



Financial Statements

Prepared For:

Finance & Labour Relations Sub-Committee

July 2025

To: Mark Hunter and the Finance and Labour Relations Committee

Agenda: Item 10: Financial Statement Commentary for the period ended March 31, 2025

From: Alyson Conrad, CFO

Net income for the period is \$334K, which is \$137K below 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 \$1.89M lower than it was in March of 2024, but \$2.3M lower than December 2024. The main components of the variance include:

- Electric receivables are \$1.07M lower than in March 2024, as a result of the current balance i.e. not in arrears being lower by \$1.2M. However, FHI is seeing a increase (\$48K) in past due balances, in the >120 day bucket which mostly relates to the winter moratorium, and this is typically collected in May when disconnects return.
- Water and sewer receivables balance remained the same as March 2024.
- OER settlement has increased by \$403K compared to the prior year mainly because of decrease in the OER rate from 19.3% to 13.1%.
- A/R Recoverable Work and Miscellaneous AR have increased \$300K compared to prior year. The main reason for this is Q1 2024 had \$275K in construction deposits made compared to only \$90K in the current year. As well the subdivision rebates were processed in Q1 2024 but will be processed in Q2 2025.

Prepaid Expenses – Prepaid expenses have increased compared to prior year because of Cost of Service (COS) costs that have been approved to be recovered through the COS and therefore are not expensed as incurred. The costs will be recovered over 5 years starting in 2025.

Due to/from FHSI – The balance in this account is sitting in a \$86K payable balance at March 31st, 2025. The main reason for the payable balance is due to \$59K of joint pole billed in Q1 2024, has not yet been billed in 2025 as well as accounts payable in FHSI is up \$28K which will be paid by FHI.

Unbilled Revenue – This balance is \$500K higher than the balance in March of 2024. The increase is a result of higher usage for residential and <50 customers.

Regulatory Assets – The regulatory asset balance has decreased by \$1.6M since March 2024 and this is mainly driven by the clearing in the 2025 COS of Group 2 balances and 1588/89 account balances. The 1588/89 accounts have also decreased due to an increase in combined cost of power and global adjustment.

Bank Indebtedness – This balance has increased by \$2.5M since March 2024 and \$2.2M since December 2024. This is driven by an increase (\$3.1M) in the cost of energy invoices paid this year offset by the CDM repayment that was made in Q4 2024.

A/P and Accrued Liabilities – This balance has decreased by \$938K from the March 2024 balance. The difference relates to a lower March IESO compared to the prior year as well as less first quarter invoices related to renovations in 2024.

Deferred Revenue– This balance is \$1.2M higher than the balance in March of 2024. The increase is a result of the 2024 contributed capital additions being moved to deferred revenue in Q4 2024.

INCOME STATEMENT COMMENTARY

Gross Margin on Service Revenue (Distribution Revenue) – The distribution revenue to the end of Q1 2025 is \$83K below budget. The main reason being the decrease in usage seen in the GS>50kW rate class which used 9.4K fewer KWs than the same period in the prior year.

Other Revenue – Other revenue is running \$18K below budget at the end of Q1. The decrease is due to lower administration revenue from capital construction projects. These typically pick up in later quarters.

Controllable Costs - Total controllable costs are \$125K higher than budget to the end of Q1.

Operating and Maintenance expenses are higher than budget by \$177K. There were a few reasons for this increase. First, In Q1 this year was also when we completed all of our tree trimming for the year outside of Stratford. Typically this occurs later in the year, but in 2025 we have completed it early to try and prevent as many wildlife and tree contacts as we can prior to summer. This accounted for approximately \$100K in additional costs. We are \$40K above budget due to spring maintenance that is typically front loaded in Q1 and will reduce through the remainder of the year. There was also \$30K in maintenance completed in Q1. In March when we had all of the snow melting and significant rainfall we also had a higher than normal number of U/G service conductor failures. Many of these conductors are older and buried directly in the ground, so to repair them we need to get a contractor out to excavate the area to find the issue and then complete the repairs. This caused an increase in costs in underground expenses.

Administration expenses are down by \$52K. The majority of this balance is due to the timing differences of non-labour costs in this area occur later in the year, specifically employee events. These balances are expected to be aligned with budget in future quarters.

CASH FLOW COMMENTARY

As per the cash flow statement, the March 31 bank indebtedness has increased by \$2.2M since yearend however this is mainly due to unusually high IESO invoices in January and February. FHI did plan to obtain a new RBC loan to assist with cash flow in Q1 but this has moved to Q2 to attempt to benefit from interest rate reductions.

LOAN COVENANT RATIOS

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

Presented for information purposes.

FESTIVAL HYDRO INC.

