



Ontario Corporation number: 1851991

*Co-operative Corporations Act*, R.S.O. 1990, c. C.35

**RECEIPT FOR AN OFFERING STATEMENT**

**TREC SOLARSHARE CO-OPERATIVE (NO. 1) INC.**

TREC SolarShare Co-operative (No.1) Inc. (the "Co-operative"), filed an Offering Statement dated November 22, 2019.

As a condition of the Chief Executive Officer issuing a Receipt under Subsection 36(1) of the *Co-operative Corporations Act*, the Co-operative has undertaken in accordance with Section 16 of the Offering Statement that:

- a) the Offering Statement will expire on November 21, 2020 and after that date no further securities will be issued unless a new Offering Statement has been filed and receipted;
- b) a copy of the Offering Statement will be given to each prospective investor before payment for securities is accepted by the Co-operative; and
- c) none of the securities issued by the Co-operative pursuant to this Offering Statement will be in bearer form.

A Receipt for the Offering Statement relating to securities to be issued by the Co-operative is hereby issued under Subsection 36(1) of the *Co-operative Corporations Act*.

Dated at Toronto, this 20<sup>th</sup> day of December, 2019.

A handwritten signature in blue ink, appearing to read 'Huston Loke', written over a horizontal line.

**Huston Loke**  
Executive Vice President  
Market Conduct  
By Delegated Authority from the  
Chief Executive Officer

This offering document contains important information about the Solar Bonds offered for sale by the Co-operative named below.

You should read the entire Offering Statement before deciding whether or not to purchase these bonds. All prospective purchasers must receive this Offering Statement before completing their purchase.

Offering Statement of  
TREC SolarShare Co-operative (No. 1) Inc.  
("SolarShare")

November 22, 2019

MAXIMUM TOTAL TO BE RAISED UNDER THIS OFFERING STATEMENT: \$20,000,000

**SolarShare is offering Solar Bonds** for purchase by residents of Ontario. Prospective individual purchasers of the bonds must first become members of SolarShare. Corporations and organizations may purchase bonds, but may not be members of SolarShare.

SolarShare is the largest renewable energy co-operative in Canada in terms of membership, investment and asset ownership. It owns and operates a portfolio of 49 solar generation projects, all of which earn revenues from long-term fixed-rate Feed-In-Tariff (FIT) contracts with Ontario's Independent Electricity System Operator (IESO). These contracts were established with an original term of 20 years under Ontario's Green Energy Act and remain in force.

The majority of SolarShare's capital is in the form of Solar Bonds, with \$38.2 million outstanding as of December 31, 2018. SolarShare also employs long-term project debt with a value outstanding of \$15.2 million, described in Section 13 and 16.8 or 16.9 below. Any cash flow surplus after the payment of interest and repayment of principal on Solar Bonds and other debt will be assigned to the TREC Renewable Energy Cooperative (TREC) Renewable Energy Fund, which will be used to develop additional community-owned renewable energy projects.

Proceeds from Solar Bond issuance will be used to refinance existing debt as it comes due, including maturing Solar Bonds, and to make new acquisitions of solar energy projects should such opportunities arise on attractive terms. This Offering Statement describes two Solar Bonds: 1) a five-year bond earning 4% interest; and 2) a five-year bond earning 4.5% interest. The determination as to when to offer Solar Bonds for purchase, and which bonds to offer, will be made by SolarShare, based on market conditions and its financial requirements.

The securities offered are issued under the Co-operative Corporations Act and are exempt from the requirements of the Securities Act (Ontario). The persons selling these securities are exempt from the registration requirement of the Securities Act (Ontario) and are not required to be licensed by any Government agency.

**No official of the Government of Ontario has considered the merits of the matters addressed in this Offering Statement.** Neither the Financial Services Regulatory Authority of Ontario nor any

other ministry or agency of the Government of Ontario assumes any liability or obligation to anyone who purchases the securities offered under this Offering Statement.

**There is no established market through which these securities may be sold.** Due to the characteristics of these securities and the restrictions on their transfer, no such market is likely to develop. The directors of SolarShare have set the price of the securities offered.

**The Solar Bonds issued under this Offering Statement are secured by a mortgage registered on all of the project leases and equipment held by SolarShare.** However, a traditional mortgage is usually applied to appreciating assets such as land, whereas this mortgage is on a lease, with a fixed term, and depreciating assets (the solar generating facilities). Therefore, prospective purchasers are encouraged to study the cash flow model in Schedule A – Pro Forma Financial Statements, since the cash position of SolarShare is most relevant for the repayment of the principal.

**Investors should not rely on any information other than what is contained in this Offering Statement.** This is a high risk investment as there is no guarantee that SolarShare will be able to pay interest or repay any of the Solar Bonds offered under this Offering Statement. Potential buyers should pay careful attention to all the risk factors noted in this Offering Statement. See Section 7 below for a description of risk factors.

**The information in any projections or pro forma statements contained in this Offering Statement may vary materially from actual results.**

**This Offering Statement expires on November 21, 2020.** No further securities may be issued after this date unless a new Offering Statement is filed and receipted.

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## 1 GLOSSARY AND DEFINITIONS

**"5-Year Solar Bond"** refers to bonds with a term of five years issued by SolarShare.

**"15-Year Solar Bond"** refers to self-amortizing (regularly paying a fixed amount, comprised of a mixture of principal and interest) bonds with a term of fifteen years issued by SolarShare. No 15-Year Solar Bonds are being offered under this Offering Statement.

**"Act"** means the Co-operative Corporations Act (Ontario) and the Regulations thereunder.

**"Affiliate Fees"** means operating, management and/or contractor fees to an entity associated with SolarShare, provided they do not exceed \$30,000 per annum in aggregate.

**"Commercial Operation"** means, with respect to each project, that the project is mechanically, electrically, and structurally complete and is delivering electricity to the electricity grid.

**"Commercial Operation Date"** or **"COD"** means the date on which a project achieved Commercial Operation under the FIT contract.

**"Community Solar Assets 1"** or **"CSA 1"** means the Special Purpose Vehicle with the legal name Community Solar Assets 1 Limited that was incorporated to hold some of SolarShare's FIT1 projects as described in this Offering Statement.

**"Community Solar Assets 2"** or **"CSA 2"** means the Special Purpose Vehicle with the legal name Community Solar Assets 2 Limited that was incorporated to hold some of SolarShare's FIT2 projects and one FIT3 project as described in this Offering Statement.

**"Community Solar Assets 4"** or **"CSA 4"** means the Special Purpose Vehicle with the legal name Community Solar Assets 4 Limited that was incorporated to hold some of SolarShare's FIT3 projects as described in this Offering Statement.

**"CPC"** means a not-for-profit co-operative, with the legal name **"Community Power Capital Co-operative, Inc."** established to provide financing to community owned renewable energy projects for SolarShare.

**"Debt Financing"** means senior debt from a long-term commercial debt lender.

**"Debt Service Coverage Ratio"** or **"DSCR"** means the debt service coverage ratio established by commercial lenders for the CSA 1 and CSA 2 portfolios, and represents the ratio of the Operating Income to the Debt Service Costs for the most recent four consecutive quarter periods.

**"Debt Service Reserve Requirement"** means an amount equal to up to six months' (for CSA 1) or twelve months' (for CSA 2) principal and interest next due on the loan.

**"FIT"** or **"MicroFIT"** means the IESO's Feed-in Tariff program, which provides for 20 years of guaranteed rates per kilowatt hour paid for electricity delivered from qualified renewable energy projects, pursuant to it. Projects of different sizes earn different revenues per kilowatt-hour, all known in advance. There were five different FIT contract rounds under the FIT program. SolarShare currently owns projects with FIT 1, FIT 2 and FIT 3 contracts.

**"GEA"** means Ontario's Green Energy and Green Economy Act, which was the legislation enacted by the Government of Ontario that created the FIT and MicroFIT programs. The GEA was repealed in late 2018, but with no effect on most completed FIT and MicroFIT projects such as those owned by SolarShare and its subsidiaries.

**"IESO"** is the Independent Electricity System Operator, including the former Ontario Power Authority, a not-for-profit corporate entity tasked with real-time operations of the Ontario electricity grid and long-term planning, procurement and conservation efforts.

**"Offering Statement"** refers to this document, including all attachments and schedules.

**"Operating Income"** means the Project Revenues including any interest paid or payable on Reserve Accounts, minus the Project Expenses.

**"Project Expenses"** means all expenditures in respect to the operations of the business, determined on an accrual basis, including reimbursable costs and expenses incurred for operations and maintenance, insurance and contributions to the major maintenance reserve fund, but excluding interest and principal payable on the Debt Financing loan, fees to an Affiliate other than the Affiliate Fees, non-cash items, major maintenance costs and income taxes.

**"Project Revenues"** means the sum of all amounts received or receivable which would be considered revenue in accordance with Canadian generally accepted accounting principles, including all refundable taxes received but excluding extraordinary, unusual or non-recurring items.

**"PV"**, which stands for 'photovoltaic' means the technology used for the generation of electricity using photovoltaic solar cells, which convert sunlight directly into electricity.

**"Solar Bonds"** refers to 5-Year and 15-Year bonds issued by SolarShare.

**"Special Purpose Vehicle"** or **"SPV"** means a special purpose vehicle that is a business corporation, wholly-owned by SolarShare, which owns a group of FIT projects. The use of an SPV is standard practice and facilitates the placement of Debt Financing. SolarShare's SPV's include CSA 1, CSA 2 and CSA 4.

**"Tapestry"** means Tapestry Community Capital, a fully-owned subsidiary of TREC, which provides investment management, accounting and administrative services to SolarShare.

**"TREC"** means TREC Renewable Energy Co-operative Inc., a not-for-profit co-operative established to promote renewable energy through its project development, project management and educational activities.

**"TREC Renewable Energy Fund"** means the fund that TREC maintains as per the terms of the Renewable Energy Fund Agreement between TREC and SolarShare.

**"Turnkey Project Development"** means a project development and construction service that includes construction management, engineering, procurement, permitting, construction and commissioning of a complete solar PV system.

## 2 CORPORATE INFORMATION

Name of the Co-operative: TREC SolarShare Co-operative (No. 1) Inc.

Date of Incorporation: Jan 18, 2010 (subsequent certificates of amendment effective March 25, 2011 and amalgamation effective January 1, 2015).

Ontario Corporation No.: 1851991 (formerly 1613555)

Head Office Address: 401 Richmond Street West, Suite 240  
Toronto, Ontario M5V 3A8

Auditors: Kriens LaRose LLP  
Thomas Kriens CPA, CA  
37 Main Street  
Toronto, Ontario M4E 2V5

Fiscal Year End: December 31st

Registrar/Transfer Agent: SolarShare will act as its own registrar and transfer agent in respect of the securities offered for sale.



*Figure 1: SolarShare's Abilene project in Mississauga*



### **3      DESCRIPTION OF THE BUSINESS OF SOLARSHARE**

#### **3.1      Background**

In 2009, the Government of Ontario enacted the Green Energy and Green Economy Act, which authorized incentives for renewable energy projects (FIT contracts) in pursuit of the policy goals including ending the use of coal, attracting investment, and job creation. The GEA was repealed in late 2018; however, the existing contracts SolarShare holds with the IESO remain in force as described in Section 16.1 below.

SolarShare was established in 2010 with the goal of fostering community ownership of solar PV generation resources in Ontario and the belief that all Ontarians should have the opportunity to invest in and benefit from the transition to a low-carbon economy.

SolarShare operates as a not-for-profit co-operative and its business model relies on FIT contracts that guarantee 20-year fixed rates per kilowatt hour paid to SolarShare on the sale of its electricity to the IESO. Its cash flows, after payment of interest on its loans and the Solar Bonds, are applied to meet the capital needs of SolarShare and to repay loans, including the Solar Bonds, but may not be distributed to its members.

SolarShare presently owns and operates 49 solar PV projects that have reached Commercial Operation and are generating electricity under a FIT or MicroFIT contract. These projects are located throughout many communities in Ontario and represent a total generating capacity of 11.5 MW. Further details on the individual projects can be found in Schedule O – Project Descriptions .

All of SolarShare’s projects have been financed with a combination of construction and bridge loans from CPC and other private lenders, bond sales, and commercial debt. SolarShare successfully secured \$4.2 million (CSA 1) in long-term debt from Equitable Life Insurance and \$13.2 million (CSA 2) in long-term debt from CorpFinance International Ltd. and has raised close to \$40 million in Solar Bonds.

#### **3.2      Co-operative Ownership and Investment: SolarShare’s Competitive Advantage**

There are many privately held companies competing to finance solar energy projects that employ the traditional model of private finance. SolarShare’s value proposition and competitive advantage comes from community investment and the use of the not-for-profit co-operative model. There are two strategic advantages to this approach:

- The FIT rules in Ontario gave a regulatory advantage to community-owned solar energy projects
- Business partners and members/investors value a socially-driven enterprise that provides a reasonable return on investment

#### **3.3      Restrictions**

The Articles of Incorporation restrict the business of SolarShare to:

1. generating, within the meaning of the Electricity Act, 1998, electricity produced from one or more sources that are renewable energy sources for the purposes of that Act, and
2. selling, as a generator within the meaning of that Act, electricity it produces from one or more renewable energy sources.

This restriction means SolarShare is a “renewable energy co-operative” as defined in the Act and is therefore exempt from the normal obligation of co-operatives to do at least 50% of their business with its members.

