,905,422</u> | <u>\$ 5,488,706</u> |
| <b>Liabilities and Shareholder's Equity</b> |                     |                     |
| Current liabilities:                        |                     |                     |
| Accounts payable and accrued liabilities    | \$ 98,574           | \$ 133,669          |
| Due to related party (note 7)               | 421,436             | 402,941             |
|   | <u>520,010</u>      | <u>536,610</u>      |
| Non-current liabilities:                    |                     |                     |
| Deferred payment in lieu of taxes (note 6)  | 19,810              | 130,911             |
| Total liabilities                           | <u>539,820</u>      | <u>667,521</u>      |
| Shareholder's equity:                       |                     |                     |
| Common shares (note 5)                      | 6,000,010           | 6,000,010           |
| Deficit                                     | (1,634,408)         | (1,178,825)         |
|   | <u>4,365,602</u>    | <u>4,821,185</u>    |
| Economic dependence (note 8)                |                     |                     |
|   | <u>\$ 4,905,422</u> | <u>\$ 5,488,706</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 Loss and Comprehensive Loss

Year ended December 31, 2023, with comparative information for 2022

|  | 2023         | 2022         |
|--|--------------|--------------|
| Revenue:                                 |              |              |
| Electricity distribution service charges | \$ 1,587,232 | \$ 1,489,346 |
| Thermal energy (note 7)                  | 243,282      | 170,769      |
|  | 1,830,514    | 1,660,115    |
| Cost of goods sold:                      |              |              |
| Methane purchases (note 7)               | 473,680      | 486,083      |
| Gross profit                             | 1,356,834    | 1,174,032    |
| Expenses:                                |              |              |
| Repairs and maintenance                  | 1,094,848    | 998,497      |
| Depreciation                             | 472,511      | 446,450      |
| Professional fees                        | 269,261      | 254,722      |
| Communication charges                    | 43,053       | 41,199       |
| Insurance                                | 67,429       | 62,214       |
| Bank charges and interest                | 559          | 520          |
| Miscellaneous                            | 31,053       | 33,344       |
|  | 1,978,714    | 1,836,946    |
| Loss from operating activities           | (621,880)    | (662,914)    |
| Finance income                           | 39,594       | 16,704       |
| Loss before recovery in lieu of taxes    | (582,286)    | (646,210)    |
| Recovery in lieu of taxes (note 6):      |              |              |
| Current                                  | (15,602)     | (124,201)    |
| Deferred                                 | (111,101)    | (47,020)     |
|  | (126,703)    | (171,221)    |
| Net loss and comprehensive loss          | \$ (455,583) | \$ (474,989) |

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

# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Changes in Equity

Year ended December 31, 2023, with comparative information for 2022

|                                 | Common<br>shares | Deficit        | Total        |
|---------------------------------|------------------|----------------|--------------|
| Balance at January 1, 2022      | \$ 6,000,010     | \$ (703,836)   | \$ 5,296,174 |
| Net loss and comprehensive loss | –                | (474,989)      | (474,989)    |
| Dividends                       | –                | –              | –            |
| Balance at December 31, 2022    | \$ 6,000,010     | \$ (1,178,825) | \$ 4,821,185 |
| Balance at January 1, 2023      | \$ 6,000,010     | \$ (1,178,825) | \$ 4,821,185 |
| Net loss and comprehensive loss | –                | (455,583)      | (455,583)    |
| Dividends                       | –                | –              | –            |
| Balance at December 31, 2023    | \$ 6,000,010     | \$ (1,634,408) | \$ 4,365,602 |

