



Hamilton Utilities Corporation
Independent Auditors' Report to the Shareholder
and Financial Statements
Year Ended December 31, 2023

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Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Hamilton Utilities Corporation

Opinion

We have audited the financial statements of Hamilton Utilities Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- 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 material 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 IFRS Accounting Standards.

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 ethical 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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 have 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.



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- 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 conclusions are 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

March 21, 2024

Statement of Financial Position

As at December 31, 2023, with comparative information for 2022
(stated in thousands of Canadian dollars)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents <i>[note 4]</i>	\$ 2,847	\$ 37
Other receivables	77	36
	2,924	73
Non-current assets		
Investment in Alectra Inc. <i>[note 5]</i>	361,782	350,426
Amounts receivable from related parties under common control <i>[note 10]</i>	16,212	16,212
	377,994	366,638
Total assets	\$ 380,918	\$ 366,711
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 41	\$ 15
Dividend payable <i>[note 7]</i>	2,782	-
	2,823	15
Non-current liabilities		
Amounts due to related parties under common control <i>[note 10]</i>	3,241	3,241
Deferred payments in lieu of income taxes <i>[note 6]</i>	67,160	64,300
	70,401	67,541
Total liabilities	73,224	67,556
Shareholder's equity		
Share capital <i>[note 7]</i>	129,897	129,897
Accumulated other comprehensive income	473	646
Retained earnings	177,324	168,612
Total shareholder's equity	307,694	299,155
Total liabilities and shareholder's equity	\$ 380,918	\$ 366,711

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

On behalf of the Board:

Director

Director

Statement of Income and Comprehensive Income

For the year ended December 31, 2023, with comparative information for 2022
(stated in thousands of Canadian dollars)

	2023	2022
Management fee income <i>[note 10]</i>	\$ 176	\$ 285
Total Income	176	285
Operating expenses	167	282
Income from operations	9	3
Finance income <i>[note 8]</i>	40	26
Finance charges <i>[note 8]</i>	(6)	(6)
Equity income in Alectra Holdings Inc. <i>[note 5]</i>	24,805	6,427
Income before payments in lieu of income taxes	24,848	6,450
Payments in lieu of income taxes - recovery (expense) <i>[note 6]</i>	(2,860)	1,419
Net income	21,988	7,869
Other comprehensive income		
Items that may be reclassified to income – loss on bond forward:		
Share of Alectra Holdings Inc.'s reclassification to net income	346	346
	346	346
Items that will not be subsequently reclassified to income:		
Remeasurement of Alectra Holdings Inc. defined benefit obligation	519	5,539
Tax impact on remeasurement of defined benefit obligation	–	(1,558)
Total other comprehensive income (loss)	(173)	4,327
Total comprehensive income	\$ 21,815	\$ 12,196

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

Statement of Changes in Equity

For the year ended December 31, 2023, with comparative information for 2022
(stated in thousands of Canadian dollars)

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	2023 Total	2022 Total
Balance at January 1	\$ 129,897	\$ 168,612	\$ 646	\$ 299,155	\$ 303,394
Net income	–	21,988	–	21,988	7,869
Other comprehensive income (loss)	–	–	(173)	(173)	4,327
Dividends	–	(13,276)	–	(13,276)	(16,435)
Balance at December 31	\$ 129,897	\$ 177,324	\$ 473	\$ 307,694	\$ 299,155

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

Statement of Cash Flows

For the year ended December 31, 2023, with comparative information for 2022
(stated in thousands of Canadian dollars)

	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 21,988	\$ 7,869
Adjustments for:		
Equity income in Alectra Holdings Inc.	(24,805)	(6,427)
Management fee retained on dividends	(176)	(285)
Deferred payments in lieu of income taxes (recovery) [note 6]	2,860	(1,419)
Finance income	(40)	(26)
Finance charges	6	6
Finance charges paid	(6)	(6)
Finance income received	40	26
Change in other assets and liabilities [note 9]	(15)	(29)
Net cash used in operating activities	(148)	(291)
INVESTING ACTIVITIES		
Dividends received during the year	13,276	16,435
Net cash from investing activities	13,276	16,435
FINANCING ACTIVITIES		
Dividends paid during the year	(10,318)	(16,150)
Net cash used in financing activities	(10,318)	(16,150)
Increase (decrease) in cash and cash equivalents	2,810	(6)
Cash and cash equivalents, beginning of year	37	43
Cash and cash equivalents, end of year	\$ 2,847	\$ 37