### 3.4 Management and Administration of SolarShare

The Board of Directors is responsible for the affairs of SolarShare. It provides management oversight and retains all final decision-making authority related to material changes in the annual operating budget, business plan, and asset ownership.

The board has established seven committees to support the work of the board. These include Finance and Planning, New Business, Governance, Marketing, Operations and Maintenance, Human Resources, and Audit. More information on the scope of work of the board and committees is provided in Schedule M – Board and Committee Roles and Responsibilities.

SolarShare employs a small staff to manage its key operations, and engages service providers for administrative and accounting functions. The general terms of the service agreement with TREC are described in Section 16 below. It also contracts with two private service providers for maintenance of its projects.

### 3.5 Board and Committee Experience

The Board of Directors manages SolarShare’s interests and provides strong oversight of key decision-making, and in some cases are involved in the daily management of SolarShare. The Articles of SolarShare provide that SolarShare shall have a minimum of five and a maximum of twelve directors. The Board of Directors currently consists of nine directors and is supported by seven committees, which include Director and non-Director members.

The table below describes the membership of the board and each committee.

*Table 1: Board and Committee Membership*

NAME (Director Since)	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Mike Brigham (2010)	President, Director	Business Owner and philanthropist	Business development, finance, operations and maintenance	Finance and Planning, New Business, Operations and Maintenance
Ron Seftel (2019)	Treasurer, Director	Chief Financial Officer	Finance, planning, renewable energy	Finance and Planning

NAME (Director Since)	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Shama Ahmed (2017)	Director	Senior Manager, Corporate Citizenship	Financial Services strategy and engagement	Governance, Human Resources
Ashley Reid (2019)	Director	Senior Manager, Internal Audit and Compliance	Finance and planning, audit, compliance	Audit, Finance and Planning
Pieter de Koning (2017)	Director	Engineer	Business strategy, marketing, technical analysis	Marketing, Operations and Maintenance
Glen Campbell (2018)	Director	Retired Telecom and Capital Markets Executive	Finance and planning, financing strategy	Finance and Planning
Patrick Collie (2018)	Director	Engineer-In- Training	Operations and maintenance, technical analysis	Operations and Maintenance
Khalid Grant (2018)	Director	Program Manager, Solar and Storage	Business strategy, Technical analysis	New Business
Graysanne Bedell (2019)	Director	Retired lawyer, former corporate legal counsel	Governance, new business, negotiation	Governance, New Business
Brian Iler	Secretary, Past Board Member	Lawyer	Regulatory strategy and legal compliance	
David Robertson	Committee Member, Past Board Member	Chartered Professional Accountant	Financial controls and compliance, budgeting, financing strategy	Finance and Planning, Audit

NAME (Director Since)	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Jen Aitchison	Committee Member, Past Board Member	Sr. VP, Sustainable Energy Insurance	Insurance, human resources	Human Resources
Alison Goudy	Committee Member, Past Board Member	Entrepreneur / Business Owner	Business development, financial analysis, human resources	New Business, Human Resources
Doug Finley	Committee Member	Software Executive	Marketing sales and communications strategy	Finance and Planning, Marketing
Thomas Haubenreisser	Committee Member, Past Board Member	Retired banking executive	Financing strategy, marketing, compliance, finance and planning	Audit, Finance and Planning, Marketing, Governance
Jennifer Bryan	Committee Member	Manager, Community Campaigns	Marketing, communications, sales	Marketing

### 3.6 Management Team

SolarShare is managed by an experienced team that ensures quality control, effective project evaluation and delivery and fiscal accountability.

Mike Brigham, President, also plays a strong role in the daily activities of SolarShare. With over 25 years of experience in solar PV technology and having active roles in the Green Energy Act Alliance and the Canadian Solar Industries Association, Mike leverages his considerable project and technical experience with his industry involvement to best represent the interests of SolarShare and its members.

Chris Caners, General Manager, is a professional engineer with fifteen years of experience in renewable energy, climate and energy efficiency. He has worked for ICF, the University of Toronto, and M-Kopa Solar, and has held volunteer positions with The Atmospheric Fund, the Clean Air Partnership and the Centre for Social Innovation. Chris is responsible to the Board of Directors for the management of SolarShare.

Andrew Clare, the Community Engagement Coordinator has 10 years of experience in cleantech and renewable energy, having held previous roles with Compass Renewable Energy and Efston Science. Andrew is responsible for member sales, engagement and management activities.

Meghan MacLennan, Project Manager, supports the development, construction and purchase of SolarShare's projects, and has been active in the community power sector since 2007. Prior to joining SolarShare, Meghan worked for the Ontario Sustainable Energy Association and the Community Power Fund where she supported the development of community-based renewable energy projects in Ontario.

Bob Ross, Operations and Maintenance Coordinator, has managed over 300 solar projects throughout North America utilizing his skills in design, evaluations, engineering, installation, commissioning and monitoring. He teaches in the Renewable Energy Techniques program at Conestoga College. Prior to joining SolarShare, Bob was a Project Manager at Efston Science (eSolar) and Operations Manager at Solar Ontario.

The management team is supported by TREC staff and resources for bookkeeping and administration, as well as investment management via Tapestry Community Capital.

### **3.7 Legal Structure and Key Relationships**

SolarShare holds some of its projects directly, while some are held in one of three SPVs. SolarShare also holds 51% interest in three additional projects under two different joint ventures.

In the past, SolarShare has received construction and bridge financing from CPC or other private lenders to construct or acquire projects, which was then repaid from capital raised from the sale of Solar Bonds, Debt Financing or other sources. SolarShare does not currently owe any monies to CPC.

All of these relationships are shown and described in Figure 2 and Table 2 below. More information on each project is provided in Schedule O – Project Descriptions.

Figure 2: Corporate Structure

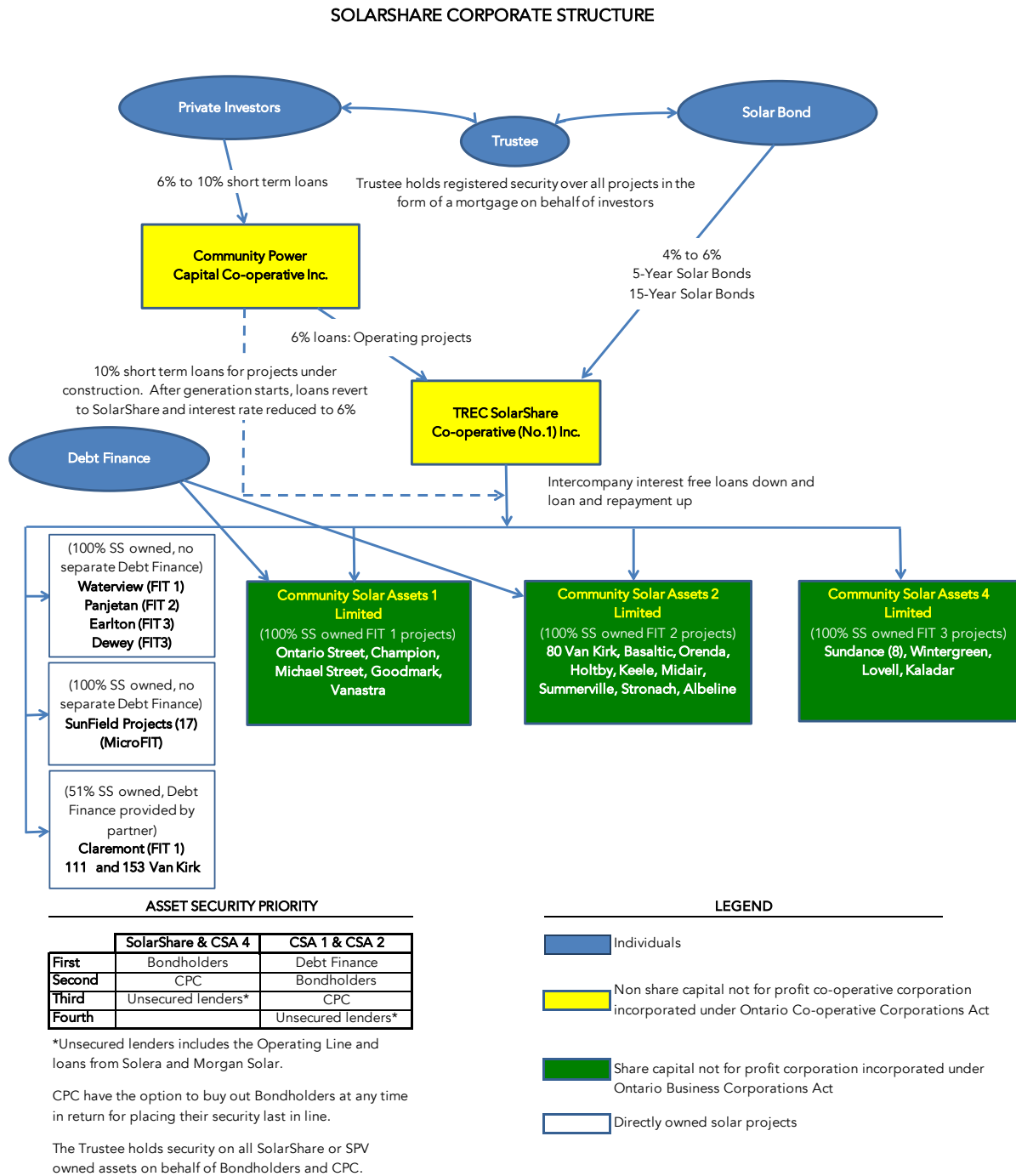


Table 2: SolarShare Company Descriptions

ENTITY	DESCRIPTION
SolarShare	<p>The parent co-operative that owns some of the PV projects outright, others through its wholly-owned subsidiaries, CSA 1, CSA 2 and CSA 4, and three projects through two different joint ventures.</p> <p>Solar Bonds and interest are repaid from the revenues from all of the projects.</p>
Community Solar Assets 1 (CSA 1)	<p>An SPV that holds FIT 1 solar projects. SolarShare is the sole shareholder of the SPV. The long-term debt for CSA 1 was provided by Equitable Life Insurance Company and is secured by the projects held within CSA 1 only. The projects held directly by SolarShare and those within CSA 2 and CSA 4 are not included in the security for the loan.</p>
Community Solar Assets 2 (CSA 2)	<p>An SPV that holds FIT 2 and FIT 3 solar projects. SolarShare is the sole shareholder of the SPV. The long-term debt for CSA 2 was provided by CorpFinance International and is secured by the projects held within CSA 2 only. The projects held directly by SolarShare and those within CSA 1 and CSA 4 are not included in the security for the loan.</p>
Community Solar Assets 4 (CSA 4)	<p>An SPV that holds FIT 3 solar projects. SolarShare is the sole shareholder of the SPV. There is currently no long-term debt on CSA 4.</p>
Community Power Capital Co-operative (CPC)	<p>CPC is a not-for-profit co-op that lends construction, acquisition (bridge) or other financing to renewable energy co-ops in Ontario. CPC financing was used historically for construction and bridge financing, and may be used in the future to acquire or invest in additional projects.</p>
Joint Ventures	<p>SolarShare owns a 50.9% interest in 2 rooftop projects, 111Noodle Factory and 153 Noodle Factory through a joint venture with the land owner. SolarShare also owns a 51% interest in the Claremont projects through a joint venture with the local distribution company and the project developer.</p>

### **3.8 Technology**

The major components of any solar PV system are the solar PV modules, the inverters and the mounting system, which may include either fixed racking or moveable trackers. The PV modules and the inverter are the most expensive components. In order to lower the risks associated with any of its projects, SolarShare regularly reviews solar technologies and will employ only those that are considered to be quality products from reputable companies offering effective warranties that are expected to endure for the life of the equipment.

Many of SolarShare's projects have also undergone a rigorous third-party due diligence assessment as a component of Debt Financing. All CSA 1 and CSA 2 projects have been evaluated by independent engineers who have conducted site visits and carefully reviewed the installed equipment, as well as SolarShare's contracts, financial models and regulatory requirements. These reviews are used by Debt Finance lenders to assess the quality of SolarShare's solar PV projects, which in all cases have shown the projects and their upkeep to have been acceptable to the lenders.

All of SolarShare's projects have live monitoring of electricity generation and component's operational status, which can be viewed online via the SolarShare website ([solarbonds.ca](http://solarbonds.ca)). Members can see how the systems are performing and can access a variety of other data, along with educational information about solar electricity.

SolarShare monitors the systems daily in order to respond quickly to any disruptions in performance. In the case of a disruption, SolarShare has a number of local, part-time maintenance staff, as well as contracts with a number of maintenance service providers, which conduct both emergency repairs and regularly scheduled maintenance on all projects. Further details on the maintenance service providers can be found in Section 16 below.

### **3.9 SolarShare Membership**

Membership in SolarShare is open to residents of Ontario. Members are required to pay a one-time membership fee of \$40.

Members are entitled to one vote at co-operative member meetings regardless of the amount of bonds they have purchased. Membership in SolarShare shall not be transferable unless authorized by the Board of Directors. and is subject to a \$50 transfer fee, in accordance with the by-laws. SolarShare may at its discretion charge members reasonable administrative fees for non-routine services.

The members of SolarShare have a right under the Act to receive the financial statements and the auditor's report annually at least 10 days before each annual meeting of members.

More information about the membership in SolarShare is available in Schedule N – SolarShare Members.





