



## **Financial Statements**

Prepared For:

Finance & Labour Relations Sub-Committee

November 2024

**To:** Mark Hunter and the Finance and Labour Relations Committee  
**From:** Alyson Conrad, CFO  
**Re:** Commentary on FHI Financial Results –  
For the period ended June 30, 2024

Net income for the period is \$907K, which is \$4K above the YTD budget. Detailed commentary on the balance sheet and statement of operations are noted below:

**BALANCE SHEET COMMENTARY:**

**Accounts Receivable** – The accounts receivable balance is \$967K higher than it was in June of 2023. This variance is the result of the following:

- Electric receivables are \$355K higher than June 2023. While there is a large increase (119K) in 1–30-day arrears, the majority of this is due to month end close being run on the last working day of the month (June 28<sup>th</sup>) prior to pre-authorized payments being received by customers on June 30<sup>th</sup>. This arrears balance should decrease by the end of July.
- Water and sewer receivables are \$171K higher than June 2023 with the majority being current balances. Arrears have increased by \$56K compared to the prior year however this has come down through the first two quarters of 2024.
- OER has increased by \$550K compared to the prior year because of a large increase in the OER rate from 11.7% to 19.3%.
- Recoverable work receivables have decreased by \$136K.

Electric receivables are being continuously monitored due to the disconnection moratorium which ended on April 30, 2024. The customer service staff have been diligently working through the disconnection process with customers and attempting to receive payments or make payment arrangements prior to disconnection. This year has been very challenging in that affordability is becoming increasingly difficult due to the current economic state. We are watching for negative trends on a more frequent basis and mitigating bad debt risk as much as possible.

**Inventory** – Inventory has increased by \$547K since yearend. This is due to proactively ordering in preparation for capital work planned throughout the summer months. Most of the inventory is allocated for specific work.

**Unbilled Revenue** – This balance is \$2.6M lower than the balance in June of 2023. This balance is likely understated due to greater than 50 kW customer usage for the month of June not being incorporated into unbilled revenue due to lack of full billing information at the time of month end close. Distribution revenue for these customers was estimated as part of these statements based on demand data.

**Regulatory Assets** – The regulatory asset balance has increased by \$68K since December 2023 which is relatively flat. Commodity accounts (1588/89) have remained reasonably consistent month over month.

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The majority of this balance is cleared through our monthly settlement process and fluctuates based on the difference between time of use and tiered rates versus the actual market cost of power. This variance is offset by account 1589 which is the Global Adjustment (GA) Variance. Non-RPP customers are billed on the first estimate, but we settle on the actual rate. This will be settled in a future rate application.

**A/P and Accrued Liabilities** – This balance has increased by \$509K from the June 2023 balance. A large portion of this balance relates to an increase in net HST payable of \$262K, the remainder is an increase in trade payables.

**Due to FHSI** – The balance remains in a payable position. The majority of this payable is due to the payment of FHSI employee work being completed. Typically, this is offset by expenses and capital work flowing through FHI's bank account, however FHSI has had limited capital spend so far in 2024.

### INCOME STATEMENT COMMENTARY

**Gross Margin on Service Revenue (Distribution Revenue)** – The distribution revenue to the end of Q2 2024 is \$189K below budget. This amount was larger at the end of May due to an abnormally mild winter however due to large peaks in mid-June, greater than 50 kW customers' bills increased compared prior months. One of FHI's large use customers moved to greater than 50 kW at the end of January, which was expected, but it has a monthly impact of approximately 10K compared to prior years.

**Other Revenue** – Other revenue is running \$17K below budget at the end of Q2. There are decreases in sale of scrap and late payment charges which are expected to be permanent differences to the end of the year. The remainder of other revenues are trending slightly higher than budget. Other revenue from billables are anticipated to increase compared to budget through the rest of the year.