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

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

1. REPORTING ENTITY

On June 1, 2000, Hamilton Utilities Corporation (the “Corporation”) was incorporated under the Business Corporations Act (Ontario). The Corporation is an investment holding company with investments as follows:

Investments where the Corporation exercises significant influence:

Alectra Holdings Inc. (“Alectra”) – 17.31%

Alectra Inc.

Alectra Energy Solutions Inc.

Solar Sunbelt General Partnership

Horizon Solar Corporation

Alectra is an investment holding company that has wholly-owned investment interests in a regulated electricity distribution company, Alectra Inc., a non-regulated energy services company, Alectra Energy Solutions Inc., and a solar generation business, Solar Sunbelt General Partnership and Horizon Solar Corporation.

The address of the Corporation’s registered office is 79 Bay Street North, Hamilton, Ontario, Canada.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

2. BASIS OF PREPARATION

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Corporation owns a 17.31% interest in Alectra Inc., a local distribution company which distributes electricity to residents and businesses to customers in the Province of Ontario under a license issued by the Ontario Energy Board ("OEB"). The Corporation's investment in Alectra Inc. is accounted for using the equity method.

(b) Approval of the financial statements

The financial statements were approved by the Board of Directors on March 21, 2024.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- (i) Notes 3(i) – recognition and measurement of provisions and contingencies

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Financial instruments

All financial assets and all financial liabilities 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 3(c).

The Corporation does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

(b) Investment in Alectra Inc.

The Corporation has significant influence, but not control over the financial and operating policies of Alectra. Accordingly, the Corporation's investment in Alectra is accounted for using the equity method and is initially recognized at cost. The financial statements include the Corporation's share of the income and expenses and equity movements of Alectra after adjustments to align the accounting policies with those of the Corporation from the date that significant influence commences until the date that significant influence ceases.

(c) Impairment

Financial assets

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 that asset.

The carrying amounts of the Corporation's non-financial assets, other than 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.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Impairment (continued)

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis, if applicable.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Finance income and finance charges

Finance income is recognized in income or loss as it accrues, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and long-term receivables.

Finance charges are calculated using the effective interest rate method and are recognized as an expense. Finance charges comprises interest expense on borrowings and interest and penalties on income tax payments and bank charges.

(e) Payments in lieu of income taxes

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA") (collectively the "Tax Acts"). Pursuant to the *Electricity Act, 1998 (Ontario)* ("EA"), and as a consequence of its exemption from income taxes under the Tax Acts, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the Tax Acts.

PILs comprises current and deferred tax. Payments in lieu of income taxes is recognized in net income except to the extent that it relates to items recognized either in comprehensive income or directly in equity, in which case, it is recognized in comprehensive income or equity.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

(e) Payments in lieu of income taxes (continued)

Current PILs is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred PILS comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, 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 year that includes the date of enactment or substantive enactment. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Revenue recognition

Other revenue

Management fee income is recognized in revenue at the amount agreed upon with the City of Hamilton upon distribution of annual dividends to the City.

(g) Set-off and reporting on a net basis

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. Offsetting is permitted for financial assets and financial liabilities when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Amendments to accounting standards effective in 2023

The Corporation adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. These amendments require the disclosure of material rather than significant accounting policies. The amendments provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of overnight deposits in Canadian chartered banks.

5. INVESTMENTS IN ALECTRA INC.

On January 31, 2017, the Corporation disposed of its wholly-owned subsidiary, Horizon Holdings Inc. ("Horizon"). Horizon amalgamated with PowerStream Holdings Inc. ("PowerStream") and Enersource Holdings Inc. ("Enersource") to form Alectra Inc. ("Alectra"). Alectra's primary business is to distribute electricity to customers in municipalities in the greater golden horseshoe area as well as provide non-regulated energy services. In consideration for its disposition of Horizon, the Corporation received a 18.15% ownership interest in Alectra's issued and outstanding common shares.