*Figure 3: SolarShare members, directors and staff celebrate the Goodmark project in Toronto.*

### **3.10 Authorizations, Licenses, and Permits**

SolarShare holds all authorizations, licenses and/or permits that are, or were, required to complete and operate its project portfolios, including the following:

- FIT contracts from the IESO to sell electricity produced at the site for approximately 20 years at a fixed rate, which depends on the FIT contract round;
- Permission from the local distribution company to connect the solar installation to the electricity grid;
- Relevant certificates and authorizations from the Electrical Safety Authority confirming the safety of the installation, including as the certificate of inspection and authorization to connect;
- A structural engineering study for rooftop installations to ensure that the buildings can safely accommodate the intended system; and
- Municipal building permits confirming the project conforms with the local building code.

### **3.11 Environmental Compliance**

In accordance with Ontario Regulation 359/09 under the Environmental Protection Act, renewable energy facilities generating less than 10 kW and all rooftop PV systems are exempt from obtaining a Renewable Energy Approval (REA) from the Ministry of the Environment. All of SolarShare's rooftop projects covered by this Offering Statement are therefore exempt from the REA.

As of November 18, 2012, certain small ground-mounted solar facilities must register in the Environmental Activity and Sector Registry (EASR), as per O. Reg. 350/12 under the Environmental Protection Act. The EASR applies to ground mounted solar projects with a nameplate capacity between 10 kW and 500 kW. Some of the projects covered by the Offering Statement therefore require and have registrations under the EASR.

The EASR sets out criteria that must be met in order for a facility to be registered. If a facility cannot meet these criteria, it may require a full REA or Environmental Compliance Approval (ECA). The criteria include or may include restrictions on zoning, length of off-property distribution lines, compliance with the Niagara Escarpment Planning and Development Act, noise and proximity to water bodies and archaeological sites, etc. SolarShare will be required to ensure that the information for each project registered under the EASR remains up to date and that the project continues to meet the requirements of O. Reg. 350/12 throughout its operating life.

### **3.12 Real Estate**

SolarShare owns one piece of real estate in Timiskaming, Ontario where a communications tower is located that is necessary for the functioning of the Sundance projects. SolarShare does not own any other real estate, save for leasehold interest in properties on which its projects are located. SolarShare has entered into lease agreements with property owners to host all its projects. SolarShare may purchase land associated with operating projects in future. See Section 16 below for a summary of existing lease agreements.

### **3.13 Insurance**

SolarShare carries appropriate insurance for its operations. Coverage includes: direct physical loss or damage (subject to exclusions including flood, earthquake and equipment breakdown); commercial general liability insurance; business interruption; errors and omissions; and directors' and officers' liability, including employment practices liability.

### **3.14 Business Development**

While the FIT program was eliminated in July 2018, SolarShare's contracts under the FIT program remain in force. Opportunities for more investment in new projects in the province have changed significantly with the elimination of the FIT program. SolarShare is currently continuing to seek opportunities to invest in or purchase additional solar PV projects under existing fixed price contracts (such as FIT contracts) in Ontario.

### **3.15 Project Financing**

#### **3.15.1 Construction, Acquisition and Other Financing**

SolarShare's business model historically used construction, acquisition (bridge) or other financing from CPC and other private lenders. SolarShare may continue to use financing from CPC or other suitable lenders for the acquisition of additional projects in Ontario or for other purposes. Please see Section 16.6 below for further information.

### 3.15.2 Re-Financing

Financing from CPC or other suitable lenders is typically refinanced with Solar Bonds or Debt Financing, or repaid from project revenues.

Furthermore, as bonds reach maturity, refinancing of that debt will continue through the sale of more Solar Bonds. SolarShare will sell Solar Bonds up to the maximum stated in this Offering Statement.

SolarShare is not planning to seek further Debt Finance for its projects over the term of this Offering Statement, but may do so if appropriate.



*Figure 4: 80 Van Kirk project in Brampton, Ontario.*

## 4 FINANCIAL AND OPERATING PERFORMANCE HISTORY

### 4.1 Overview

SolarShare's cash flow is positive and is projected to increase over time, at an accelerating rate, as aggregate debt and associated interest expense declines. Annual net income (which includes amortization) has been negative and is projected to remain negative in 2020. Assuming no new projects are added to SolarShare's portfolio, net income is projected to become positive in the early 2020's.

For individual projects, operating results often improve after the first two years, reflecting high initial costs for site visits, start-up issues and high initial downtime. This is particularly true for projects with tracker hardware.

The software used to estimate electricity generation from each project uses historic meteorological data including 20-year averages for irradiance (sunlight) with allowances for panel degradation and downtime (as described under Section 5 below). Operating expenses are budgeted conservatively.

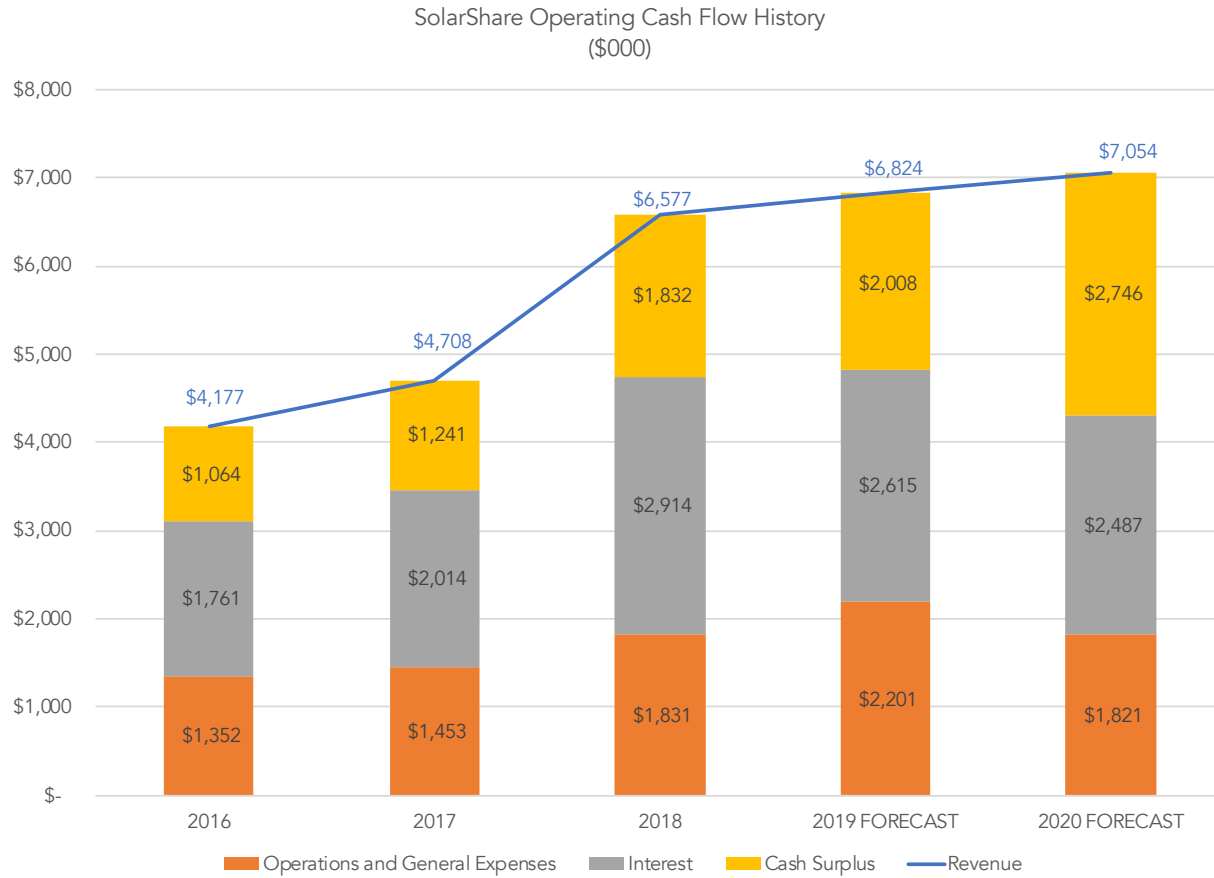
Operating cash flow surpluses are used to repay bond principal at maturity, non-operating expenses and cash safety maintenance reserves.

SolarShare's cash flow is projected to remain positive. Annual net income (which includes amortization) has been negative and is projected to remain negative in 2020. Both cash flow and net income levels correspond to business plan expectations, and associated financial models. Assuming no new projects are added to SolarShare's portfolio, annual net income is projected to become positive by the mid 2020's and continue to increase as the balance of bonds and debt outstanding (and therefore annual interest) decreases. Please see Schedule A – Pro Forma Financial Statements for pro-forma financial projections.

SolarShare's portfolio of solar assets includes 49 individual projects, all operating with MicroFIT or FIT contracts. All but 3 projects are 100% owned by SolarShare, or one of its three subsidiaries, CSA 1, CSA 2 and CSA 4. Two projects are 51% owned by SolarShare, with 49% owned by the land owner of the sites, and one project is 51% owned, with 49% owned by the local distribution company and the original project developer. Details of each project are provided in Schedule O – Project Descriptions.

Figure below summarizes the operating cash flow performance history of SolarShare (includes 100% of Van Kirk Joint Venture revenue). Revenue increased from \$4.7 million to more than \$6.5 million from 2017 to 2018 due to the addition of the CSA 4 portfolio. Revenues from 2018 to 2019 Forecast increased due to the addition of the Dewey and Claremont. Forecast revenues increase from 2019 to 2020 due to operational improvements (particularly with respect to snow clearing) at the Sundance sites, which are part of the CSA 4 portfolio.

**Figure 3: Operating Cash Flow History**



The table in Section 4.2 below provides a multi-year summary of consolidated revenues and cash flows, including the twelve months to September 30, 2019, and projections for 2020. Further details of our projections for each of SolarShare’s corporate entities (joint venture, CSA 1, CSA 2 and CSA 4) are provided in subsequent sections below.

## 4.2 Consolidated Operating Results and Forecasts

TREC SolarShare Co-operative (No.1) Inc Operating Results and Forecasts							
Historic Actuals				Current Year 2019			Forecast
Year to Dec. 31 (\$000)	2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>CONSOLIDATED TOTALS</b>							
<b>Operating Revenues</b>							
SolarShare	679	745	712	697	751	875	864
CSA 1	844	779	780	629	667	759	753
CSA 2	2,405	2,270	2,287	1,950	2,065	2,385	2,363
CSA 4	0	487	2,369	2,082	2,164	2,418	2,686
VanKirk Joint Venture	413	774	771	560	646	743	738
Subtotal	4,341	5,055	6,919	5,918	6,293	7,180	7,403
Minority Interest in Joint Venture	203	380	379	275	317	365	362
<b>TOTAL</b>	<b>4,138</b>	<b>4,675</b>	<b>6,541</b>	<b>5,643</b>	<b>5,976</b>	<b>6,816</b>	<b>7,041</b>
<b>Operating Expenses</b>							
SolarShare	181	187	169	143	315	358	217
CSA 1	129	122	214	110	116	146	147
CSA 2	315	332	362	260	287	389	391
CSA 4	0	48	291	236	441	527	362
VanKirk Joint Venture	96	185	186	136	157	208	208
Subtotal	721	873	1,223	886	1,316	1,627	1,325
Minority Interest in Joint Venture	47	91	91	67	77	102	102
<b>TOTAL</b>	<b>674</b>	<b>782</b>	<b>1,132</b>	<b>819</b>	<b>1,239</b>	<b>1,525</b>	<b>1,223</b>
<b>Operating Cash Flow</b>							
SolarShare	498	558	542	554	436	517	647
CSA 1	715	657	566	519	551	613	606
CSA 2	2,089	1,939	1,924	1,690	1,778	1,996	1,972
CSA 4	(0)	439	2,078	1,846	1,723	1,891	2,324
VanKirk Joint Venture (net of minority interest)	162	300	298	216	249	272	270
<b>TOTAL</b>	<b>3,463</b>	<b>3,893</b>	<b>5,409</b>	<b>4,824</b>	<b>4,737</b>	<b>5,291</b>	<b>5,818</b>
<b>Interest Expense</b>							
SolarShare	1,572	1,688	2,074	1,500	1,349	1,822	1,741
CSA 1	188	164	169	119	119	158	147
CSA 2	0	162	671	480	480	635	599
<b>Total Interest Expense</b>	<b>1,761</b>	<b>2,014</b>	<b>2,914</b>	<b>2,100</b>	<b>1,949</b>	<b>2,615</b>	<b>2,487</b>
<b>Net Operational Cashflow, post-interest</b>	<b>1,703</b>	<b>1,878</b>	<b>2,495</b>	<b>2,724</b>	<b>2,788</b>	<b>2,676</b>	<b>3,332</b>
<b>General Revenues</b>							
<b>TOTAL General Revenues</b>	<b>39</b>	<b>34</b>	<b>36</b>	<b>15</b>	<b>6</b>	<b>8</b>	<b>13</b>
<b>General Expenses</b>							
Subtotal	688	677	703	436	532	680	603
Minority Interest in Joint Venture	10	6	4	3	2	3	5
<b>TOTAL General Expenses</b>	<b>678</b>	<b>671</b>	<b>699</b>	<b>434</b>	<b>529</b>	<b>676</b>	<b>598</b>
<b>Net Cashflow After Interest/General Expenses</b>	<b>1,064</b>	<b>1,241</b>	<b>1,832</b>	<b>2,305</b>	<b>2,265</b>	<b>2,008</b>	<b>2,746</b>
<b>Amortization</b>							
<b>TOTAL Amortization</b>	<b>1,394</b>	<b>1,980</b>	<b>2,890</b>	<b>2,196</b>	<b>2,250</b>	<b>2,952</b>	<b>2,952</b>
<b>Net Income After Amortization</b>	<b>(331)</b>	<b>(739)</b>	<b>(1,057)</b>	<b>109</b>	<b>15</b>	<b>(945)</b>	<b>(206)</b>
<b>Total Revenue</b>	<b>4,177</b>	<b>4,708</b>	<b>6,577</b>	<b>5,658</b>	<b>5,982</b>	<b>6,824</b>	<b>7,054</b>
<b>Total Expense</b>	<b>4,507</b>	<b>5,447</b>	<b>7,634</b>	<b>5,548</b>	<b>5,967</b>	<b>7,768</b>	<b>7,260</b>
<b>Net Income</b>	<b>(331)</b>	<b>(739)</b>	<b>(1,057)</b>	<b>109</b>	<b>15</b>	<b>(945)</b>	<b>(206)</b>
"A" Actual, "F" Forecast							
"Cash operating expenses" are all direct project-related operating expenses, excluding amortization, interest and minority interest.							