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

# HAMILTON RENEWABLE POWER INCORPORATED

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

|   | 2023         | 2022         |
|---|--------------|--------------|
| Operating activities:                               |              |              |
| Net loss and comprehensive loss                     | \$ (455,583) | \$ (474,989) |
| Adjustments for:                                    |              |              |
| Depreciation  | 472,511      | 446,450      |
| Recovery in lieu of income taxes expense            | (15,602)     | (124,201)    |
| Finance income                                      | (39,594)     | (16,704)     |
| Deferred payment in lieu of income taxes expense    | (111,101)    | (47,020)     |
| Accounts receivable                                 | (13,097)     | 14,538       |
| HST receivable                                      | 9,776        | (2,278)      |
| Prepaid expenses                                    | (23)         | (17)         |
| Accounts payable and accrued liabilities            | (35,095)     | 43,341       |
| Cash used in operating activities                   | (187,808)    | (160,880)    |
| Finance charges received                            | 39,594       | 16,704       |
| Payments in lieu of income taxes received           | -            | 83,831       |
| Net cash used in operating activities               | (148,214)    | (60,345)     |
| Financing activities:                               |              |              |
| Advances from the City of Hamilton                  | 26,164       | (131,708)    |
| Net cash provided by (used in) financing activities | 26,164       | (131,708)    |
| Decrease in cash                                    | (122,050)    | (192,053)    |
| Cash, beginning of year                             | 964,365      | 1,156,418    |
| Cash, end of year                                   | \$ 842,315   | \$ 964,365   |

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

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements

Year ended December 31, 2023

---

## 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. Material 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 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, 2023

## 2. Material 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             |
| Pipeline             | 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, 2023

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## 2. Material 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").

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.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 2. Material accounting policies (continued):

### 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.

### 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.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 2. Material accounting policies (continued):

### m) 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 assumptions and that have a risk of resulting in adjustments 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

### n) New accounting policy changes adopted in 2023:

- Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments to IAS 1 help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments were effective on January 1, 2023 and were applied prospectively. The implementation of these amendments did not have a significant impact on the Entity's consolidated financial statements.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 2. Material accounting policies (continued):

n) New accounting policy changes adopted in 2023 (continued):

- Changes in Accounting Estimates and Errors (Amendments to IAS 8)

The amendments to IAS 8 provide guidance to assist entities in distinguishing between accounting policies and accounting estimates. The amendments replace the definition of a change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments were effective on January 1, 2023 and were applied prospectively. The implementation of these amendments did not have a significant impact on the Entity's consolidated financial statements.

o) New standards and interpretations not yet adopted:

The following amended standards and interpretations are effective on or after January 1, 2024. The Entity is still assessing the impact of adopting these amendments on its future financial statements:

- Presentation of Financial Statements (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date and clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2024.

- Investments in Associates and Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments to IFRS 10 and IAS 28 were to address a conflict between the standards and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed, constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

### 3. Deposit:

The balance is made up of a security deposit of \$32,000 (2022 - \$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.