**Controllable Costs** - Total controllable costs are \$108K less than budget to the end of Q2.

Operating and Maintenance expenses are down overall by \$89K compared to the budget. Transformer station expenses are above budget. This is because we had to have Eptcon on site to complete repair work to T1 and T2 while they were onsite for Hydro One work. This was to replace components on the power transformers that had been identified during our monthly inspections as needing attention. We also had a significantly higher amount of switching to do at our station for Hydro One Transmission line work in Q2 requiring extra resources.

Lines and Services O/H costs are under budget. These expenses are down partly because of one staff vacancy for a part of the year. We expect that we will stay approximately around this variance below budget the rest of the year, but the majority of work in these accounts are reactive, so could change if issues arise.

Lines and Services U/G costs are under budget. Underground Distribution Lines and Services continue to be down as FHI saw fewer underground issues in Q1 compared to historical years, there is also a budget amount for cable testing that will occur in Q3 of this year.

Distribution Meter expenses are under budget because we had budgeted for a new Stations/Metering position all year in 2024, but they were not hired until April.

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Billing, Collecting and Meter Reading expenses are \$8K below budget. Most costs are relatively close to budget. There are some costs for Jomar support that were planned as expenses that are still being recorded in capital until go-live occurs at the end of July.

Administration expenses are down overall by \$11K. The majority of this balance is due to the timing of administrative costs that occur in the second half of the year that have not yet been spent. Costs are slightly higher for professional services than budget.

### **CASH FLOW COMMENTARY**

As per the cash flow statement, the June 30 cash balance increased by \$3.3M since March 2023. \$2.5M of the swap loan was drawn on in June which accounted for the majority of this increase. In addition, there was a decrease in accounts receivable by \$1M.

### **LOAN COVENANT RATIOS**

The Loan Covenant liquidity ratios and debt to equity ratios as prescribed by our lender, RBC, are being met.

*\*Presented for information purposes.*

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# FESTIVAL HYDRO INC.

## Income Statement

For the period ending June 30, 2024

	YTD as at Jun 30, 2023	YTD as at Jun 30, 2024	YTD Budget at Jun 30, 2024	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
<b>REVENUE</b>					
Service Revenue	38,150,251	38,624,139	36,618,702	2,005,437	5%
Cost of Power	31,469,833	31,959,217	29,764,664	2,194,553	7%
<b>GROSS MARGIN (DISTRIBUTION REVENUE)</b>	<b>6,680,418</b>	<b>6,664,922</b>	<b>6,854,039</b>	<b>-189,116</b>	<b>(3%)</b>
Other Operating Revenue	516,745	509,968	526,718	-16,750	(3%)
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
Transformer & Distribution Station Expense	182,503	211,811	171,865	39,946	23%
Distribution Lines & Services Overhead	900,004	946,012	980,642	-34,629	(4%)
U/G Distribution Lines & Services	163,410	96,917	124,228	-27,311	(22%)
Distribution Transformers	41,185	40,930	42,911	-1,981	(5%)
Distribution Meters	238,306	174,636	230,273	-55,636	(24%)
Customer Premises	117,369	116,443	126,074	-9,631	(8%)
<b>TOTAL OPERATING AND MAINTENANCE</b>	<b>1,642,778</b>	<b>1,586,750</b>	<b>1,675,992</b>	<b>-89,242</b>	<b>(5%)</b>
<b>ADMINISTRATION</b>					
Billing, Collecting & Meter Reading	666,361	755,945	763,593	-7,648	(1%)
Administration	1,384,463	1,709,392	1,720,041	-10,648	(1%)
<b>TOTAL ADMINISTRATION</b>	<b>2,050,823</b>	<b>2,465,337</b>	<b>2,483,634</b>	<b>-18,297</b>	<b>(1%)</b>
Allocated Depreciation	-61,164	-67,686	-67,686	—	—
<b>TOTAL CONTROLLABLE COST</b>	<b>3,632,437</b>	<b>3,984,401</b>	<b>4,091,940</b>	<b>-107,539</b>	<b>(3%)</b>
<b>NET INCOME BEFORE DEP'N, INTEREST &amp; TAX</b>	<b>3,564,726</b>	<b>3,190,489</b>	<b>3,288,816</b>	<b>-98,327</b>	<b>(3%)</b>
Depreciation	1,342,944	1,400,473	1,400,473	0	0%
Interest Expense	946,541	950,934	1,059,330	-108,396	(10%)
Interest Income	-148,480	-154,238	-160,000	5,762	(4%)
<b>NET INCOME BEFORE SWAP, ICM &amp; PBA &amp; INC TAXES</b>	<b>1,423,721</b>	<b>993,320</b>	<b>989,013</b>	<b>4,307</b>	<b>0%</b>
Current Tax	120,000	85,985	85,985	—	—
<b>NET INCOME</b>	<b>1,303,721</b>	<b>907,335</b>	<b>903,028</b>	<b>4,307</b>	<b>0%</b>