#### NOTES:

SolarShare's revenue projections are based on the results of project specific modelling using the PVSyst software package, which estimates electricity generation using site specific technical and average historical meteorological data. The most significant influence on deviations from projected revenue generation year to year across SolarShare's portfolio of projects are meteorological conditions. These are interrelated, vary over time and include irradiance (the amount of sunlight that reaches the surface of the earth), precipitation (which may deposit or remove snow and dirt in the case of rain) and temperature (which impacts the conditions for snow melt and the efficiency of the panels).

2016 – 2019 Revenue Results: In 2016, revenue generation exceeded expectations due to advantageous meteorological conditions throughout the year, particularly in the final three quarters of the year. In 2017 and 2018, revenue generation was reduced by poor meteorological conditions in Q1 and Q4, while conditions and therefore revenue generation in Q2 and Q3 were generally in-line with expectations. Meteorological conditions in the first two quarters of 2019 were unfavourable, resulting in lower than expected revenue; conditions improved midway through Q3 and the first part of Q4, with increased revenue against budget expectations.

2020 Forecast: Revenues are forecast to increase from 2019 to 2020 due to operational improvements on the Sundance project, particularly due to improved snow management. Major expenses forecasted for 2019 include transformer replacements for all CSA 4 projects and removal and replacement of the Waterview facility (directly owned by SolarShare) for re-roofing. These expenses will not recur in 2020.

### 4.3 SolarShare Operating Results and Forecasts (Directly-Owned Projects)

Operating Results and Forecasts		Historic Actuals			Current Year 2019			Forecast
Year to Dec. 31 (\$'000)		2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>SolarShare (\$'000)</b>								
<b>Revenue</b>								
Sunfields		275	245	243	202	201	234	231
Waterview		295	262	262	231	258	299	296
Panjetan		108	96	97	81	83	96	94
Operations General		0	0	0				
Earlton Arena		0	140	84	71	85	100	99
Dewey		0	0	28	113	110	132	130
Claremont JV		0	0	0	0	14	14	13
<b>Total</b>		<b>679</b>	<b>742</b>	<b>714</b>	<b>697</b>	<b>751</b>	<b>875</b>	<b>864</b>
<b>Operating Expenses</b>								
Sunfields		64	62	81	56	60	71	72
Waterview		75	65	63	46	190	207	75
Panjetan		22	24	25	17	20	27	27
Operations General		20	25	(24)	0	0	0	
Earlton Arena		0	10	16	15	29	33	22
Dewey		0	0	8	9	16	19	19
Claremont JV		0	0	1	0	0	0	1
<b>Total</b>		<b>181</b>	<b>187</b>	<b>169</b>	<b>143</b>	<b>315</b>	<b>358</b>	<b>217</b>
<b>Operating Cash Flow</b>								
Sunfields		212	183	162	145	141	163	159
Waterview		220	196	199	185	68	92	220
Panjetan		87	72	73	65	62	69	67
Operations General		(20)	(25)	24	0	0	0	0
Earlton Arena		0	130	68	55	56	67	77
Dewey		0	0	20	104	95	113	111
Claremont JV		0	0	(1)	(0)	14	14	13
<b>Total</b>		<b>498</b>	<b>556</b>	<b>544</b>	<b>554</b>	<b>436</b>	<b>517</b>	<b>647</b>

#### NOTES:

SolarShare directly owns a variety of projects including Waterview, Panjetan, Earlton and Dewey, as well as the Sunfields portfolio (consisting of 17 MicroFIT projects) and two joint ventures (Van Kirk and Claremont); please note that the Van Kirk joint venture is presented separately below. These projects represent a wide range of vintages and geographies in Ontario, including in Mississauga, Markham, Earlton, Kingston and across Manitoulin Island; and MicroFIT, FIT 1, FIT 2 and FIT 3 rounds.

Waterview experienced a breaker failure on one of its four inverters in mid-2019, resulting in lost revenue; replacement parts for these inverters have now been added to SolarShare's parts inventory. The financial closing of the Earlton project was delayed and as a result revenue from 2016 was recognized in 2017. Revenue for Earlton in 2018 and 2019 has been lower than expected due to damaged panels that have subsequently been replaced under warranty. The Dewey project reached commercial operation in the last half of 2018; therefore, revenue realized in 2018 was much less than in 2019.

In 2018, operating expenses for the Sunfields sites increased as each site required replacement anemometers and the repair of a tracker damaged by a storm. The operating budget for Waterview in 2019 is significantly higher than past years or 2020 as a significant expense was budgeted to account for the expected re-roofing. This expense will not be incurred in 2019 and is now accounted for in the major maintenance reserve of the long-term model instead of being expensed in a specific year to reflect the uncertainty as to when this expense will be incurred. The 2019 expenses incurred for Earlton included module replacement (about \$10,000).



#### 4.4 Van Kirk Joint Venture Operating Results and Forecasts

Operating Results and Forecasts		Historic Actuals			Current Year 2019			Forecast
Year to Dec. 31 (\$000)		2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>VanKirk Joint Venture (\$000)</b>								
	SolarShare Ownership	50.9%						
	Minority Interest	49.1%						
	<b>Revenue</b>							
	111 VanKirk	209	392	394	325	335	385	382
	153 VanKirk	204	382	377	235	311	358	355
	<b>Total</b>	<b>413</b>	<b>774</b>	<b>771</b>	<b>560</b>	<b>646</b>	<b>743</b>	<b>738</b>
	<b>Cash Operating Expenses</b>							
	111 VanKirk	47	92	93	67	78	104	104
	153 VanKirk	48	92	92	69	78	104	104
	<b>Total</b>	<b>96</b>	<b>185</b>	<b>186</b>	<b>136</b>	<b>157</b>	<b>208</b>	<b>208</b>
	<b>Operating Cash Flow</b>							
	111 VanKirk	162	299	301	257	256	281	278
	153 VanKirk	156	290	285	166	233	254	251
	<b>Total</b>	<b>318</b>	<b>589</b>	<b>585</b>	<b>423</b>	<b>489</b>	<b>535</b>	<b>530</b>

#### NOTES:

The Van Kirk Joint Venture projects are 50.9% owned by SolarShare, and consist of two 600 kW DC roof mounted arrays located in the municipality of Brampton. Both are FIT 2 projects, with a rate of 0.539 \$/kWh.

The single central inverter at the 153 Van Kirk project failed in May of 2019, and as a result the project did not generate any revenue for more than one month, resulting in a variance from budget. An insurance claim covering the majority of the revenue over this period has been approved but is not yet reflected in the financial results.

Please note that the Van Kirk Joint Venture partnership share of revenue and expenses are accounted for in a single line item in the financial pro-formas presented in Schedule A – Pro Forma Financial Statements and as a result, total revenue across SolarShare is higher as the partnership amount is not removed from the total.

#### 4.5 CSA 1 Operating Results and Forecasts

Operating Results and Forecasts		Historic Actuals			Current Year 2019			Forecast
Year to Dec. 31 (\$000)		2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>CSA 1 (\$000)</b>								
<b>Revenue</b>								
Ontario Steet		125	116	113	98	95	110	108
Goodmark		110	101	123	45	80	91	90
Michael Street		113	102	101	83	92	106	105
Champion Mushroom		198	180	172	155	161	184	183
Vanastra		298	279	271	248	239	268	266
<b>Total</b>		<b>844</b>	<b>779</b>	<b>780</b>	<b>629</b>	<b>667</b>	<b>759</b>	<b>753</b>
<b>Cash Operating Expenses</b>								
Ontario Steet		23	21	24	15	19	25	26
Goodmark		16	18	102	33	15	20	20
Michael Street		22	21	21	16	19	25	34
Champion Mushroom		43	35	42	28	39	46	38
Vanastra		25	25	24	17	23	29	29
<b>Total</b>		<b>129</b>	<b>119</b>	<b>214</b>	<b>110</b>	<b>116</b>	<b>146</b>	<b>147</b>
<b>Operating Cash Flow</b>								
Ontario Steet		103	95	89	83	76	85	83
Goodmark		94	83	21	12	65	71	70
Michael Street		175	82	79	66	73	81	71
Champion Mushroom		70	145	130	127	121	137	145
Vanastra		273	254	247	231	216	239	237
<b>Total</b>		<b>715</b>	<b>660</b>	<b>566</b>	<b>519</b>	<b>551</b>	<b>613</b>	<b>606</b>

#### NOTES:

The CSA 1 portfolio consists of 5 roof-mounted projects of varying sizes, totalling just over 1 MW DC. The projects are located in the municipalities of Ottawa, St. Catharines, Moose Creek, Toronto and Clinton. All five of the projects are FIT 1, with a rate of 0.713 \$/kWh.

In the spring of 2018, the Goodmark facility experienced a fire, and an insurance claim was approved, resulting in higher expected revenue (but higher than expected expenses as described below) in that year. In 2019, safety and performance improving equipment was installed at the Goodmark facility; however due to challenges with commissioning and faulty equipment, revenue generation was lower than budgeted until late summer when these issues were resolved. In 2016 and 2017, revenue from the Michael Street project was lower than expected due to site specific conditions (roofing parapets) that caused increased snow soiling. In 2018, the winter revenue budget was reduced to reflect this operational experience with the Michael Street project. Finally, inverters for the Champion Mushroom project (KACO) experienced numerous arc fault issues, resulting in reduced revenue in 2018; work is ongoing to improve the uptime and operation of these inverters.

Due to the Goodmark fire in spring of 2018, operating expenses increased, and are higher than budgeted in 2019 as installation and equipment issues were addressed. The Goodmark project has been operating at full capacity since late summer 2019.

#### 4.6 CSA 2 Operating Results and Forecasts

Operating Results and Forecasts		Historic Actuals			Current Year 2019			Forecast
Year to Dec. 31 (\$000)		2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>CSA 2 (\$000)</b>								
<b>Revenue</b>								
Summerville		174	163	162	136	141	165	163
80 Van Kirk		420	382	378	313	335	387	384
Holtby		350	320	285	267	282	327	324
Midair		391	370	369	310	342	387	384
Abilene		399	346	363	295	316	365	362
Keele		202	184	184	152	161	187	185
Basaltic		201	183	172	155	162	188	186
Orenda		195	166	171	145	154	179	177
Stronach		44	185	203	177	173	201	199
Earlton		28	(28)	0	0	0	0	0
<b>Total</b>		<b>2,405</b>	<b>2,270</b>	<b>2,287</b>	<b>1,950</b>	<b>2,065</b>	<b>2,385</b>	<b>2,363</b>
<b>Cash Operating Expenses</b>								
Summerville		32	31	33	22	27	37	37
80 Van Kirk		11	66	68	48	55	73	74
Holtby		16	61	70	48	50	67	68
Midair		27	28	26	18	25	34	34
Abilene		66	26	23	15	21	29	29
Keele		58	7	10	6	9	12	12
Basaltic		21	49	52	40	39	52	52
Orenda		32	35	36	30	26	36	36
Stronach		12	30	46	33	36	48	48
Earlton		41	(1)	0	0	0	0	0
<b>Total</b>		<b>315</b>	<b>332</b>	<b>362</b>	<b>260</b>	<b>287</b>	<b>389</b>	<b>391</b>
<b>Operating Cash Flow</b>								
Summerville		142	132	130	114	114	128	126
80 Van Kirk		409	316	310	266	280	314	310
Holtby		334	259	215	219	232	259	256
Midair		364	342	344	292	317	353	349
Abilene		333	320	340	280	295	336	333
Keele		144	177	174	146	152	175	173
Basaltic		180	135	119	115	123	135	133
Orenda		164	132	136	115	128	143	141
Stronach		32	155	157	144	137	153	150
Earlton		(12)	(28)	0	0	0	0	0
<b>Total</b>		<b>2,089</b>	<b>1,939</b>	<b>1,924</b>	<b>1,690</b>	<b>1,778</b>	<b>1,996</b>	<b>1,972</b>

#### NOTES:

The CSA 2 portfolio consists of nine roof-mounted projects, located in Brampton, Vaughan, Mississauga and Aurora. Five of the projects are 300 kW DC each, while four are 600 kW DC each. All except the Stronach project are FIT 2 with a rate of 0.539 \$/kWh.