### 4. Property, plant and equipment:

|                                 | Building   | Generating equipment | Interconnect to grid | Pipeline     | Total         |
|---------------------------------|------------|----------------------|----------------------|--------------|---------------|
| <i>Cost or deemed cost</i>      |            |                      |                      |              |               |
| Balance at January 1, 2022      | \$ 498,509 | \$ 8,278,911         | \$ 2,659,720         | \$ 1,528,917 | \$ 12,966,057 |
| Additions                       | —          | —                    | —                    | —            | —             |
| Transfers                       | —          | —                    | —                    | —            | —             |
| Disposals                       | —          | —                    | —                    | —            | —             |
| Balance at December 31, 2022    | \$ 498,509 | \$ 8,278,911         | \$ 2,659,720         | \$ 1,528,917 | \$ 12,966,057 |
| Balance at January 1, 2023      | \$ 498,509 | \$ 8,278,911         | \$ 2,659,720         | \$ 1,528,917 | \$ 12,966,057 |
| Additions                       | —          | —                    | —                    | —            | —             |
| Transfers                       | —          | —                    | —                    | —            | —             |
| Disposals                       | —          | —                    | —                    | —            | —             |
| Balance at December 31, 2023    | \$ 498,509 | \$ 8,278,910         | \$ 2,659,720         | \$ 1,528,917 | \$ 12,966,057 |
| <i>Accumulated Depreciation</i> |            |                      |                      |              |               |
| Balance at January 1, 2022      | \$ 366,342 | \$ 5,212,796         | \$ 1,780,689         | \$ 1,064,714 | \$ 8,424,541  |
| Additions                       | 24,925     | 212,093              | 132,986              | 76,446       | 446,450       |
| Transfers                       | —          | —                    | —                    | —            | —             |
| Disposals                       | —          | —                    | —                    | —            | —             |
| Balance at December 31, 2022    | \$ 391,267 | \$ 5,424,889         | \$ 1,913,675         | \$ 1,141,160 | \$ 8,870,991  |
| Balance at January 1, 2023      | \$ 391,267 | \$ 5,424,889         | \$ 1,913,675         | \$ 1,141,160 | \$ 8,870,991  |
| Additions                       | 24,925     | 238,154              | 132,986              | 76,446       | 472,511       |
| Transfers                       | —          | —                    | —                    | —            | —             |
| Disposals                       | —          | —                    | —                    | —            | —             |
| Balance at December 31, 2023    | \$ 416,192 | \$ 5,663,042         | \$ 2,046,661         | \$ 1,217,606 | \$ 9,343,502  |
| <i>Carrying amount</i>          |            |                      |                      |              |               |
| December 31, 2022               | \$ 107,242 | \$ 2,854,022         | \$ 746,045           | \$ 387,757   | \$ 4,095,066  |
| December 31, 2023               | \$ 82,317  | \$ 2,615,868         | \$ 613,059           | \$ 311,311   | \$ 3,622,555  |

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 5. 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.

|                       | 2023         | 2022         |
|-----------------------|--------------|--------------|
| Issued:               |              |              |
| 600,001 Common shares | \$ 6,000,010 | \$ 6,000,010 |

The Entity did not pay any dividends in the year on common shares (2022 - \$nil).

## 6. Payments in lieu of income taxes:

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

|   | 2023         | 2022         |
|---|--------------|--------------|
| Current PILs:                                     |              |              |
| Current year recovery                             | \$ (15,602)  | \$ (124,201) |
| Deferred PILs:                                    |              |              |
| Origination and reversal of temporary differences | (111,101)    | (47,020)     |
|   | \$ (126,703) | \$ (171,221) |

### Reconciliation of effective tax rate

The provision for PILs is computed by applying the Entity's combined statutory income tax rate of 26.5% (2022 – 26.5%) to income before payment in lieu of taxes.

### Deferred payments in lieu of income tax

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

|                               | 2023      | 2022       |
|-------------------------------|-----------|------------|
| Deferred PILs liability:      |           |            |
| Property, plant and equipment | \$ 19,810 | \$ 130,911 |

# HAMILTON RENEWABLE POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 7. Related party transactions:

The Entity sold \$243,282 (2022 - \$170,769) of thermal energy to the sole shareholder, the City of Hamilton, and incurred methane purchase costs of \$473,680 (2022 - \$486,083) from the City of Hamilton, which are included in cost of goods sold. These transactions are recorded at fair value.

The Entity paid \$261,761 (2022 - \$247,955) to the City of Hamilton for administrative support.

The Entity paid \$167,070 (2022 - \$197,770) 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 amount as agreed upon by the related parties.

Amounts due to and from related party included in current assets \$80,737 (2022 - \$88,406) and current liabilities \$421,436 (2022 - \$402,941) were due to/from the City of Hamilton. These balances have payment terms of net 30, with interest accruing at prime plus 2%.

## 8. Economic dependence:

The Entity earns thermal energy revenue from the City of Hamilton and electricity generated revenue from the Independent Electricity System Operator based on the terms of two supply contracts that expire in July 2026 and November 2028.