# FESTIVAL HYDRO INC.

## Balance Sheet

For the period ending June 30, 2024

	YTD as at Jun 30, 2023	YTD as at Dec 31, 2023	YTD as at Jun 30, 2024		YTD as at Jun 30, 2023	YTD as at Dec 31, 2023	YTD as at Jun 30, 2024
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>				<b>Current Liabilities</b>			
Accounts Receivable	6,127,468	9,135,134	7,094,836	Bank Indebtedness	2,512,599	3,679,961	1,249,010
Inventory	564,940	212,005	758,972	Accounts Payable & Accrued Liabilities	9,386,997	10,364,864	9,895,814
Prepaid Expenses	274,060	308,822	459,015	Current Portion of Consumer Deposits	933,846	1,256,618	913,346
Corporate PILS Recoverable	587,562	743,093	1,069,008	Current Portion of Long Term Loans	366,960	750,364	464,929
Unbilled Revenue	7,932,017	6,915,469	5,365,084	Dividends Declared	—	233,750	233,750
				Promissory Note	15,600,000	15,600,000	15,600,000
				Loan Advance	2,500,000	2,500,000	5,000,000
				Due to FHSI	8,100	29,355	89,054
	<b>15,486,047</b>	<b>17,314,523</b>	<b>14,746,916</b>		<b>31,308,501</b>	<b>34,414,911</b>	<b>33,445,904</b>
<b>Property, Plant &amp; Equipment</b>	59,650,466	61,152,857	62,372,432	<b>Other Liabilities</b>			
				Unrealized Loss on Interest Rate Swap	-784,886	-454,755	-454,755
<b>Other Assets</b>				Deferred Revenue	3,184,115	3,284,439	3,450,770
Intangible Assets	1,868,460	2,228,625	2,676,773	Employee Future Benefits	1,009,878	1,024,453	1,024,453
Future Payments in Lieu of Income Taxes	-3,239,959	-3,518,269	-3,518,269	<b>Long Term Debt</b>			
Regulatory Assets	5,912,201	5,989,731	6,057,458	Consumer Deposits over one year	—	631,651	—
				RBC Loan - LT Portion	9,812,012	9,061,648	9,061,648
				<b>TOTAL LIABILITIES</b>	<b>44,529,620</b>	<b>47,962,348</b>	<b>46,528,020</b>
				<b>EQUITY</b>			
				Share Capital - Common	9,468,388	9,468,388	9,468,388
				Share Capital - Preferred	6,100,000	6,100,000	6,100,000
				Retained Earnings	19,633,686	19,746,727	20,348,898
				Accumulated Other Comprehensive Income	-54,479	-109,996	-109,996
				<b>TOTAL EQUITY</b>	<b>35,147,595</b>	<b>35,205,119</b>	<b>35,807,290</b>
<b>TOTAL ASSETS</b>	<b>79,677,215</b>	<b>83,167,467</b>	<b>82,335,310</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>79,677,215</b>	<b>83,167,467</b>	<b>82,335,310</b>