Revenue for 80 Van Kirk was lower than anticipated in 2018 and 2019 due to damaged panels; these have now been replaced under warranty. Four of the nine projects in the CSA 2 portfolio (Holtby, Basaltic, Keele and Orenda) use AE3TL string inverters; of these four, three experienced ongoing arc fault issues, increasing the downtime of those systems and reducing revenue. To address this issue, the AE3TL inverters were replaced on the Orenda site in late 2019 in order to provide an inventory of spare AE3TL inverters, reducing downtime and improving revenue. In addition, the Abilene and Midair projects, which both use AETX central inverters, experienced intermittent inverter and combiner box faults in 2017, 2018 and early 2019 which have now been corrected. Stronach experienced some inverter and electricity metering issues in 2017 reducing revenue as a result; these issues were corrected in 2018.

## 4.7 CSA 4 Operating Results and Forecasts

Operating Results and Forecasts		Historic Actuals			Current Year 2019			Forecast
Year to Dec. 31 (\$000)		2016 Actual	2017 Actual	2018 Actual	Actual (9 months)	Forecast (9 Months)	Forecast (Full Year)	2020 Forecast
<b>CSA4 (\$000)</b>								
<b>Revenue</b>								
Lovell		0	144	224	210	199	229	251
Wintergreen		0	154	239	217	209	240	262
Kaladar		0	71	99	107	105	119	131
General		0	0	0	0	0	0	0
Dane Tower		0	0	0	0	0	0	0
Sundance 1			0	206	192	208	230	257
Sundance 2			0	224	188	206	229	255
Sundance 3		0	12	235	195	206	229	255
Sundance 4		0	15	228	193	206	229	255
Sundance 5		0	24	235	195	206	229	255
Sundance 6		0	20	229	195	206	229	255
Sundance 7		0	24	233	196	206	229	255
Sundance 8		0	23	218	195	206	229	255
<b>Total</b>		<b>0</b>	<b>487</b>	<b>2,369</b>	<b>2,082</b>	<b>2,164</b>	<b>2,418</b>	<b>2,686</b>
<b>Cash Operating Expenses</b>								
Lovell		0	10	25	29	64	77	35
Wintergreen		0	10	26	17	44	50	33
Kaladar		0	5	17	10	17	29	24
General		0	1	13	65	0	0	0
Dane Tower		0	0	0	0	3	6	9
Sundance 1		0	1	28	13	37	43	30
Sundance 2		0	1	20	12	37	43	30
Sundance 3		0	3	25	15	39	45	32
Sundance 4		0	4	29	17	42	49	29
Sundance 5		0	3	20	11	37	43	36
Sundance 6		0	3	28	17	42	50	37
Sundance 7		0	5	31	17	40	48	31
Sundance 8		0	3	30	14	38	44	35
<b>Total</b>		<b>0</b>	<b>48</b>	<b>291</b>	<b>236</b>	<b>441</b>	<b>527</b>	<b>362</b>
<b>Operating Cash Flow</b>								
Lovell		0	135	199	181	136	152	216
Wintergreen		0	144	213	200	165	190	229
Kaladar		(0)	65	82	97	87	90	107
General		(0)	(1)	(13)	(65)	0	0	0
Dane Tower		0	0	0	(0)	(3)	(6)	(9)
Sundance 1		0	(1)	177	180	170	187	226
Sundance 2		0	(1)	204	175	169	186	225
Sundance 3		0	9	210	179	167	183	222
Sundance 4		0	10	199	176	164	179	226
Sundance 5		0	21	216	184	169	186	219
Sundance 6		0	17	201	178	164	179	218
Sundance 7		0	19	202	179	166	180	224
Sundance 8		0	20	188	181	168	184	219
<b>Total</b>		<b>(0)</b>	<b>439</b>	<b>2,078</b>	<b>1,846</b>	<b>1,723</b>	<b>1,891</b>	<b>2,324</b>

### NOTES:

The CSA 4 portfolio consists of ten 600 kW DC and one 300 kW DC dual axis tracker facilities, with eight located in Timiskaming and three near Kingston. The first full year of operation for these sites was 2018.

In 2018, CSA 4 encountered revenue results approximately 20% below expectations during the winter months. Revenue and operational expenses can vary from expectations in the first years of a project's operation as the system is commissioned and operational issues are identified and addressed, especially when new technology is being deployed (in this case, the dual-axis Morgan Solar trackers). The following

key causes were identified via shortfall analysis completed by an independent consultant: poor meteorological conditions and related heavy snow soiling, higher than expected tracker energy consumption, and tracker misalignment. To address these issues and improve revenue generation, a used snow groomer machine was purchased to improve snow management at the Sundance sites located in Timiskaming. In addition, four part-time staff were hired (three in Timiskaming and one in Kingston) to improve system uptime and tracker accuracy. As a result of the CSA 4 variance in 2018, budgeting for 2019 assumes poor winter performance equivalent, reducing revenue by 15% from original energy modelling, and for 2020 forward revenue is reduced by 5% from original energy modelling as SolarShare implements the operational improvements identified above to increase revenue generation from the portfolio.

Revenue from Sundance 1 was lower than the other Sundance projects due to site-specific issues with tracker alignment and arc-faults. Additionally, the Sundance 8 project experienced a transformer failure in late April 2018, which lasted for approximately one month. As a result, the transformers for each of the 11 CSA 4 sites are being replaced under warranty, and a spare transformer will be co-located on one of the Sundance sites to reduce downtime should another transformer fail in future.

Expenses in 2019 included \$125,000 for the replacement of transformers for each of the CSA 4 project sites.

#### 4.8 Debt Service Coverage

The CSA 1 and CSA 2 portfolios have non-recourse commercial term loans in place. The terms of the commercial loans require that if the DSCR (calculated on the latest four quarters' results) falls below 1.50, the level of cash reserves must be increased; if DSCR falls below 1.20, the loan is in default. The following table shows the DSCR ratios for CSA 1 and CSA 2 for the past six quarters.

*Table 4: CSA 1 and CSA 2 DSCR, 2018 and 2019*

	CSA 1 DSCR	CSA 2 DSCR
Q2 2018	1.59	1.73
Q3 2018	1.36	1.53
Q4 2018	1.43	1.43
Q1 2019	1.41	1.39
Q2 2019	1.35	1.27
Q3 2019	1.57	1.37

The DSCR for CSA 1 portfolio fell below 1.50 in the third quarter of 2018 but remained above the default threshold of 1.20. Due to a fire and associated costs at the Goodmark project site, safety and system improvements implemented in early 2019 (such as new racking and panel optimizers), and operational issues as the improvements were implemented, there were variances against revenue and expense budgets in 2018 and 2019. In Q3 2019, the DSCR for CSA 1 again exceeded 1.50.

Under the terms of the CSA 1 loan, when the DSCR is 1.50 or greater, a reserve of three months principal and interest is set aside. When the DSCR falls below 1.50 (but is still above 1.20), additional funds are deposited into the reserve account, increasing the reserve amount to cover six months principal and interest.

The DSCR for CSA 2 portfolio also fell below 1.50 in the fourth quarter of 2018, but remained above the default threshold of 1.20. Lower than expected revenues due to defective panels and poorly performing inverters, compounded by protracted warranty response times were the primary drivers. To improve the performance of the portfolio, inverters at the Orenda site are currently being replaced with a different make and model, and the old inverters are being used as replacement inventory for three CSA 2 projects in order to facilitate sufficient supply and rapid replacement of defective inverters to reduce project down time. In addition, defective panels are being replaced.

Under the terms of the CSA 2 loan, when the DSCR is 1.50 or greater, a reserve of six months principal and interest is set aside. When the DSCR falls below 1.50 (but is still above 1.20), additional funds are deposited into the reserve account, increasing the reserve amount to cover twelve months principal and interest.

## **5 FINANCIAL PROJECTIONS**

SolarShare has prepared financial projections to 2038 of its operations as shown in Schedule A. These projections are based upon assumptions that the Board of Directors believe to be reasonable, summarized below. Actual results will vary, perhaps materially, from these projections. Some or many of the assumptions may change on account of circumstances beyond the control of SolarShare. A comprehensive statement of these risk factors is set out in Section 7 below of this Offering Statement.

Each SolarShare project requires substantial initial investment, and then generates relatively predictable positive cash flows over a period of 20 years, during which pricing for electricity generated is fixed under the FIT energy supply contract for that project. Project electricity generation (and therefore revenues) are modelled using a solar industry software package (PVSyst) at the time of acquisition, but vary year to year based on meteorological conditions. Operating expenses, including rent, insurance, repairs and maintenance, are typically very predictable. When considering potential project acquisitions, the Board of Directors applies a rate-of-return threshold that is significantly higher than the rate of interest paid on Solar Bonds.

### **5.1 Use of Surplus**

Any cash flow surpluses generated by SolarShare's projects, after all Solar Bonds and other obligations have been repaid (including those described in Section 16.14 below relating to Community Wealth Non-Profit Corporation), will be assigned to the TREC Renewable Energy Fund, which will invest in more community power projects. The TREC Board of Directors and membership are comprised of individuals who have championed the community-based renewable energy sector.

Surpluses are defined as the proceeds from projects net of operating costs including: insurance, maintenance, leasing, administration, utility costs, debt financing and interest and principal payments on Solar Bonds and operating reserves. While there is an obligation to assign any surpluses to the TREC Renewable Energy Fund, SolarShare has full discretion to keep sufficient funds to meet its financial obligations.

While projects may incur an accounting loss in their early years, they move to positive net income generally by the fourth or fifth year of the project. Cash flows are consistently positive. Up-front costs such as those related to bond sales are treated conservatively, and are fully expensed as incurred, rather than being capitalized. The statements provided in Section 4.4 and Schedule A – Pro Forma Financial Statements show that SolarShare projects produce net positive cash flow after operating expenses. Operating cash flow surpluses are used for payment of bond principal at maturity, non-project operating expenses, and cash safety maintenance reserve.

Modelling shown in Schedule A – Pro Forma Financial Statements, projects the surplus (cash) to be approximately \$5.1 million in 2038.



*Figure 5: SolarShare's Holtby project in Brampton*

## 5.2 Financial Assumptions

The pro forma financial projections have been prepared using Canadian generally accepted accounting principles for not-for-profit organizations as described in Part III of the CPA Canada Handbook. The following financial assumptions were used:

1. **Revenues** – Revenue estimates are based on the applicable FIT contract rate and estimates of site-specific electricity generation. These estimates are based on a variety of meteorological data sources, experience and solar industry software (PVSyst), and include reductions to account for panel degradation, system downtime and transformer losses. The revenue from CSA 4 has been reduced by 5% from 2020 onwards, relative to original energy modelling, due to the lower than expected revenue generated.
2. **Revenue Inflation** – Revenue from sale of electricity under the fixed price contract does not include an escalation clause.
3. **Solar Panel Performance Degradation** – Solar panels gradually wear out over time so that less power is generated each year. The financial projections assume a 0.6% reduction every year, and light induced degradation of 2% in the first year. Modules used in SolarShare projects include manufacturer performance warranties that stipulate that their modules will produce at least 90% of their rated capacity in year 10 and 80% of their capacity in either year 20 or 25.
4. **Equipment Outages** – Revenue projections assume a production loss of 2.5% for solar projects that use tracker technology, and 1.5% for fixed mounted projects.



5. **Equipment Replacement** – Some equipment is expected to require replacement after the end of the term of the warranty, such as inverters. The financial projections include estimated expenses for such replacements.
6. **Lease Payments (Rent)** – Almost all of the projects under contract have a fixed roof or land lease rate; some lease rates are a percentage of electricity revenue.
7. **Operations and Maintenance** – Expenses from operations and maintenance are calculated on a per project basis, based largely on system size and characteristics and include repairs and maintenance, monitoring, insurance, lease payments, utility account fees and contingency. These expenses are intentionally conservative in order to provide a financial buffer. The operations and maintenance expenses for CSA 4 include snow removal during the winter and grass maintenance during the summer to improve revenue generation.
8. **Co-op Management** – It is assumed that there will be a cost to administer the co-op over the life of the FIT contracts. The financial projections assume that the co-operative will not acquire new solar facilities, and will therefore reduce management activity and overhead accordingly after 2020.
9. **Expense Inflation** – Expenses are assumed to increase annually by an inflation factor of 2.0%, unless the rates are otherwise known (for example, leases).
10. **Maintenance Capital Expenditure** – The cost of day-to-day repairs and replacements is included in Operations and Maintenance expense. The forecasts assume inverter replacement after ten years, and in several cases removal and replacement of the solar facility to allow re-roofing, with these costs expensed.
11. **Accounts Receivable and Accounts Payable** – Both accounts receivable and payable are expected to remain at approximately the same levels as the first year for each project. As such, they remain unchanged until the end of the projects at which they are assumed to be zero.
12. **Project Residual Value and Decommissioning** – There is no provision for decommissioning costs for any location. Solar facilities have a life far greater than the 20-year FIT contracts and there are compelling arguments that these systems will be operable on a profitable basis from the 21st year onward. However, the conservative assumption has been made that the net value of the facility after expiry of the FIT contract is zero, and no income has been forecast beyond the 20-year FIT contracts.
13. **Interest Rates** –
  - a. CSA 1 Debt Financing – long term commercial debt financing for CSA 1 has been secured for a term of 16 years from February 20, 2015, at a 4.789% interest rate.
  - b. CSA 2 Debt Financing – long term commercial debt financing for CSA 2 has been secured for a term of 15 years from September 6, 2017, at a 5.262% interest rate.