## 9. Financial instruments:

### Fair value

The carrying value of the Entity's financial instruments as at December 31, 2023 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 three 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, 2023 is \$nil (2022 - \$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, 2023

---

## 9. 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, 2023, the Entity's current liabilities consisted of accounts payable and accrued liabilities and due to related party. 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.**  
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CORPORATION

**1. 2024 BUDGET**

BE IT RESOLVED that the 2024 budget (attached hereto as Schedule "A") be approved and adopted.

**2. CONFIRMATORY ACTIONS**

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

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 13th day of June, 2024.

\_\_\_\_\_  
Andrea Horwath

\_\_\_\_\_  
Maureen Wilson

\_\_\_\_\_  
Tammy Hwang

\_\_\_\_\_  
Mark Tadeson

\_\_\_\_\_  
Craig Cassar

**HAMILTON RENEWABLE POWER INC.  
2024 DRAFT OPERATING BUDGET**

April 23, 2024

FISCAL PERIOD: JANUARY 1 TO DECEMBER 31, 2024

|                                       | 2023                 |                     |                       | 2024                   |                        |             |
|---------------------------------------|----------------------|---------------------|-----------------------|------------------------|------------------------|-------------|
|                                       | Approved Budget      | Actuals             | Variance              | Draft Budget           | \$ Change              | % Change    |
| <b>Revenue</b>                        |                      |                     |                       |                        |                        |             |
| Electricity Generation                | \$ 1,833,580.00      | \$ 1,587,231.83     | \$ (246,348.17)       | \$ 1,714,480.00        | \$ (119,100.00)        | -6%         |
| Thermal Energy Sales                  | 282,150.00           | 243,281.86          | (38,868.14)           | 261,020.00             | (21,130.00)            | -7%         |
| Interest Earned                       | 16,700.00            | 39,593.99           | 22,893.99             | 39,600.00              | 22,900.00              | 137%        |
| <b>Total Revenue</b>                  | <b>2,132,430.00</b>  | <b>1,870,107.68</b> | <b>(262,322.32)</b>   | <b>2,015,100.00</b>    | <b>(117,330.00)</b>    | <b>-6%</b>  |
| <b>Cost of Goods Sold</b>             |                      |                     |                       |                        |                        |             |
| Methane Gas                           | 561,120.00           | 473,679.61          | 87,440.39             | 474,200.00             | (86,920.00)            | -15%        |
| <b>Gross Profit</b>                   | <b>1,571,310.00</b>  | <b>1,396,428.07</b> | <b>(174,881.93)</b>   | <b>1,540,900.00</b>    | <b>(30,410.00)</b>     | <b>-2%</b>  |
| <b>Expenses</b>                       |                      |                     |                       |                        |                        |             |
| Operations Charge                     | 466,480.00           | 474,038.18          | (7,558.18)            | 479,080.00             | 12,600.00              | 3%          |
| Maintenance Contracts                 | 664,600.00           | 605,410.95          | 59,189.05             | 637,270.00             | (27,330.00)            | -4%         |
| Unscheduled Maintenance               | 13,400.00            | 15,399.54           | (1,999.54)            | 12,000.00              | (1,400.00)             | -10%        |
| Dues and Subscriptions                | 2,400.00             | 2,394.17            | 5.83                  | 2,400.00               | -                      | 0%          |
| Communications                        | 41,830.00            | 43,053.42           | (1,223.42)            | 46,770.00              | 4,940.00               | 12%         |
| Utilities (Electric)                  | 19,920.00            | 24,898.57           | (4,978.57)            | 25,800.00              | 5,880.00               | 30%         |
| Portable Toilet Rental                | 1,760.00             | 1,759.82            | 0.18                  | 1,620.00               | (140.00)               | -8%         |
| Ground Maintenance                    | 1,950.00             | 2,000.00            | (50.00)               | 2,000.00               | 50.00                  | 3%          |