Alectra has also issued Class S Shares to the former PowerStream shareholders relating to Ring Fenced Solar Portfolio, a division of Alectra. In accordance with the Solar Services and Indemnity Agreement between the former PowerStream shareholders and Alectra, the solar division within Alectra is beneficially owned indirectly by the former PowerStream shareholders through Alectra's Class S shares. As such, the Corporation does not hold any rights to or share in net assets and income or loss attributable to Class S shares of Alectra relating to RFSP.

On January 1, 2019, Alectra Inc. amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI"). Alectra Inc. issued 485,000 Class G Common Shares to Guelph Municipal Holdings Inc. ("GMHI") in consideration for all the issued and outstanding shares of GHESI. The common shares issuance by Alectra Inc. represents an effective 4.6% interest in its aggregate issued and outstanding classes of common shares. The new shareholder ownership structure has resulted in a decrease to the Corporation's investment from 18.15% to 17.31%, effective January 1, 2019.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

5. INVESTMENTS IN ALECTRA INC. (continued)

The following tables summarize the financial information of Alectra as included in its own financial statements, adjusted for fair value adjustments at acquisition as well as the removal of Ring Fenced Solar Portfolio's net assets and operating results. The table also reconciles the summarized financial information to the carrying amount of the Corporation's interest in Alectra:

	2023	2022
Current assets	\$ 750,000	\$ 706,000
Non-current assets	5,327,000	5,014,000
Current liabilities	(1,383,000)	(934,000)
Non-current liabilities	(2,893,000)	(3,050,000)
Net assets (100%)	1,801,000	1,736,000
Ring Fenced Solar Portfolio Net Assets	(8,100)	(8,846)
Fair value bump	296,145	296,145
	2,089,045	2,023,299
Carrying value of investment in Alectra at 17.31% (2022 at 17.31%)	\$ 361,782	\$ 350,426

Investment in Alectra Inc.	2023	2022
Opening investment as at January 1	\$ 350,426	\$ 356,107
Share of income	24,805	6,427
Share of OCI	(173)	4,327
Dividends received	(13,276)	(16,435)
Ending investment as at December 31	\$ 361,782	\$ 350,426

On March 15, 2024, Alectra declared a final dividend with respect to 2023 to which the Corporation's share is \$5,857,136 and this will be recognized by the Corporation in the year of declaration being the year ended December 31, 2024.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

5. INVESTMENTS IN ALECTRA INC. (continued)

The following provides condensed supplementary financial information for the operations of Alectra Inc. for the year ended December 31, 2023 and 2022.

	2023	2022
Revenue	\$ 3,956,000	\$ 3,904,000
Depreciation and amortization	(201,000)	(191,000)
Cost of power and operating expenses	(3,452,000)	(3,556,000)
Other expenses	(7,000)	(18,753)
Net finance expense	(96,000)	(79,000)
Income tax expense	(54,000)	(19,000)
Net income	146,000	40,247
Ring Fenced Solar Portfolio net income	(3,000)	(3,121)
Net income attributable to common shareholders	143,000	37,126
Share of income at 17.31%	\$ 24,805	\$ 6,427
Other comprehensive income attributable to common shareholders	(1,000)	25,000
Share of other comprehensive 17.31%	\$ (173)	\$ 4,327

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

6. PAYMENTS IN LIEU OF INCOME TAXES

Deferred and current payments in lieu of income taxes

	2023	2022
Deferred payments in lieu of income taxes (recovery):		
Origination and reversal of temporary differences	\$ 2,860	\$ (1,419)
Payments in lieu of income taxes – expense (recovery)	\$ 2,860	\$ (1,419)

Reconciliation of effective tax rate

	2023	2022
Income before taxes	\$ 24,848	\$ 6,450
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	6,585	1,709
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	(3,518)	(4,355)
Remeasurement of DBO, Alectra Inc.	(44)	1,085
Adjustment for prior years and others	(163)	142
Income tax expense (recovery)	\$ 2,860	\$ (1,419)