- c. **Solar Bonds** – The Solar Bond interest expense is assumed to accrue at the rate associated with the bond terms. For this offering, Solar Bonds are issued for terms of five years earning 4% or 4.5% annual interest.
- 14. **Solar Bond Refinancing** – Bonds with principal repaid at maturity will be refinanced with future Solar Bond offerings and funds from operations. If those sources of financing are insufficient, SolarShare will seek other financing from CPC, private lenders, financial institutions, or other sources. Future Solar Bond interest rates will be set according to market conditions. SolarShare carefully monitors interest rates and their potential impact on financing activities. Interest rates for these renewals are assumed to be according to market conditions and have been assumed to be:
  - a. Years 2019-2030 = 4.5%
  - b. Years 2031-2040 = 6.0%
- 15. **Financing** – CPC or other lenders as available and needed may provide capital to SolarShare for operations, the construction or acquisition of solar projects, refinancing of other debts or repayment of bonds.
- 16. **Operating (Credit) Line** – CSA 4 has established an agreement with 227118 Holdings Ltd. (owned and controlled by Mike Brigham, President of SolarShare), as a source of working capital. Up to \$5,000,000 is available from this facility at a rate of 3.5%. Please see Schedule L – 227118 Holdings Ltd. Operating (Credit) Line for more information.
- 17. **Excess Funds on Hand** – To be conservative, no amounts are included for any interest earned from cash-on-hand for temporary periods.
- 18. **Early Repayments** – SolarShare has the right to repay Solar Bonds before their maturity date. If the co-op is no longer growing and begins to accumulate too much cash from the sale of electricity, or as the value of the solar assets decline, then the co-op may reduce its interest expense and its liabilities by buying back Solar Bonds.
- 19. **TREC Renewable Energy Fund** – Payments to the Renewable Energy Fund Agreement will be made in accordance with the terms of the agreement. See Schedule K – Terms of Renewable Energy Fund Agreement.
- 20. **Taxation** – SolarShare is a non-share capital co-operative incorporated for non-profit purposes. SolarShare claims an exemption from income tax under section 149(1)(l) of the Income Tax Act, and so it is assumed that no income tax will be payable. However, in the event that SolarShare is obliged to pay income tax, payment would be from surplus otherwise payable to the TREC Renewable Energy Fund, and the impact on SolarShare's ability to pay interest and principal on the Solar Bonds would be minimal. SolarShare is a registrant for Harmonized Sales Tax purposes, and the impact of HST on its finances will therefore be neutral.
- 21. **No Additional Acquisitions** – Projections assume that no further projects are acquired. Note that while SolarShare might acquire further projects, its rate-of-return requirement for such projects is higher than the interest rate on Solar Bonds.

## 6 USE OF PROCEEDS OF THE OFFERING

## 6.1 Solar Bonds

**Minimum Offering:** \$7,400,000

**Maximum Offering:** \$20,000,000

SolarShare is seeking to raise up to \$20 million in Solar Bonds under this Offering Statement. The funds raised will be used to refinance maturing Solar Bonds (approximately \$11 million), repay debt obligations (approximately \$4 million) and, if fiscally prudent, make capital investments in new or existing assets.

## 6.2 Debt Financing

SolarShare does not plan to seek commercial debt on its projects over the term of this Offering Statement; however, should the Board of Directors determine that Debt Financing is required then SolarShare may seek such financing.

### 6.3 Construction, Acquisition and Operational Financing

SolarShare sometimes uses financing to purchase or build solar projects. The amount of financing varies depending on SolarShare's financing needs and the terms of the financing. We expect that this financing will be secured from CPC, as discussed in Section 16.6 below.

#### 6.4 Operating (Credit) Line

Because revenue from solar facilities is very seasonal (much higher in the summer than in the winter), and because the timing of solar bond issuance does not necessarily coincide with refinancing or other capital requirements, CSA 4 has established an agreement with 227118 Holdings Ltd. (owned and controlled by Mike Brigham, President of SolarShare), as a source of working capital. Up to \$5,000,000 is available from this facility at a rate of 3.5%. The facility is unsecured and is subordinate to Debt Financing, Solar Bonds and CPC. The facility may be cancelled or withdrawn at the discretion of the lender. Please see Schedule L – 227118 Holdings Ltd. Operating (Credit) Line for a copy of the credit agreement.

## 6.5 Morgan Solar and Solera Loans

Two small loans from Morgan Solar, the tracker manufacturer for the Sundance projects, and Solera Sustainable Energies Company, the project developer for the Orenda project are currently in place. See Section 16.10 and 16.11 below for further details on these loans.

## 6.6 The Plan if Solar Bonds Sales are Insufficient

If for any reason there are insufficient Solar Bonds raised to meet the financing requirements of SolarShare before this offering expires, then SolarShare will seek other suitable financing arrangements with CPC, private lenders, financial institutions, or other sources.

If suitable financing could not be secured, SolarShare would seek to sell assets in the existing market for Ontario solar FIT projects to repay Solar Bonds and commercial debts as required. For instance, in 2019 SolarShare submitted an indicative bid for a portfolio of FIT projects in Ontario, and later learned that the winning bid was more than 40% higher than that submitted by SolarShare.

## 6.7 Debt Ranking

The ranking of debt obligations is described in the table below.

*Table 3: Ranking of Debt Obligations*

RANK	SOLARSHARE AND CSA 4	CSA 1 AND CSA 2
First	Solar Bondholders	Debt Financing
Second	CPC <sup>1</sup>	Solar Bondholders
Third	227118 Holdings Ltd., Morgan Solar and Solera Loans	N/A

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<sup>1</sup> There are currently no monies owing to CPC. If SolarShare borrows funds from CPC, then CPC would rank second to the Bondholders.

## 7 RISK FACTORS

This is a high risk investment as there is no guarantee that SolarShare will be able to pay interest or repay any of the Solar Bonds offered under this Offering Statement. SolarShare will be subject to a number of risks common to business as well as specific risks associated with electricity generation and solar PV technology. They are listed below.

Material risks associated with development and construction of SolarShare's projects are borne by the construction capital lenders and not by SolarShare. Solar Bond risks arise from operational factors, as set out below.

The failure to prevent, minimize or mitigate any of the following risks could jeopardize investors financial returns and possibly their investment in SolarShare:

1. Repayment of Bonds: There is no assurance that SolarShare will be able to repay any of the Solar Bonds offered under this Offering Statement. Investors who require guaranteed returns from their investments with no risk should not purchase Solar Bonds.
2. Cash Flow and Solvency: There is no certainty that SolarShare will maintain positive cash flow and that SolarShare will be able to pay interest or redeem its Solar Bonds. In addition, there can be no guarantee SolarShare will be able to meet the solvency tests mandated by the Act when a request is made by a member to redeem their Solar Bonds or when membership ceases. As such, there can be no assurance SolarShare will be able to redeem Solar Bonds when so requested or when membership ceases.
3. Revenue: SolarShare projects positive cash flow over the life of its projects, and SolarShare's structure of SPVs is intended to mitigate the impact of lower than expected revenue on SolarShare. However, these projections are based on a number of assumptions, and if any one or more of these assumptions turns out to be significantly in error then SolarShare may be unable to manage its cash flow requirements. This could jeopardize the viability of a project or portfolio and/or its expected returns.
4. Defaults on Project Debt: The CSA 1 and CSA 2 loan agreements include Debt Service Coverage Ratio covenants. Failure to maintain the DSCR at or above the required levels triggers an increase in Debt Service Reserve Requirement and/or an event of default under these loan agreements, depending on the level of severity of the debt service shortfall. In the year 2018, operational issues (e.g. fire at the Goodmark site) and poor meteorological conditions caused the DSCR to fall below 1.50 for both CSA 1 and CSA 2, requiring an increase in the required cash reserves for both loans. Should the DSCR fall to less than 1.20, the loan would be in default and the lender may recall the loan using any specified remedy.
5. Performance Risk: In the event that any of the solar facilities do not generate the anticipated amount of electricity due to insufficient sunlight, underperformance of the systems or other causes beyond the control of SolarShare, projected revenues could be adversely affected. The financial projections are significantly dependent on the quality of the solar projections for each system site. There is no assurance that the solar facilities,

when placed in the same general locale as the data utilized to predict solar intensity, will experience the predicted production.

6. Operations and Maintenance: The ongoing maintenance of solar facilities and general administration of SolarShare are critical to achieve SolarShare's estimated production numbers and financial projections. While SolarShare has endeavoured to budget adequately for all general administrative, operations and maintenance expenses including equipment replacement expenses and contingency fees, unforeseen events could cause these expenses to exceed projections. This could jeopardize the viability of a project or portfolio and/or its expected returns.
7. Equipment Failure: The equipment used in SolarShare's projects is from reputable, high-quality manufacturers, and is expected to be low maintenance and reasonably trouble-free, with the exception of the power inverters, which are planned to be replaced in SolarShare's financial projections. The solar panels are covered by a warranty for a minimum of twenty years. However, should issues with the solar panels and/or inverters develop, there could be a loss of energy production and associated revenues for the period of time a failure occurs. This loss may not be fully recoverable through warranty or insurance, and needed repairs or upgrades to equipment and software may not be readily available.
8. Priority of Lenders: The Solar Bonds will be subordinate to Debt Financing lenders but have priority over loans payable to construction lenders and other debt lenders (operating line, Morgan Solar and Solera loans). In event of a default or bankruptcy, Debt Financing lenders will have a priority with respect to payment of interest and principal.
9. Interest Rate Fluctuation: If prevailing market interest rates rise significantly, raising capital to repay the Solar Bonds as they mature with the sale of new Solar Bonds may prove difficult. If the interest paid on Solar Bonds were to rise higher than 6.25% in 2022 for the balance of the FIT contract terms, Solar Bonds may not be repaid in full or when due. If this were to occur, repayment would be remitted in the following order of priority: Debt Financing, then Solar Bonds, then CPC (if applicable), and then unsecured loans. Repayment will be subject to the availability of replacement funds, and the amounts available for such purpose in TREC's Renewable Energy Fund. This risk diminishes over time as cash surpluses increase.
10. Failure to Raise Sufficient Capital: There are no assurances that SolarShare will be able to raise sufficient capital from the proceeds of this and future Offering Statements and/or Debt Financing to meet refinancing and other capital requirements of the business, including repayment of maturing Solar Bonds, or that the terms and conditions of that financing will not change in a significantly negative way. If unable to raise additional funds under an Offering Statement, SolarShare would meet its financial obligations by soliciting financing from other sources (for example, CPC and credit unions that have already stated their interest in providing credit lines), and / or selling parts of its portfolio into the robust existing market for Ontario FIT projects.

11. Currency Risk: Solar facility components are often imported and are paid in a foreign currency, therefore changes to the value of the Canadian dollar could potentially have a material impact and adverse effect on the cost of future projects or on the component costs for maintenance and replacement.
12. Depreciation of Assets: Investors are advised that the Board of Directors is not establishing any reserve for the replacement of equipment, other than inverters, tracker parts and ordinary maintenance items and is depreciating the value of the system to zero at the end of its 20th year of operation. However, Solar PV systems have long operating life spans and it is anticipated that in its 21st year of operation and for some time beyond, any SolarShare project should produce between 80% and 90% of its initial rated output which will have some monetary value. Since at a future date, the residual value of the systems and any production cannot be determined today, no value has been assigned to them.
13. Financial Projections: This Offering Statement contains forward-looking statements and projections that involve numerous assumptions, hypotheses, risks and uncertainties including, among others, those set out in this section as "Risk Factors". These projections are based upon assumptions and hypotheses that both the SolarShare Board of Directors and experts consulted by the long term debt lenders believe to be reasonable and which are consistent with the forecasts and projections prepared by SolarShare. No representations or warranties are given that these projections will actually be achieved. Actual results will vary, perhaps in a materially negative way, from these forecasts and projections. The assumptions upon which these forecasts and projections are based may change, whether due to circumstances beyond the control of SolarShare or otherwise. Investors are advised not to rely solely upon these projections in making their investment decision.
14. Income Tax Risk: In Canada, income tax exemption for a non-profit organization is obtained by structuring and operating the organization in accordance with the requirements of the Income Tax Act but may be challenged if the requirements for that exemption, as interpreted by Canada Revenue Agency and/or the courts, are not complied with.
15. Long-Term Investment: Solar Bonds should be considered long-term investments and may not be suitable for investors who may desire or need a more liquid investment.
16. Major Contracts: SolarShare has entered into contracts with others to operate parts of its business. Non-compliance by its contractors and the availability of remedies in the case of default could materially affect SolarShare's financial projections.
17. Management: SolarShare is a small organization and may have difficulty attracting and retaining high-calibre management and staff.
18. Market for Securities: There is currently no market for the Solar Bonds offered and the development of such a market cannot be assumed. No membership may be transferred without the express consent of the Board of Directors. Management will use reasonable

efforts to match buyers and sellers, but no guarantee is offered that holders of Solar Bonds will be able to sell them.