Balance Sheet For the period ending March 31, 2025

	YTD as at Mar 31, 2024	YTD as at Dec 31, 2024	YTD as at Mar 31, 2025	YTD Bdgt as at Dec 31, 2025		YTD as at Mar 31, 2024	YTD as at Dec 31, 2024	YTD as at Mar 31, 2025	YTD Bdgt as at Dec 31, 2025
ASSETS					LIABILITIES				
Current Assets					Current Liabilities				
Accounts Receivable	8,081,657	8,499,148	6,186,372	8,500,000	Bank Indebtedness	4,524,220	4,778,478	7,017,022	4,091,721
Inventory	632,996	410,006	681,844	200,000	Accounts Payable & Accrued Liabilities	10,086,296	10,587,244	9,148,668	11,000,000
Prepaid Expenses	474,744	650,790	977,337	500,000	Current Portion of Consumer Deposits	899,756	1,186,600	986,525	1,000,000
Corporate PILS Recoverable	1,052,000	1,180,429	1,166,616	—	Current Portion of Long Term Loans	564,832	1,199,649	898,618	1,055,685
Unbilled Revenue	6,404,629	7,166,152	6,905,201	5,500,000	Dividends Declared	233,750	147,478	147,478	200,000
					Promissory Note	15,600,000	15,600,000	15,600,000	15,600,000
					Loan Advance	2,500,000	—	—	—
					Due to FHSI	-3,410	94,301	86,047	-125,000
	16,649,436	17,906,525	15,917,369	14,700,000		34,408,855	33,593,749	33,884,358	32,822,406
Property, Plant & Equipment	61,482,978	66,549,243	66,806,280	68,030,141	Other Liabilities				
					Future payments in Lieu of Income Taxes	3,518,269	3,028,217	3,028,217	1,706,586
Other Assets					Deferred Revenue	3,568,294	4,804,267	4,758,039	3,619,600
Intangible Assets	2,362,790	3,469,096	3,658,895	3,969,636	Employee Future Benefits	1,024,453	1,006,032	1,006,032	1,024,453
Unrealized Gain on Interest Rate Swap	454,755	285,958	285,958	454,755					
Regulatory Assets	6,235,862	4,543,408	4,650,893	5,000,000	Long Term Debt				
					Consumer Deposits Over One Year	—	1,032,050	—	400,000
					RBC Loan - LT Portion	9,061,648	12,861,999	12,861,999	14,542,998
					TOTAL LIABILITIES	51,581,519	56,326,314	55,538,645	54,116,043
					EQUITY				
					Share Capital - Common	9,468,388	9,468,388	9,468,388	9,468,388
					Share Capital - Preferred	6,100,000	6,100,000	6,100,000	6,100,000
					Retained Earnings	20,145,909	20,991,353	20,344,187	22,580,097
					Accumulated Other Comprehensive Income	-109,996	-131,825	-131,825	-109,996
					TOTAL EQUITY	35,604,301	36,427,916	35,780,750	38,038,489
TOTAL ASSETS	87,185,820	92,754,230	91,319,395	92,154,532	TOTAL LIABILITIES AND EQUITY	87,185,820	92,754,230	91,319,395	92,154,532

FESTIVAL HYDRO INC.

Income Statement For the period ending March 31, 2025

	YTD as at Mar 31, 2024	YTD as at Mar 31, 2025	YTD Budget at Mar 31, 2025	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
REVENUE					
Service Revenue	19,875,225	21,399,103	20,390,080	1,009,023	5%
Cost of Power	16,512,444	17,763,872	16,672,214	1,091,658	7%
GROSS MARGIN (DISTRIBUTION REVENUE)	3,362,781	3,635,231	3,717,867	-82,635	(2%)
Other Operating Revenue	234,739	281,142	299,473	-18,331	(6%)
OPERATING & MAINTENANCE EXPENSE					
Transformer & Distribution Station Expense	105,029	74,610	76,520	-1,910	(2%)
Distribution Lines & Services Overhead	499,027	630,458	456,371	174,087	38%
U/G Distribution Lines & Services	31,533	85,851	58,798	27,054	46%
Distribution Transformers	27,973	18,212	21,653	-3,441	(16%)
Distribution Meters	80,165	84,532	89,627	-5,095	(6%)
Customer Premises	57,107	48,268	62,110	-13,841	(22%)
TOTAL OPERATING AND MAINTENANCE	800,834	941,931	765,078	176,853	23%
ADMINISTRATION					
Billing, Collecting & Meter Reading	381,306	388,348	408,068	-19,720	(5%)
Administration	842,180	944,791	977,419	-32,628	(3%)
TOTAL ADMINISTRATION	1,223,486	1,333,139	1,385,487	-52,348	(4%)
Allocated Depreciation	-33,843	-33,033	-33,033	-0	0%
TOTAL CONTROLLABLE COST	1,990,476	2,242,038	2,117,532	124,505	6%
NET INCOME BEFORE DEP'N, INTEREST & TAX	1,607,044	1,674,336	1,899,808	-225,472	(12%)
Depreciation	700,236	777,156	777,156	0	0%
Interest Expense	497,739	547,857	577,941	-30,083	(5%)
Interest Income	-83,107	-28,203	—	-28,203	(100%)
NET INCOME BEFORE SWAP, ICM & PBA & INC TAXES	492,175	377,526	544,711	-167,185	(31%)
Current Tax	42,992	43,813	73,813	-30,000	(41%)
NET INCOME BEFORE SWAP, ICM & FUTURE TAX	449,182	333,713	470,898	-137,185	(29%)
Unrealized Gain/Loss on Swap	—	—	—	—	—
Future Tax	—	—	—	—	—
Marketable Security - Recorded as OCI	—	—	—	—	—
NET INCOME	449,182	333,713	470,898	-137,185	(29%)

