



Financial Statements

Prepared For:

Finance & Labour Relations Sub-Committee

July 2025

To: Mark Hunter and the Finance and Labour Relations Committee
Agenda: Item 7: Financial Statement Commentary for the period ended March 31, 2025
From: Alyson Conrad, CFO

The net income for the period was \$3.8K, which is \$3.6K lower than budget and \$3.8K higher than at this point last year. Detailed commentary on the balance sheet and income statement activity are noted below:

Balance Sheet Commentary:

A/R & Prepaids – This balance in prepaid expenses is \$31K lower than March 31st, 2024, due to the billing of joint pole use for the year from FHI was billed in March in 2024, in 2025 this was billed in April.

Outstanding accounts receivable balances are generally held in Festival Hydro as they hit the intercompany account and revenues when they are billed, not when they are collected. They are being monitored through the monitoring of the miscellaneous AR aging in Festival Hydro. We will continue to monitor the aged miscellaneous AR balances regularly to ensure Rhyzome receivables are not impacting Festival's cash flows increasingly.

Capital Asset Additions – Additions to the end of March 2025 are \$9.6K. The first quarter saw a slow start to FHSI's 2025 capital program which has been typical due to winter conditions and ability to build. A large portion of the capital budget, specifically for computer equipment and fibre capital, are hinged on a successful deal a potential customer which has not been secured to date. Capital spend so far relates mostly to the expansion of the network around several key network splitters as well as the expansion of the network at the Agriplex.

Due to/from Festival Hydro Inc. – The balance in this account is sitting in a \$86K receivable balance at March 31st, 2025. The main reason for the receivable 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.

Deferred Revenue – This balance has decreased from the December 2024 balance as a portion of the balance has been recognized into revenue for Q1 2025. There have been no new funds received in Q1.

Income Statement Commentary:

Revenues – Revenues are \$42K lower than budget in Q1 and lower than Q1 2024 by 26K. The decrease in revenues are mainly attributable to two new types of revenues that were budgeted and haven't been realized yet in Q1 totaling \$37K. The first being a contract with a potential new customer which has not

be agreed to yet as well as consulting revenue with another local distribution company which is expected to begin in Q2. Originally, FHSI expected this consulting revenue to begin in Q1.

Operating Expenses – Operating expenses are below budget by \$19K at the end of Q1 and lower than Q1 2024 by \$16K. Related fibre expenses for the new potential customer have also not been realized similar to revenue in Q1. Employee costs are slightly ahead of budget and administration expenses are similarly under budget but these are expected to realign with budget in future quarters.

Current Tax – Due to minimal net income, no tax expense has been recorded.

Cash Flow Commentary:

The cash balance has increased to \$14K from the \$11K December 2024 balance. The variances in cash from year end are due to the net change in receivables and payables, loan repayments and working capital items.

FESTIVAL HYDRO SERVICES 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	Bdgt as at Dec 31, 2025		YTD as at Mar 31, 2024	YTD as at Dec 31, 2024	YTD as at Mar 31, 2025	Bdgt as at Dec 31, 2025
ASSETS					LIABILITIES				
Current Assets					Current Liabilities				
Cash	7,260	10,654	14,119	62,392	Accounts Payable	13,357	56,259	41,704	40,000
Accounts Receivable & Prepaids	68,941	27,978	37,751	60,000	Current Portion of LTD	33,117	45,004	33,753	45,868
Due to/from Festival Hydro Inc.	-3,410	94,301	86,047	-125,000	Promissory Note	372,000	372,000	372,000	372,000
Inventory	7,131	7,059	7,059	8,000					
Income Tax Receivable/(Payable)	7,659	1,615	7,315	-20,916					
Total Current Assets	87,581	141,606	152,290	-15,524	Total Current Liabilities	418,474	473,262	447,457	457,868
Fixed Assets					Other Liabilities				
Gross Book Value	5,464,307	5,620,453	5,630,050	6,018,538	Deferred Revenue	458,280	398,347	377,766	330,461
Accumulated Depreciation	-2,892,679	-3,142,723	-3,212,397	-3,450,927	Deferred Tax Liabilities	248,000	227,000	227,000	276,197
Net Book Value	2,571,628	2,477,730	2,417,653	2,567,612	Long Term Debt				
					POP Loan Long Term Portion	233,825	188,821	188,821	142,956
					TOTAL LIABILITIES	1,358,579	1,287,430	1,241,044	1,207,482
					EQUITY				
					Share Capital	249,236	249,236	249,236	249,235
					Retained Earnings	1,051,395	1,082,670	1,079,664	1,095,371
					TOTAL EQUITY	1,300,630	1,331,906	1,328,899	1,344,606
TOTAL ASSETS	2,659,210	2,619,336	2,569,943	2,552,088	TOTAL LIABILITIES AND EQUITY	2,659,210	2,619,336	2,569,943	2,552,088

FESTIVAL HYDRO SERVICES INC.

Statement of Operations 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\$
TOTAL REVENUE	340,035	314,106	356,569	-42,463	(12%)
TOTAL OPERATING EXPENSES	248,851	232,602	251,836	-19,234	(8%)
NET INCOME BEFORE DEPRECIATION & INTEREST	91,184	81,503	104,733	-23,229	(22%)
Depreciation	82,445	69,674	75,675	-6,001	(8%)
Interest Expense	8,843	8,097	9,475	-1,378	(15%)
Interest Income	-130	-102	-150	48	(32%)
NET INCOME FOR THE PERIOD BEFORE TAXES	27	3,834	19,732	-15,899	(81%)
Current Tax Provision	—	—	5,229	-5,229	(100%)
Future Tax Provision	—	—	7,049	-7,049	(100%)
NET INCOME(LOSS) FOR THE PERIOD	27	3,834	7,454	-3,620	(49%)

FESTIVAL HYDRO SERVICES 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	18,302	3,834	7,454
Future tax provision	-21,000	—	7,049
Current tax provision (ITC portion)	27,000	—	5,229
Depreciation	332,489	69,674	75,675
Amortization of contributed capital	-77,900	-15,934	-15,934
Amortization of deferred revenue	-4,012	-4,647	-4,689
Net Change in Receivables/Payables	-4,903	-36,868	-107
Net Cash Provided	269,976	16,059	74,677
Cash from Financing			
Capital expenditures - FHI	-156,414	-9,597	-90,000
Loan - Wightman	-44,156	-11,251	-11,251
Loan from/(repayment to) Festival	-64,946	8,254	18,750
Net Cash Used	-265,516	-12,594	-82,501
Increase (Decrease) in Cash Position	4,459	3,465	-7,824
Cash Beg of Period	6,194	10,654	10,654
Cash End of Period	10,654	14,119	2,830

FESTIVAL HYDRO SERVICES INC.

Statement of Capital For the period ending March 31, 2025

	YTD as at Mar 31, 2025	YTD Budget at Mar 31, 2025	Cur to Bdg YTD Var\$	Cur to Bdg YTD Var%
CAPITAL				
Computer Equipment - Hardware	838	16,250	-15,412	(95%)
Computer Software	—	2,500	-2,500	(100%)
Buildings	—	2,500	-2,500	(100%)
Fibre Capital	8,759	62,500	-53,741	(86%)
WiFi Capital	—	6,250	-6,250	(100%)
TOTAL CAPITAL	9,597	90,000	-80,403	(89%)