19. New Project Performance: While SolarShare does not plan to acquire projects that do not enhance the projected long-term financial position of SolarShare, there is no assurance that any newly acquired projects will perform financially as expected.
20. Property Taxes: The Ontario Government has declared that there will be no property tax payable on rooftop solar PV systems or ground mount systems that are smaller than 10kW. This may change in the future and such unforeseen taxes could adversely affect SolarShare's financial projections.
21. Registered Account Eligibility Risk: Solar Bonds are RRSP and TFSA eligible because they were fully secured by mortgages on real property at the time the Bonds are issued. There is a risk that Canada Revenue Agency might determine that solar PV installations are not fixtures, and therefore Solar Bonds are not secured against real property. There is a risk that the Solar Bonds cease to be fully secured if the total value of Solar Bonds outstanding becomes greater than the value of the property securing the Solar Bonds. This could happen if the co-op sells more bonds than it has completed projects to secure them, or if the co-op isn't diligent in buying back Solar Bonds to match the decreasing value of the mortgages that back them.
22. Regulatory Risks: The Independent Electricity System Operator regulates Ontario's electricity system, and there are risks associated with non-compliance as outlined below:
  - a. Domestic Content – In order to maintain the validity of FIT1 and FIT2 contracts, each generation facility must meet the domestic content requirements that were present at the time of the FIT contract approval, as outlined by the IESO (this requirement does not apply to FIT3 and later). SolarShare must, for the duration of each FIT1 and FIT2 contract, maintain records that verify that the domestic content requirements have been met. SolarShare engaged a third party to review these records for completeness, and those FIT1 and FIT2 projects held by CSA 1 and CSA 2 have been further scrutinized during long term commercial debt due diligence processes. However, the IESO can audit these records at any time and if they deem that the records are insufficient, the FIT contract can be cancelled. SolarShare has made reasonable efforts to ensure the proper documentation has been maintained, but there are no absolute assurances that the IESO will deem this sufficient in the case of an audit.
  - b. FIT Contract Risk – IESO and Ontario government regulations and policies may change. In 2009, the Government of Ontario enacted the Green Energy and Green Economy Act, which authorized incentives for renewable energy projects (including FIT contracts) in pursuit of the policy goals including ending the use of coal, attracting investment and job creation. The GEA was repealed in late 2018 and the FIT contracts for projects that had not yet reached construction phase ("Notice to Proceed") were cancelled. While FIT contracts for post-COD



operations are legally binding obligations, there is no absolute assurance that the IESO or the Ontario government will not attempt to curtail or cancel contracts or change the regulations and policies.

- c. **Membership Risk** – SolarShare’s Community Participation Projects require that SolarShare maintain a minimum number of qualifying members in each project’s host jurisdiction. SolarShare regularly monitors membership to ensure ongoing compliance and the IESO provides a grace period to come into compliance; however, FIT contracts may be in jeopardy should SolarShare fail to maintain the required membership.
23. **Roof-top Destruction:** In some of SolarShare’s leases, should the building under a SolarShare rooftop installation be so significantly damaged by fire or another casualty that its owner decides to demolish it, rather than rebuild, the lease for that rooftop may be terminated. SolarShare’s insurance would replace any solar equipment damaged by such casualty and provide some revenue protection under business interruption coverage up to 12 months. However, should the building not be rebuilt, SolarShare may lose the revenues for the remaining duration of the FIT contract. This risk only applies to a portion of the portfolio, is a common risk shared by all in the solar industry, and the possibility of it occurring is remote.
24. **Satcon Warranty:** Satcon Technology Corp. filed for bankruptcy on Wednesday, October 17, 2012 and was subsequently liquidated, thereby voiding the manufacturer’s warranties. SolarShare’s Waterview project utilizes Satcon inverters. Due to the number of Satcon inverters operating in the field, however, a number of independent parts and service providers have been identified who are fully capable of keeping these units in service. One company in particular, has taken on former Satcon technical staff and provides specialized high-level Satcon technical support, further ensuring the longevity of these units.
25. **Uni-Solar Warranty:** On February 14, 2012, Energy Conversion Devices, Inc. (ECD) and its subsidiaries including United Solar Ovonic LLC (“Uni-Solar”) filed for bankruptcy and was later liquidated. This voided the manufacturer’s warranties of the Uni-Solar PV panels that SolarShare uses on its Waterview project.
26. **Other Warranties:** SolarShare has endeavoured to choose products and technologies with solid warranties from reputable companies with a track record of performance and that are in good financial health; however, there is no assurance that SolarShare’s suppliers will not go out of business and thus be unable to honour their warrantees, which could lead to increased costs and potential loss of revenues for SolarShare.
27. **Unknown Risk Factors:** SolarShare may also be subject to other unknown or unforeseen risk factors that could potentially affect its profitability and solvency. Some of these risk factors could include, but are not limited to, failure to comply with new or revised governing statutes, or climate variability resulting in reduced performance. SolarShare plans include contingency funds to mitigate any adverse unforeseen risk factors that may

negatively affect SolarShare's profitability and solvency; however, these funds may not be sufficient.

## 8 DESCRIPTION OF CAPITAL STRUCTURE

SolarShare is a non-profit co-operative corporation and has no share capital.

A description of the Solar Bonds being offered can be found in Section 9 below. Securities and other debt obligations of SolarShare are described in Section 13 below, including construction or acquisition capital from CPC that may be accessed by SolarShare, operating (credit), debt financing for CSA 1 and CSA 2, and project loans.



*Figure 6: The Wintergreen project, near Kingston.*

## 9 DESCRIPTION OF SECURITIES OFFERED

### 9.1 Solar Bonds

SolarShare is offering to sell Solar Bonds to its members and to corporations. Corporations may purchase the bonds, but are not permitted to be members of SolarShare, in order to meet the IESO's requirement for renewable energy co-ops.

The form of Solar Bond is attached in Schedule C – Form of 5-Year Solar Bond (Simple Interest). The minimum individual purchase is \$1,000. The following tables describe the Solar Bonds being offered in detail.

*Table 4: 5-Year, 4% Solar Bonds*

DESCRIPTION OF 5-YEAR, 4% SOLAR BONDS OFFERED	
Minimum Offering:	\$7,400,000
Maximum Offering:	\$20,000,000
Minimum Individual Purchase:	\$1,000
Maximum Individual Purchase:	No maximum
Security	<p>Repayment of the Solar Bonds is secured by a mortgage registered on all of the project leases and equipment held by SolarShare, second to Debt Financing, if any, and held by a trustee appointed by SolarShare pursuant to a Trust Agreement (see Schedule B – Terms of Trust Agreement) for the benefit of all Bondholders.</p> <p>The mortgages that secure the Solar Bonds are different from traditional mortgages on appreciating assets. A traditional mortgage is usually applied to appreciating assets such as land, whereas this mortgage is on a lease and on depreciating assets (the solar generating equipment), and so the security for the Bondholders will decline over time and may have little value at the time the principal on the bonds is redeemed. Since the value of the security declines over time, the cash position of the co-op becomes more important as the source of security for the repayment of the principal. The assets behind the mortgage securing the Solar Bonds include all the</p>

	<p>equipment and contracts relating to the production and sale of solar electricity to the IESO.</p> <p>Where a project has been acquired by or transferred to a subsidiary, such as CSA 1 or CSA 2, SolarShare has taken steps to ensure that the Bondholders maintain security over those projects. The subsidiaries have given security to Brian Iler, as Trustee for the Bondholders, which has been registered on title to the property. Since SolarShare is the sole shareholder of the subsidiaries, the security given by the subsidiaries secures SolarShare's obligations to the Bondholders pursuant to the Trust Agreement between Brian Iler and SolarShare.</p> <p>The only shareholder of each subsidiary is SolarShare, which allows SolarShare to have complete control over its affairs. The Bylaw of each of the CSA 1 and CSA 2 subsidiaries provides that all assets are prevented from being transferred to a business. The shares, or beneficial interest in shares, of the subsidiaries may only be transferred to a non-profit corporation whose objects include the promotion and development of renewable energy resources. That Bylaw also prohibits the subsidiary from amalgamating with a corporation unless it is a non-profit corporation whose objectives include the promotion and development of renewable energy resources. It is a requirement of the Debt Finance lenders, however, that the shares of CSA 1 and CSA 2 be transferable to it in the event of a default under the terms of its loan. In that event, amendments may be made to eliminate the transfer constraints.</p> <p>No changes in the security can be made without sufficient Bondholders' consent by vote as set out in the Trust Agreement.</p>
<b>Interest Rate</b>	<p>All 5-Year, 4% Solar Bonds earn 4% interest. Members/investors can choose either:</p> <ul style="list-style-type: none"> <li>• Simple interest - Interest is calculated and paid out semi-annually through electronic fund transfers.</li> <li>• Compound interest in a registered account – Interest is compounded annually and paid upon maturity. This option may only be offered if the investment is being made through a registered account such as RRSP or TFSA.</li> </ul>
<b>Terms and Redemption</b>	<p>5-Year, 4% Solar Bonds issued under this Offering Statement mature 5 years after the date of purchase.</p> <p>SolarShare may, before maturity, and upon 60 days' notice, offer to repay all or a portion of the principal outstanding, and shall communicate such offer to all members. It shall then repay those who express a desire to be repaid pro rata. SolarShare also has the right to prepay at any time without penalty.</p> <p>In the event that SolarShare is unable to contact a member whose investment is maturing, the investment may be re-invested on behalf of the member under the same terms as this offering.</p>

	To address concerns that long term debt lenders may raise in light of possible future market interest rate fluctuations, principal repayment on maturity may not occur until SolarShare is able to do so or replacement capital is obtained. Such decision would be made by the Board of Directors of SolarShare. The rights of the Bondholders are not otherwise affected by such a postponement and their outstanding bonds will continue to accrue interest at the indicated rate.
<b>Rank</b>	<p>First: Debt Finance (CSA 1 &amp; CSA 2)</p> <p>Second: Solar Bonds</p> <p>Third: CPC (if applicable)</p> <p>Fourth: Unsecured Lenders</p> <p>The Solar Bonds will rank equally with each other but will rank second to senior long-term debt lenders for CSA 1 and CSA 2.</p> <p>Solar Bonds rank ahead of other obligations as described in Section 6.7 above, including CPC (or any other construction lender), the operating (credit) line, project debtors and the contribution of surplus to TREC's Renewable Energy Fund.</p>
<b>Transfer</b>	Subject to a \$50 administration fee and approval from the Board of Directors. Such approval shall not unreasonably be withheld, provided the transfer is to another member of SolarShare.
<b>Dissolution</b>	In the event of the dissolution or liquidation of SolarShare, the Bondholders shall be entitled to be paid, after the retirement of the senior debt, the amount of principal outstanding, plus any interest earned but unpaid. Upon payment of such amount, the holders of Bonds shall not be entitled to any further share in the distribution of the assets of SolarShare.
<b>Voting Rights</b>	Bondholders who are members, have a right to one vote per member at all meetings of SolarShare members, irrespective of the Solar Bond amount held.

*Table 5: 5-Year, 4.5% Solar Bonds*

DESCRIPTION OF 5-YEAR, 4.5% SOLAR BONDS OFFERED	
<b>Minimum Offering:</b>	\$7,400,000
<b>Maximum Offering:</b>	\$20,000,000

<b>Minimum Individual Purchase:</b>	\$1,000
<b>Maximum Individual Purchase:</b>	No maximum unless indicated at the time of purchase.
<b>Security</b>	<p>Repayment of the Solar Bonds is secured by a mortgage registered on all of the project leases and equipment held by SolarShare, second to the senior debt, if any, and held by a trustee appointed by TREC pursuant to a Trust Agreement (see Schedule B – Terms of Trust Agreement) for the benefit of all Bondholders.</p> <p>The mortgages that secure the Solar Bonds are different from traditional mortgages on appreciating assets. A traditional mortgage is usually applied to appreciating assets such as land, whereas this mortgage is on a lease and on depreciating assets (the solar generating equipment), and so the security for the Bondholders will decline over time and may have little value at the time the principal on the bonds is redeemed. Since the value of the security declines over time, the cash position of the co-op becomes more important as the source of security for the repayment of the principal. The assets behind the mortgage securing and the Solar Bonds include all the equipment and contracts relating to the production and sale of solar electricity to the IESO.</p> <p>Where a project has been acquired by or transferred to a subsidiary, such as CSA 1 or CSA 2, SolarShare has taken steps to ensure that the Bondholders maintain security over those projects. The subsidiaries have given security to Brian Iler, as Trustee for the Bondholders, which has been registered on title to the property. Since SolarShare is the sole shareholder of the subsidiaries, the security given by the subsidiaries secure SolarShare's obligations to the Bondholders pursuant to the Trust Agreement between Brian Iler and SolarShare.</p> <p>The only shareholder of each subsidiary is SolarShare, which allows SolarShare to have complete control over its affairs. The Bylaw of each of the CSA 1 and CSA 2 subsidiaries provides that all assets are prevented from being transferred to a business. The shares, or beneficial interest in shares, of the subsidiaries may only be transferred to a non-profit corporation whose objects include the promotion and development of renewable energy resources. That Bylaw also prohibits the subsidiary from amalgamating with a corporation unless it is a non-profit corporation whose objectives include the promotion and development of renewable energy resources. It is a requirement of the Debt Finance lenders, however, that the shares of CSA 1 and CSA 2 be transferable to it in the event of a default under the terms of its loan. In that event, amendments may be made to eliminate the transfer constraints.</p>