| Insurance                             | 62,430.00            | 67,428.72           | (4,998.72)            | 67,530.00              | 5,100.00               | 8%          |
| Professional Fees                     |                      |                     |                       |                        |                        |             |
| Consulting                            | -                    | -                   | -                     | 150,000.00             | 150,000.00             | 100%        |
| Legal                                 | 55,860.00            | 55,860.00           | -                     | 55,860.00              | -                      | 0%          |
| Audit                                 | 7,500.00             | 7,500.00            | -                     | 7,500.00               | -                      | 0%          |
| City Staff                            | 216,540.00           | 205,901.09          | 10,638.91             | 216,000.00             | (540.00)               | 0%          |
| Financial Charges                     |                      |                     |                       |                        |                        |             |
| Bank Service                          | 520.00               | 559.00              | (39.00)               | 560.00                 | 40.00                  | 8%          |
| Non Operating Expenses                |                      |                     |                       |                        |                        |             |
| Depreciation                          | 514,000.00           | 472,511.00          | 41,489.00             | 479,950.00             | (34,050.00)            | -7%         |
| <b>Total Expenses</b>                 | <b>2,069,190.00</b>  | <b>1,978,714.46</b> | <b>90,475.54</b>      | <b>2,184,340.00</b>    | <b>115,150.00</b>      | <b>6%</b>   |
| <b>Net Income Before Taxes</b>        | <b>(497,880.00)</b>  | <b>(582,286.39)</b> | <b>(84,406.39)</b>    | <b>(643,440.00)</b>    | <b>(145,560.00)</b>    | <b>29%</b>  |
| <b>Current and Deferred PIL Taxes</b> | <b>(131,940.00)</b>  | <b>(126,703.00)</b> | <b>(5,237.00)</b>     | <b>(170,510.00)</b>    | <b>(38,570.00)</b>     | <b>29%</b>  |
| <b>Net Income After Taxes</b>         | <b>(365,940.00)</b>  | <b>(455,583.39)</b> | <b>\$ (89,643.39)</b> | <b>\$ (472,930.00)</b> | <b>\$ (106,990.00)</b> | <b>29%</b>  |
| <b>Cash Flow</b>                      |                      |                     |                       |                        |                        |             |
| Net Income After Tax                  | (365,940.00)         | (455,583.39)        | (89,643.39)           | (472,930.00)           | (106,990.00)           | 29%         |
| Add: Non-Cash Expenses                | 514,000.00           | 472,511.00          | 41,489.00             | 479,950.00             | (34,050.00)            | -7%         |
| Less: Loan Principle Payments         | -                    | -                   | -                     | -                      | -                      | -           |
| <b>Net Cash Inflow</b>                | <b>\$ 148,060.00</b> | <b>\$ 16,927.61</b> | <b>\$ (48,154.39)</b> | <b>\$ 7,020.00</b>     | <b>\$ (141,040.00)</b> | <b>-95%</b> |

**Summary of Benefits of HRP Inc. Operations to City of Hamilton**

|                                  | 2023                 |                      |                       | 2024                 |                       |             |
|----------------------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-------------|
|                                  | Approved Budget      | Actuals              | Variance              | Draft Budget         | \$ Change             | % Change    |
| Dividend                         | *                    | -                    | -                     | **                   | -                     | 0%          |
| Methane Gas Purchased            | \$ 561,120.00        | \$ 473,679.61        | \$ (87,440.39)        | \$ 474,200.00        | \$ (86,920.00)        | -15%        |
| Professional Fees - City staff   | 272,400.00           | 261,761.09           | (10,638.91)           | 271,860.00           | (540.00)              | 0%          |
| <b>Total Net Benefit to City</b> | <b>\$ 833,520.00</b> | <b>\$ 735,440.70</b> | <b>\$ (98,079.30)</b> | <b>\$ 833,520.00</b> | <b>\$ (87,460.00)</b> | <b>-10%</b> |

**Dividend Calculation:**

\* 2023 budgeted dividend equal \$0 due to reported net loss in 2022

\*\* 2024 budgeted dividend equal \$0 due to reported net loss in 2023