# FESTIVAL HYDRO INC.

## Statement of Capital For the period ending June 30, 2024

	YTD as at Jun 30, 2023	YTD as at Jun 30, 2024	YTD Budget at Jun 30, 2024	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
<b>DISTRIBUTION</b>					
Distribution Overhead	1,506,519	769,372	545,175	224,197	41%
Underground Conductor and Devices	973,628	490,643	586,975	-96,332	(16%)
Distribution Transformers	605,071	415,168	157,500	257,668	164%
Services	425,102	135,017	97,500	37,517	(100%)
Distribution Meters	617,219	192,073	167,500	24,573	15%
SCADA/Distribution Automation	91,889	33,645	37,500	-3,855	(10%)
Tools and Miscellaneous Equipment	47,955	8,613	15,000	-6,387	(43%)
<b>TOTAL DISTRIBUTION</b>	<b>4,267,382</b>	<b>2,044,530</b>	<b>1,607,150</b>	<b>437,380</b>	<b>27%</b>
<b>OTHER CAPITAL</b>					
Land and Buildings	959,845	501,120	459,000	42,120	9%
Transformer Station	106,509	66,495	82,500	-16,005	(19%)
Vehicles and Trailers	150,104	9,043	37,500	-28,457	(76%)
Computer Hardware and Software	716,365	604,257	320,888	283,369	88%
<b>TOTAL OTHER CAPITAL</b>	<b>1,932,823</b>	<b>1,180,915</b>	<b>899,888</b>	<b>281,027</b>	<b>31%</b>
<b>TOTAL CAPITAL</b>	<b>6,200,205</b>	<b>3,225,445</b>	<b>2,507,038</b>	<b>718,408</b>	<b>29%</b>

# FESTIVAL HYDRO INC.

## Cash Flow Statement For the period ending June 30, 2024

	YTD as at Dec 31, 2023	YTD as at Jun 30, 2024
<b>Cash from Operations</b>		
Net Income	1,790,160	907,335
Depreciation	2,619,161	1,400,473
Amortization of deferred revenue in other revenue	-96,570	166,332
Unrealized loss on interest rate swap	330,131	—
Decrease/(Increase) in Receivables	-677,770	1,930,298
Decrease/(Increase) in Inventory	-34,479	-546,967
Decrease/(Increase) in Prepays	-78,381	-150,193
Decrease/(Increase) in Due from FHSI	151,502	59,699
Decrease/(Increase) in PILS	-231,530	-325,915
Decrease/(Increase) in Unbilled Revenues	-2,131,971	1,550,384
Decrease/(Increase) in Future Tax	278,310	—
Decrease/(Increase) in Regulatory Assets	1,271,988	-67,727
Increase/(Decrease) in Payables	701,773	-469,050
Increase/(Decrease) in Deposits	-108,272	-974,923
Increase/(Decrease) in Employee Future Benefits	14,575	—
Contributed Capital	466,382	157,249
<b>Net Cash Provided</b>	<b>4,265,008</b>	<b>3,636,996</b>
<b>Cash from Financing</b>		
Loan Repayments	728,465	285,435
Loan Advance	-2,500,000	-2,500,000
Cash Used - Capital Expenditures	5,337,210	3,225,445
Cash Used - Dividends paid current year	390,330	195,165
Cash Used - Dividends declared in prior year	248,269	—
<b>Net Cash Used</b>	<b>4,204,274</b>	<b>1,206,045</b>
<b>Increase (Decrease) in Cash Position</b>	<b>60,734</b>	<b>2,430,951</b>
<b>Bank Indebtedness, Beg of Period</b>	<b>-3,740,695</b>	<b>-3,679,961</b>
<b>Bank Indebtedness, End of Period</b>	<b>-3,679,961</b>	<b>-1,249,010</b>
<b>Bank and Line of Credit Analysis</b>	<b>2023</b>	<b>2024</b>
High balance (YTD)	2,146,529	4,185,404
Low Balance (YTD)	-6,140,288	-6,552,953
Overdraft interest (annualized)	199,421	267,534
<b>Interest rate (avg annual for period)</b>	<b>6.94%</b>	<b>6.95%</b>
<b>Average overdraft balance</b>	<b>2,872,478</b>	<b>3,849,403</b>

Key Financial Ratios:	Actual Ratio	Required Ratio
RBC Compliance Ratio - Funded Debt to Total Capital	0.43	Less than 0.65



