
**GUELPH SOLAR COMMUNITY CO-
OPERATIVE INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members,
Guelph Solar Community Co-operative Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Guelph Solar Community Co-operative Inc. which comprise the statement of financial position as at December 31, 2013, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guelph Solar Community Co-operative Inc. as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Conperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

May 7, 2014
Toronto, Ontario

GUELPH SOLAR COMMUNITY CO-OPERATIVE INC.


STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	2013	2012
		(Unaudited)
ASSETS		
Current assets		
Cash	\$ 1,004	\$ 8,763
HST recoverable	3,125	
Grant receivable	<u>2,445</u>	<u> </u>
	<u>\$ 6,574</u>	<u>\$ 8,763</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Payable to Options for Energy Non-profit Corporation	<u>\$ 5,594</u>	<u>\$ 5,594</u>
Net assets		
Unrestricted	<u>980</u>	<u>3,169</u>
	<u>\$ 6,574</u>	<u>\$ 8,763</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

GUELPH SOLAR COMMUNITY CO-OPERATIVE INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
		(Unaudited)
REVENUE		
Grant funding (note 3)	\$ 2,445	\$ 30,048
HST refund	<u>3,125</u>	<u> </u>
	<u>5,570</u>	<u>30,048</u>
 EXPENSES		
Legal fees	6,492	
Consulting fees	1,130	21,171
Office and general	747	66
Marketing	<u>80</u>	<u>1,211</u>
	<u>8,449</u>	<u>22,448</u>
 EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(2,879)	7,600
Net assets, beginning of year	3,169	(4,531)
Capital contributed in year	<u>690</u>	<u>100</u>
 NET ASSETS, END OF YEAR	<u>\$ 980</u>	<u>\$ 3,169</u>

see accompanying notes

GUELPH SOLAR COMMUNITY CO-OPERATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
		(Unaudited)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ (2,879)	\$ 7,600
Changes in non-cash working capital items-	<u>(5,570)</u>	<u>125</u>
Cash generated from (used for) operating activities	(8,449)	7,725
FINANCING ACTIVITIES		
Capital contributed in year	<u>690</u>	<u> </u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(7,759)	7,725
Cash, beginning of year	<u>8,763</u>	<u>1,038</u>
CASH, END OF YEAR	<u>\$ 1,004</u>	<u>\$ 8,763</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets- Amounts receivable	<u>\$ (5,570)</u>	<u>\$ 125</u>
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see accompanying notes

GUELPH SOLAR COMMUNITY CO-OPERATIVE INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

Guelph Solar Community Co-operative Inc. (the Co-operative) is incorporated in the Province of Ontario as a not-for profit corporation without share capital under the Co-operative Corporations Act of Ontario (the Act) and is a 'renewable energy co-operative' within the meaning of the Act. The Co-operative is exempt from income tax in Canada as a not-for-profit entity under Section 149(1)(L) of the Income Tax Act (Canada).

The Co-operative is developing a green energy business, initially through creating a portfolio of solar rooftop projects, to sell electricity through 20 year fixed contracts in Ontario under the Green Energy Act of Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The Co-operative follows the deferral method of revenue recognition. The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Grants and contributions related to current expenditures are recognized as revenue in the current year. Grants and contributions received in the year for expenses to be incurred in the following year are recorded as deferred revenue. Grants and contributions related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- ii) Interest income is recognized when earned.
- iii) Donated materials and services which are normally purchased by the Co-operative are not recorded in the accounts.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Co-operative's financial instruments include cash, accounts receivable and accounts payable. Cash is measured at fair value. All other financial instruments are recorded at cost.

The Co-operative expects to meet its financial obligations for the account payable through cash flows from operations.

It is management's opinion that the Co-operative's financial instruments are not exposed to significant financial risks.

3. GRANT FUNDING

Grant funding recognized in the year was as follows:

	2013	2012 (unaudited)
Community Energy Partnerships Program	\$ 2,445	\$ 27,140
Co-operative Development Initiative	<u> </u>	<u>2,908</u>
	<u>\$ 2,445</u>	<u>\$ 30,048</u>

GUELPH SOLAR COMMUNITY CO-OPERATIVE INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

4. COMMITMENTS

The Co-operative has entered into two projects to develop solar electricity generation under the Ontario Power Authority's Feed-in-Tariff Program. The Co-operative plans funding the projects using a mix of debt and bonds sold to the Co-operative's membership. Project commitments are as follows:

Project 1 –300 kWp at \$3.84 per watt for a total installation price of \$1,152,000. The Co-operative owns 51% of a joint venture with Icarus Power Generation Ltd. for a total commitment of \$587,520.

Project 2 –105 kWp at \$3.73 per watt for a total installation price of \$391,650. The Co-operative owns 51% of a limited partnership with Endura Energy for a total commitment of \$199,742.

Community Wealth Non-Profit Corporation (Community Wealth) is a fund set up to hold the surplus from renewable energy projects from, among other social enterprises, the Co-operative, in exchange for a guarantee of bonds to be issued by the Co-operative.

A development charge of \$55,075 is due to the Co-operative and only becomes payable on the Commercial Operation Date (COD) of the installation. 3% of the Co-operative's ownership share is due to Community Wealth at COD for a total commitment of \$23,618. The remaining \$31,457 is due to Community Wealth and is to be paid over the length of the Feed-in-Tariff contract.

5. COMPARATIVE AMOUNTS

Amounts as at December 31, 2012 and for the year then ended have been prepared without audit.