Deferred tax balances

Significant components of the Corporation's deferred tax balances are as follows:

	2023	2022
Deferred payments in lieu of income taxes:		
Other	\$ 125	\$ 125
Non-capital losses	306	317
Investment in Alectra Inc.	(67,591)	(64,742)
Deferred payments in lieu of income taxes	\$ (67,160)	\$ (64,300)

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

7. SHARE CAPITAL

	2023	2022
Unlimited number of common shares (1,000 issued and outstanding)	\$ 129,897	\$ 129,897

Any invitation to the public to subscribe for shares of the Corporation is prohibited.

Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid a dividend of \$13.10 per share after deducting management fee of \$176 (2022 - \$285) on the common shares during the year, amounting to a total dividend paid of \$10,318 (2022 - \$16,150). In addition, the Corporation declared a dividend totaling \$2,782, which remains unpaid as of December 31, 2023.

8. FINANCE INCOME AND CHARGES

	2023	2022
<i>Finance income</i>		
Interest income on bank deposits	\$ 40	\$ 14
Unrealized gain on foreign exchange	–	12
Finance income	\$ 40	\$ 26
<i>Finance charges</i>		
	(6)	(6)
Net finance income recognized in income	\$ 34	\$ 20

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

9. CASH FLOW INFORMATION

Net change in other assets and liabilities:

	2023	2022
Other receivables	\$ (41)	\$ (30)
Accounts payable and accrued liabilities	26	1
	\$ (15)	\$ (29)

10. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The parent company and ultimate controlling party is the City of Hamilton (the "City"). The City of Hamilton produces financial statements that are available for public use. The Corporation earns its income primarily from its investment in Alectra. Management fee of \$176 (2022 - \$285) was received from the City during the year. See note 7 for dividend transactions with the City.

(b) Transactions with corporations under common control

Outstanding balances with related parties are as follows:

	2023	2022
Hamilton Enterprises Holding Corporation	\$ 1,477	\$ 1,477
Hamilton Infrastructure Projects Corporation	11,817	11,817
HIPCO CUP	2,400	2,400
HCE Energy Inc.	188	188
HCE Telecom	330	330
	16,212	16,212
HCE Energy Inc.	(1,750)	(1,750)
Hamilton Enterprises Holding Corporation	(1,491)	(1,491)
	(3,241)	(3,241)
TOTAL	\$ 12,971	\$ 12,971

The Corporation paid management, administrative and legal fees to a corporation under common control in the amount of \$156 (2022 - \$258). These amounts are recorded at the exchange amount agreed to by the related parties.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with corporations under common control

Amounts owing to and from corporations under common control are non-interest bearing with no fixed terms of repayment.

(c) Key management personnel

The key management personnel of the Corporation has been defined as members of its board of directors. No direct compensation has been paid to any key management personnel during the year.

11. COMMITMENTS AND CONTINGENCIES

The Corporation had guaranteed debt of a related party under common control in the amount of \$3,379, which is subject to a swap agreement, for the year ended December 31, 2022. As of January 1, 2023, the debt is only secured by guarantee of another related party under common control, Hamilton Enterprises Holding Corporation.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk and liquidity risk as well as related mitigation strategies are discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(i) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as other receivables, expose it to credit risk. Other receivables consist primarily of amounts outstanding for HST as at year-end. The Corporation has determined that it is not subject to any significant credit risk and the carrying amount of other receivables have not been reduced for any credit loss allowance in 2023 or 2022.

Notes to Financial Statements

For the year ended December 31, 2023
(stated in thousands of Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(ii) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity, foreign exchange or interest rate risk.

(iii) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has minimal working capital requirements and does not believe there is significant exposure with respect to liquidity risk. The Corporation monitors liquidity risk through reviewing and determining dividends received and paid.

(iv) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure on-going access to dividends from its investment in Alectra to deliver appropriate financial returns. The Corporation's definition of capital includes shareholder's equity and long-term borrowings. As at December 31, 2023, shareholder's equity amounts to \$307,694 (2022 - \$299,155).