**To:** Mark Hunter and the Finance and Labour Relations Committee  
**From:** Alyson Conrad, CFO  
**Re:** Commentary on FHI Financial Results –  
For the period ended September 30, 2024

Net income for the period is \$1.39M, which is \$34K above the YTD budget. Detailed commentary on the balance sheet and statement of operations are noted below:

**BALANCE SHEET COMMENTARY:**

**Accounts Receivable** – The accounts receivable balance is \$390K more than it was in September of 2023 and \$4K less than June 2023. This variance is the result of the following:

- Electric receivables are \$385K higher than September 2023. Arrears balances have decreased by \$50K compared to September 2023, with the majority being less than 30 days. We will continue to monitor electric receivables and engage in payment arrangements with as many customers as possible before the beginning of the Winter Disconnection Moratorium.
- Water and sewer receivables are \$100K higher than September 2023. Arrears have increased for these revenues by \$52K over the prior year.
- The remaining A/R accounts have decreased by \$57K. The variances are mainly due to changes in recoverable work and OER settlement.

Electric receivables that are in arrears are being diligently reviewed and acted on by the customer service team as we prepare for the next Winter Disconnection Moratorium which will start on November 15. We generally see arrears increase through the disconnection period, so we attempt to be in the best state prior to that start date.

**Inventory** – Inventory balances have increased by \$237K. There was a large portion of inventory purchased to prepare for underground service work that was to be completed earlier in 2024 however this work has not been done yet and therefore the inventory is on hand. FHI anticipates that this value will decrease by yearend.

**Prepaid Expenses** – Prepaid expenses have increased by \$248K since September 2023. This is mainly due to Cost of Service costs being included here. The total prepaid will be \$500K for Cost of Service costs and will be brought in as a expense over five years starting in 2025.

**Due (to) from FHSI** – The balance in this account has remained in a payable position for most of 2024. FHSI has not spent the majority of their capital budget and there was less work completed by FHSI staff on FHI projects than planned.

**Unbilled Revenue** – This balance is \$770K higher than the balance in September 2023. The main difference between June and September was due to an increase in global adjustment rates from 5.09 cents to 8.67 cents.

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**Regulatory Assets** – The regulatory asset balance has decreased by \$1.1M since September 2023 and is driven virtually by the Wholesale Market variance which decreased by \$1.8M. In previous years this account was in a large receivable balance for most utilities, so the rate was adjusted to decrease this variance. The remaining impacts were due to increases in 1588 and 1589 variances totaling \$633K. These variances fluctuate month over month.

**A/P and Accrued Liabilities** – This balance has decreased by \$277K from the September 2023 balance. The difference mainly relates to a decrease in IESO bill by \$311K. The remainder are typical trade payable variances.

### **INCOME STATEMENT COMMENTARY**

**Gross Margin on Service Revenue (Distribution Revenue)** – The distribution revenue to the end of Q3 2023 is \$176K below budget. Overall kWhs for the year are down 2.3M. This was due to the mild winter however a large portion of this was made up in the summer months where there were higher than average temperatures. Residential revenue is ahead of budget based on moderate increases to customer counts. FHI lost one large use customer in the year who moved to >50kW. The annual impact of this change is approximately \$100K. In addition the LRAM budget was substantially higher than will be seen in 2024 which is causing a significant amount of the variance from budget and will continue until yearend.

**Other Revenue** – Other revenue is running \$30K above budget at the end of Q3. The majority of this is due to administrative billing markups compared to a typical year.

**Controllable Costs** - Total controllable costs are \$274K less than budget to the end of Q3.

Operating and Maintenance expenses are down overall by \$256K compared to the budget. Transformer and Distribution Station Expense is up by \$25K. A portion of this is due to consultant costs for transformer repair work. This was to replace components on the power transformers that had been identified during our monthly inspections as needing attention. We also had a significantly higher amount of switching to do at our station for Hydro One Transmission line work in Q2 requiring extra resources. Distribution Lines and Services Overhead is under by \$169K. The majority of this is the timing of tree trimming that will be completed in Q4. Underground Distribution Lines and Services is under budget by \$29K. Underground Distribution Lines and Services continue to be down as FHI has seen less underground issues compared to historical years, there is also a budget amount for cable testing that we will defer into future years to save costs.