FESTIVAL HYDRO INC.

Cash Flow Statement

For the period ending March 31, 2025

	YTD as at Dec 31, 2024	YTD as at Mar 31, 2025	YTD Bdgt as at Mar 31, 2025
Cash from Operations			
Net Income	1,760,604	333,713	470,899
Depreciation	2,815,498	777,156	777,156
Amortization of Deferred Revenue in Other Revenue	-21,857	-46,227	-19,151
Unrealized Loss on Interest Rate Swap	168,797	—	82,533
Change in OCI	—	—	-13,879
Decrease/(Increase) in Receivables	569,178	1,331,896	-250,000
Decrease/(Increase) in Inventory	-198,001	-271,837	0
Decrease/(Increase) in Prepaids	-341,968	-326,547	-12,500
Decrease/(Increase) in Due to/from FHSI	64,946	-8,254	-6,250
Decrease/(Increase) in PILS	-437,336	13,813	0
Decrease/(Increase) in Unbilled Revenues	-250,684	260,951	0
Decrease/(Increase) in Future Tax	-490,052	—	0
Decrease/(Increase) in Regulatory Assets	1,446,323	-107,485	-250,000
Increase/(Decrease) in Payables	222,380	-1,438,576	0
Increase/(Decrease) in Deposits	330,381	-1,232,125	0
Increase/(Decrease) in Employee Future Benefits	-18,421	—	-13,469
Contributed Capital	1,541,685	44,327	81,797
Net Cash Provided	7,161,473	-669,195	847,135
Cash from Financing			
Loan Repayments	750,364	301,030	313,334
Loan Advance	-2,500,000	—	-1,250,000
Cash Used - Capital Expenditures	9,385,546	1,268,319	1,649,946
Cash Used - Dividends Paid Current Year	390,330	—	97,583
Cash Used - Dividends Declared in Prior Year	233,750	—	50,000
Net Cash Used	8,259,990	1,569,349	860,862
Increase (Decrease) in Cash Position	-1,098,517	-2,238,544	-13,727
Bank Indebtedness, Beg of Period	-3,679,961	-4,778,478	-4,778,478
Bank Indebtedness, End of Period	-4,778,478	-7,017,022	-4,792,204

FESTIVAL HYDRO INC.

Statement of Capital For the period ending March 31, 2025

	YTD as at Mar 31, 2024	YTD as at Mar 31, 2025	YTD Bdgt as at Mar 31, 2025	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
DISTRIBUTION					
Distribution Overhead	315,295	178,801	267,199	-88,397	-33%
Underground Conductor and Devices	339,282	71,102	326,813	-255,711	-78%
Distribution Transformers	41,734	177,169	126,250	50,919	40%
Services	65,536	70,591	54,535	16,056	29%
Distribution Meters	64,100	100,067	357,104	-257,037	-72%
SCADA/Distribution Automation	18,457	7,442	17,875	-10,433	-58%
Tools and Miscellaneous Equipment	3,425	10,880	11,550	-670	-6%
TOTAL DISTRIBUTION	847,828	616,053	1,161,326	-545,273	-47%
OTHER CAPITAL					
Land and Buildings	147,038	54,155	88,750	-34,595	-39%
Transformer Station	44,774	17,662	49,900	-32,238	-65%
Vehicles and Trailers	—	259,954	92,500	167,454	181%
Computer Hardware and Software	211,520	320,495	257,471	63,024	24%
Contributed Capital	-86,638	-44,327	-81,797	37,470	-46%
TOTAL OTHER CAPITAL	316,694	607,939	406,824	201,116	49%
TOTAL CAPITAL	1,164,523	1,223,992	1,568,149	-344,157	-22%