Billing, Collecting and Meter Reading expenses are down \$15K compared to the budget. So far in 2024, FHI is underspent in software support as well as some of the costs from FHSI. This will be offset in Q4 by the additional billing resource that was hired to assist with the increased workload required internally for the new CIS.

Administration expenses are down overall by \$3K. There are several variances within these accounts, but the offsets have assisted in remaining on budget.

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### CASH FLOW COMMENTARY

As per the cash flow statement, the September 30 cash balance increased by \$354K since June 2023. Cash flows have improved due to improved net income and some larger capital expenses such as CIS and renovation costs occurring earlier in the year. In any given month, half of the month is in a positive balance and later in the month it is in a credit position because of the timing of the IESO invoice.

### LOAN COVENANT RATIO

The Loan Covenant ratio as prescribed by our lender, RBC, is being met.

*Presented for information purposes.*

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# FESTIVAL HYDRO INC.

## Balance Sheet

For the period ending September 30, 2024

	YTD as at Sep 30, 2023	YTD as at Dec 31, 2023	YTD as at Sep 30, 2024		YTD as at Sep 30, 2023	YTD as at Dec 31, 2023	YTD as at Sep 30, 2024
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>				<b>Current Liabilities</b>			
Accounts Receivable	6,700,552	9,135,134	7,090,902	Bank Indebtedness	2,158,227	3,679,961	3,931,509
Inventory	493,853	212,005	730,586	Accounts Payable & Accrued Liabilities	9,102,816	10,364,864	8,826,057
Prepaid Expenses	167,088	308,822	415,549	Current Portion of Consumer Deposits	950,518	1,256,618	897,196
Due from FHSI	20,363	-29,355	-155,987	Current Portion of Long Term Loans	184,163	750,364	189,653
Corporate PILS Recoverable	759,334	743,093	1,086,015	Dividends Declared	—	233,750	—
Unbilled Revenue	5,684,102	6,915,469	6,453,707	Promissory Note	15,600,000	15,600,000	15,600,000
				Loan Advance	2,500,000	2,500,000	5,000,000
	<b>13,825,292</b>	<b>17,285,168</b>	<b>15,620,772</b>		<b>30,495,724</b>	<b>34,385,556</b>	<b>34,444,415</b>
<b>Property, Plant &amp; Equipment</b>	59,902,505	61,152,857	62,861,709	<b>Other Liabilities</b>			
				Unrealized loss on interest rate swap	-784,886	-454,755	-454,755
<b>Other Assets</b>				Deferred Revenue	3,074,907	3,284,439	3,333,246
Intangible Assets	2,107,683	2,228,625	3,083,374	Employee Future Benefits	1,009,878	1,024,453	1,024,453
Future payments in lieu of income taxes	-3,239,959	-3,518,269	-3,518,269	<b>Long Term Debt</b>			
Regulatory Assets	6,890,952	5,989,731	5,760,656	Consumer Deposits over one year	—	631,651	—
				RBC Loan - LT Portion	9,812,012	9,061,648	9,061,648
				<b>TOTAL LIABILITIES</b>	<b>43,607,635</b>	<b>47,932,993</b>	<b>47,409,007</b>
				<b>EQUITY</b>			
				Share Capital - Common	9,468,388	9,468,388	9,468,388
				Share Capital - Preferred	6,100,000	6,100,000	6,100,000
				Retained Earnings	20,364,929	19,746,727	20,940,843
				Accumulated Other Comprehensive Income	-54,479	-109,996	-109,996
				<b>TOTAL EQUITY</b>	<b>35,878,838</b>	<b>35,205,119</b>	<b>36,399,235</b>
<b>TOTAL ASSETS</b>	<b>79,486,473</b>	<b>83,138,112</b>	<b>83,808,242</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>79,486,473</b>	<b>83,138,112</b>	<b>83,808,242</b>

# FESTIVAL HYDRO INC.

## Statement of Capital For the period ending September 30, 2024

	YTD as at Sep 30, 2023	YTD as at Sep 30, 2024	YTD Budget at Sep 30, 2024	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
<b>DISTRIBUTION</b>					
Distribution Overhead	1,831,232	909,234	905,441	3,793	0%
Underground Conductor and Devices	1,029,072	827,234	900,389	-73,155	(8%)
Distribution Transformers	736,060	653,294	311,250	342,044	110%
Services	500,940	252,156	146,250	105,906	72%
Distribution Meters	753,684	223,628	300,000	-76,372	(25%)
SCADA/Distribution Automation	110,267	66,319	57,375	8,944	16%
Tools and Miscellaneous Equipment	51,948	11,849	33,750	-21,901	(65%)
<b>TOTAL DISTRIBUTION</b>	<b>5,013,203</b>	<b>2,943,712</b>	<b>2,654,455</b>	<b>289,258</b>	<b>11%</b>
<b>OTHER CAPITAL</b>					
Land and Buildings	1,044,654	933,322	1,623,750	-690,428	(43%)
Transformer Station	175,352	73,571	112,500	-38,929	(35%)
Vehicles and Trailers	150,104	62,038	337,500	-275,462	(82%)
Computer Hardware and Software	1,055,075	1,072,266	1,059,500	12,766	1%
<b>TOTAL OTHER CAPITAL</b>	<b>2,425,186</b>	<b>2,141,197</b>	<b>3,133,250</b>	<b>-992,053</b>	<b>(32%)</b>
<b>TOTAL CAPITAL</b>	<b>7,438,389</b>	<b>5,084,909</b>	<b>5,787,705</b>	<b>-702,795</b>	<b>(12%)</b>

# FESTIVAL HYDRO INC.

## Income Statement

For the period ending September 30, 2024

	YTD as at Sep 30, 2023	YTD as at Sep 30, 2024	YTD Budget at Sep 30, 2024	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
<b>REVENUE</b>					
Service Revenue	56,121,613	61,155,141	54,928,053	6,227,087	11%
Cost of Power	45,944,644	51,050,553	44,646,996	6,403,557	14%
<b>GROSS MARGIN (DISTRIBUTION REVENUE)</b>	<b>10,176,969</b>	<b>10,104,588</b>	<b>10,281,058</b>	<b>-176,470</b>	<b>(2%)</b>
Other Operating Revenue	742,043	819,891	790,077	29,814	4%
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
Transformer & Distribution Station Expense	281,203	283,074	257,798	25,276	10%
Distribution Lines & Services Overhead	1,297,128	1,305,838	1,470,962	-165,124	(11%)
U/G Distribution Lines & Services	204,794	150,839	186,342	-35,502	(19%)
Distribution Transformers	62,803	63,845	64,367	-523	(1%)
Distribution Meters	325,785	279,253	345,409	-66,156	(19%)
Customer Premises	179,450	174,956	189,111	-14,155	(7%)
<b>TOTAL OPERATING AND MAINTENANCE</b>	<b>2,351,163</b>	<b>2,257,805</b>	<b>2,513,989</b>	<b>-256,183</b>	<b>(10%)</b>
<b>ADMINISTRATION</b>					
Billing, Collecting & Meter Reading	1,037,318	1,130,128	1,145,390	-15,262	(1%)
Administration	2,076,710	2,577,316	2,580,061	-2,745	(0%)
<b>TOTAL ADMINISTRATION</b>	<b>3,114,027</b>	<b>3,707,444</b>	<b>3,725,451</b>	<b>-18,006</b>	<b>(0%)</b>
Allocated Depreciation	-91,746	-101,530	-101,530	—	—
<b>TOTAL CONTROLLABLE COST</b>	<b>5,373,444</b>	<b>5,863,720</b>	<b>6,137,910</b>	<b>-274,190</b>	<b>(4%)</b>
<b>NET INCOME BEFORE DEP'N, INTEREST &amp; TAX</b>	<b>5,545,568</b>	<b>5,060,759</b>	<b>4,933,225</b>	<b>127,534</b>	<b>3%</b>
Depreciation	2,014,416	2,123,709	2,100,709	23,000	1%
Interest Expense	1,530,294	1,636,620	1,588,996	47,624	3%
Interest Income	-214,106	-216,828	-240,000	23,172	(10%)
<b>NET INCOME BEFORE SWAP, ICM &amp; PBA &amp; INC TAXES</b>	<b>2,214,964</b>	<b>1,517,258</b>	<b>1,483,520</b>	<b>33,738</b>	<b>2%</b>
Current Tax	180,000	128,977	128,977	—	—
<b>NET INCOME BEFORE SWAP, ICM &amp; FUTURE TAX</b>	<b>2,034,964</b>	<b>1,388,281</b>	<b>1,354,542</b>	<b>33,738</b>	<b>2%</b>
Unrealized Gain/Loss on Swap	—	—	—	—	—
Future Tax	—	—	—	—	—
Marketable Security - recorded as OCI	—	—	—	—	—
<b>NET INCOME</b>	<b>2,034,964</b>	<b>1,388,281</b>	<b>1,354,542</b>	<b>33,738</b>	<b>2%</b>

# FESTIVAL HYDRO INC.

## Cash Flow Statement

For the period ending September 30, 2024

	YTD as at Dec 31, 2023	YTD as at Sep 30, 2024
<b>Cash from Operations</b>		
Net Income	1,790,160	1,388,281
Depreciation	2,619,161	2,123,709
Amortization of deferred revenue in other revenue	-96,570	48,807
Unrealized loss on interest rate swap	330,131	—
Decrease/(Increase) in Receivables	-677,770	2,222,232
Decrease/(Increase) in Inventory	-34,479	-518,581
Decrease/(Increase) in Prepays	-78,381	-106,727
Decrease/(Increase) in Due from FHSI	151,502	126,632
Decrease/(Increase) in PILS	-231,530	-342,923
Decrease/(Increase) in Unbilled Revenues	-2,131,971	461,762
Decrease/(Increase) in Future Tax (offsetting entry in payable)	278,310	—
Decrease/(Increase) in Regulatory Assets	1,271,988	229,075
Increase/(Decrease) in Payables	701,773	-1,738,806
Increase/(Decrease) in Deposits	-108,272	-991,073
Increase/(Decrease) in Employee Future Benefits	14,575	—
Contributed Capital	466,382	420,599
<b>Net Cash Provided</b>	<b>4,265,008</b>	<b>3,322,988</b>
<b>Cash from Financing</b>		
Loan Repayments	728,465	560,711
Loan Advance	-2,500,000	-2,500,000
Cash Used - Capital Expenditures	5,337,210	5,084,909
Cash Used - Dividends paid current year	390,330	428,915
Cash Used - Dividends declared in prior year	248,269	—
<b>Net Cash Used</b>	<b>4,204,274</b>	<b>3,574,535</b>
<b>Increase (Decrease) in Cash Position</b>	<b>60,734</b>	<b>-251,548</b>
<b>Bank Indebtedness, Beg of Period</b>	<b>-3,740,695</b>	<b>-3,679,961</b>
<b>Bank Indebtedness, End of Period</b>	<b>-3,679,961</b>	<b>-3,931,509</b>
<b>Bank and Line of Credit Analysis</b>		
	2023	2024
High balance (YTD)	2,146,529	5,281,013
Low Balance (YTD)	-6,140,288	-6,552,953
Overdraft interest (annualized)	199,421	178,356
<b>Interest rate (avg annual for period)</b>	<b>6.94%</b>	<b>7.01%</b>
<b>Average overdraft balance</b>	<b>2,872,478</b>	<b>2,544,304</b>

<b>Key Financial Ratio:</b>	Actual Ratio	Required Ratio
RBC Compliance Ratio - Funded Debt to Total Capital	0.45	Less than 0.65