	No changes in the security can be made without the Bondholders' consent by vote as set out in the Trust Agreement.
<b>Interest Rate</b>	<p>All 5-Year, 4.5% Solar Bonds earn 4.5% interest. Members/investors can choose either:</p> <ul style="list-style-type: none"> <li>• Simple interest - Interest is calculated and paid out semi-annually through electronic fund transfers.</li> <li>• Compound interest in a registered account – Interest is compounded annually and paid upon maturity. This option may only be offered if the investment is being made through a registered account such as RRSP or TFSA.</li> </ul>
<b>Terms and Redemption</b>	<p>5-Year, 4.5% Solar Bonds issued under this Offering Statement mature 5 years after the date of purchase.</p> <p>SolarShare may, before maturity, and upon 60 days' notice, offer to repay all or a portion of the principal outstanding, and shall communicate such offer to all members. It shall then repay those who express a desire to be repaid pro rata. SolarShare also has the right to prepay at any time without penalty.</p> <p>In the event that SolarShare is unable to contact a member whose investment is maturing, the investment may be re-invested on behalf of the member under the same terms as this offering.</p> <p>To address concerns that long term debt lenders may raise in light of possible future market interest rate fluctuations, principal repayment on maturity may not occur until SolarShare is able to do so or replacement capital is obtained. Such decision would be made by the Board of Directors of SolarShare. The rights of the Bondholders are not otherwise affected by such a postponement and their outstanding bonds will continue to accrue interest at the indicated rate.</p>
<b>Rank</b>	<p>First: Commercial Debt Lenders (CSA 1 and CSA 2)</p> <p>Second: Solar Bonds</p> <p>Third: CPC (if applicable)</p> <p>Fourth: Unsecured Lenders</p> <p>The Solar Bonds will rank equally with each other but will rank second to senior long-term debt lenders.</p> <p>Solar Bonds rank ahead of other obligations as described in Section 6.7 above including CPC (or any other construction lender), the operating (credit) line, project debtors and the contribution of surplus to TREC's Renewable Energy Fund.</p>



<b>Transfer</b>	Subject to a \$50 administration fee and approval from the Board of Directors. Such approval shall not unreasonably be withheld, provided the transfer is to another member of SolarShare.
<b>Dissolution</b>	In the event of the dissolution or liquidation of SolarShare, the Bondholders shall be entitled to be paid, after the retirement of the Debt Finance, the amount of principal outstanding, plus any interest earned but unpaid. Upon payment of such amount, the holders of Bonds shall not be entitled to any further share in the distribution of the assets of SolarShare.
<b>Voting Rights</b>	Bondholders who are members, have a right to one vote per member at all meetings of SolarShare members, irrespective of the Solar Bond amount held.

### CPC

In addition to Solar Bonds, SolarShare may borrow from CPC for construction, acquisition, or for any other reason. This debt is not offered to members but to a specific lender (CPC), a community power financing organization that provides financing to SolarShare and other renewable energy co-operatives.

CPC debt may be refinanced with a combination of Solar Bonds, Debt Financing, surplus cash or other means. Please see Section 16 below for details.

### 227118 Holdings Ltd.

In addition to Solar Bonds and CPC, SolarShare may borrow from 227118 Holdings Ltd. for operations, construction, acquisitions or for any other reason. This debt is not offered to members but to a specific lender (227118 Holdings Ltd.).

This debt may be repaid or refinanced with a combination of Solar Bonds, Debt Financing, surplus cash, and/or other means. Please see Section 16 below for details.

## **9.2 Qualified Investments for Registered Accounts**

Many SolarShare members invest through their Registered Retirement Savings Plans (RRSPs), Tax-Free Savings Accounts (TFSAs) or other registered investments. As such, SolarShare has commissioned and obtained a third-party tax opinion that Solar Bonds are qualified investments under Regulation 4900(1)(j) of the Income Tax Act. Regulation 4900(1)(j) of the Income Tax Act states that qualified investments include:

*“a debt obligation of a debtor, or an interest, or for civil law a right, in that debt obligation, where:*

- the debt obligation is fully secured by a mortgage, charge, hypothec or similar instrument in respect of real or immovable property situated in Canada, or would be fully secured were it not for a decline in the fair market value of the property after the debt obligation was issued, and*

- *the debtor (and any partnership that does not deal at arm's length with the debtor) is not a connected person under the governing plan of the plan trust;"*

As confirmed by the external opinion and the underlying valuation of the property the mortgages are registered against, Solar Bonds meet the first test of being a debt instrument that is fully secured by a charge on real property in Canada, and they meet the second test that the debtor is not a connected person. SolarShare confirms its valuation as reasonably required in order to ensure the bonds are secured as described in the tax opinion.

A copy of the tax opinion and associated documentation is available to any member interested in purchasing bonds for their registered account, such as an RRSP or TSFA.

SolarShare works with a number of investment institutions and advisors to facilitate the ability of members to hold Solar Bonds in registered accounts.

**Even with the external tax opinion, investment advisors and/or institutions may not allow our members to hold Solar Bonds in their registered accounts. Members should speak with their investment advisors about this.**

## 10 METHOD OF THE SALE OF SECURITIES

All bonds sold pursuant to this Offering Statement will be sold exclusively by agents of SolarShare.



*Figure 7: One of the Sundance projects utilizing Morgan Solar Savanna trackers.*

## 11 DESCRIPTION OF THE MARKET ON WHICH THE SECURITIES MAY BE SOLD

There is no market through which Solar Bonds may be sold and none is expected to develop. Purchasers may not be able to resell Solar Bonds purchased pursuant to this Offering Statement. No Solar Bonds of SolarShare may be transferred without the express consent of the Board of Directors. SolarShare will use its best efforts to match buyers and sellers but there can be no guarantee that holders of the Solar Bonds will be able to sell them.



*Figure 8: One of the SunFields 12 kW DC MicroFIT projects.*

## 12 MINIMUM AND MAXIMUM AMOUNTS

The minimum amount SolarShare seeks to raise via this Offering Statement is \$7,000,000. If unable to raise sufficient funds under this Offering Statement, SolarShare would meet its financial obligations by soliciting financing from other sources (for example, CPC and credit unions), and/or selling parts of its portfolio into the robust existing market for Ontario FIT projects.

The minimum and maximum individual purchases permitted for the Solar Bonds offered pursuant to this Offering Statement is as follows:

*Table 6: Minimum and Maximum Individual Purchase*

	5-YEAR SOLAR BONDS
Minimum Individual Purchase	\$1,000
Maximum Individual Purchase	No maximum unless indicated at time of purchase

### 13 SECURITIES AND OTHER DEBT OBLIGATIONS OF SOLARSHARE

The following table describes the amount and particulars of any securities, mortgages, bonds, debentures, or other debt obligations of SolarShare as at December 31, 2018.

*Table 7: Debt Obligations*

CREDITOR	AMOUNT	DESCRIPTION
CSA 1 Debt Finance	\$3,232,495	Equitable Life Insurance is the provider of \$4.2 million Debt Financing for the five projects held in CSA 1. The term of the loan is 16 years, starting at February 24, 2015, with an interest rate of 4.789% per annum.
CSA 2 Debt Finance	\$11,937,076	CorpFinance International is the provider of \$13.2 million Debt Financing for the nine projects held in CSA 2. The term of the loan is 15 years starting at September 6, 2017, with an interest rate of 5.262% per annum.
Solar Bondholders	\$38,166,380	These existing Solar Bonds are for 5 and 15-year (self-amortizing) terms, carrying interest rates of 5% and 6% respectively.
227118 Holdings Ltd.	\$891,880	CSA 4 established an agreement with 227118 Holdings Ltd. as a source of working capital. Up to \$5,000,000 is available from this facility at a rate of 3.5% per annum. The credit facility is unsecured and may be withdrawn or cancelled at any time by the lender. As of September 30, 2019, the loan balance is \$1.8 M.
Solera Sustainable Energies Company	\$341,915	As described in Section 16.10 below, this deferred payment acts as a loan from Solera to SolarShare, transferring some specific project risk for the Orenda project to Solera. The original value of the loan was \$453,060, decreasing over time with a term of 11 years, starting October 27, 2015. Interest for the loan is calculated as the amount that would equal the sum that would place Solera in the same position as it would have been had SolarShare paid the full purchase price for the Orenda project on closing, using a discount rate of 2.5%.
Morgan Solar	\$106,061	As described in Section 16.11 below, and is designed to guarantee that replacement parts for the Morgan Solar Savanna dual-axis trackers are available for the life of the ten-year warranty. The original value of the loan was \$109,637, and the term of the loan is 10 years, starting September 30, 2017, with an interest rate of 5.5% per annum.
<b>TOTAL</b>	<b>\$54,675,807</b>	

A schedule listing projected principal debt repayments by year and instrument is provided in Table 8 below. The 2020 Solar Bond maturities include approximately \$4.7 million dollars of bonds with original maturities in 2019 that were extended at the option of Bondholders. In addition, the operating line does not have a fixed repayment schedule and so is not included, but the loan balance as of September 30, 2019 was \$1.8 million.

*Table 8: Schedule of Projected Debt Repayments (in thousands)*

(\$000)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Solar Bonds</b>	10,900	10,502	5,934	6,000	1,073	338	358	380	403	428	453	376	207	38	5
<b>CSA 1</b>	236	244	252	260	269	278	288	298	309	320	331	85	0	0	0
<b>CSA 2</b>	681	705	731	758	786	817	848	882	917	968	1,044	1,088	1,134	193	0
<b>Solera</b>	34	39	42	46	48	49	0	0	0	0	0	0	0	0	0
<b>Morgan Solar</b>	11	11	11	11	11	11	11	11	0	0	0	0	0	0	0

#### 14 MATERIAL LEGAL PROCEEDINGS TO WHICH SOLARSHARE IS A PARTY

SolarShare is not party to any material legal proceedings.



*Figure 9: SolarShare members, former Aurora Mayor Geoffrey Dawe, and partners open the Stronach project.*



## **15     MATERIAL INTERESTS OF DIRECTORS AND OFFICERS**

### **15.1     In the Operation of SolarShare**

Each of the Directors of SolarShare is a member of SolarShare.

Mike Brigham, President, plays a strong management role in the daily activities of SolarShare, and does so as a volunteer. Mike also owns 227118 Holdings Limited, which provides an operating (credit) line to SolarShare. Please see Schedule L – 227118 Holdings Ltd. Operating (Credit) Line for a copy of the credit agreement.

Brian Iler is a Partner with Iler Campbell LLP, who are legal counsel for SolarShare.

Please see Table 9 below for more information.

### **15.2     In the Securities Offered Herein**

Directors of SolarShare will be offered the securities to be issued under this Offering Statement on the same terms as available to other members.

The Board of Directors believes that it is important to disclose all related interactions between SolarShare and its directors and has developed practices that promote good corporate governance while ensuring that the co-op achieves its mission. Table 9 below profiles board members' affiliations and related party transactions.

Table 9: Material Interests of Directors and Officers

SolarShare Director Name	SolarShare Bonds Owned (March 1, 2019)	Professional Services	Association with Contracted Services & Related Party Transactions <sup>2</sup> (for 2018)	Other	Spousal Investment
Mike Brigham	\$76,000	Part-time engagement providing general business management and technical support to all areas of SolarShare and primary liaison with all principle suppliers.	Mike owns 227118 Holdings Limited <sup>3</sup> which provides an operating line to CSA 4 of up to \$5 million at 3.5%.	No reimbursement for significant out-of-pocket expenses incurred upon behalf of SolarShare; Participates in SolarShare's Bell Mobility plan (billed at cost to Mike)	N/A
Brian Iler <sup>4</sup>	\$407,364	Provides occasional paid professional services related to legal and regulatory matters	Partner with Iler Campbell LLP which provides legal counsel for the co-op; including project development for all SolarShare projects. Legal fees paid to Iler Campbell LLP in 2018: \$40,693	Is Trustee for SolarShare Bondholders.	\$100,000 in Solar Bonds
Shama Ahmed	\$12,000	N/A	N/A	N/A	N/A
Pieter de Koning	\$10,000	N/A	N/A	N/A	N/A
Glen Campbell	\$500,000	N/A	N/A	N/A	N/A

<sup>2</sup> Related Party Transactions – Source – SolarShare Audited Financial Statements 2018

<sup>3</sup> Mike Brigham – Company owner (227118 Holdings Limited), charitable foundation (M.H. Brigham Foundation.

<sup>4</sup> Brian Iler is also a director of TREC.

SolarShare Director Name	SolarShare Bonds Owned (March 1, 2019)	Professional Services	Association with Contracted Services & Related Party Transactions <sup>2</sup> (for 2018)	Other	Spousal Investment
	(held under Campbell 2015 Family Trust)				
Patrick Collie	\$5,000	N/A	N/A	N/A	N/A
Khalid Grant	\$7,000	N/A	N/A	N/A	N/A
Ashley Reid	\$10,000	N/A	N/A	N/A	N/A
Ron Seftel	\$1,000	N/A	N/A	N/A	N/A
Graysanne Bedell	\$170,175	N/A	N/A	N/A	N/A

## **16     MATERIAL CONTRACTS**

This section describes the material contracts SolarShare is currently party to.

### **16.1    FIT Contracts**

The entire business model is dependent on each project having a FIT or similar contract that guarantees a 20-year revenue stream from the sale of electricity to the IESO. There are three stages to the FIT contract: (1) conditional offer, (2) notice to proceed ("NTP"), and (3) commercial operation (post-COD). Riskier development work occurs in the first stage, construction in the second, and revenues and refinancing in the third. Once the second stage is achieved, then the FIT contract is legally binding, which applies to all projects presently held by SolarShare. Solar Bonds are used for refinancing in the third stage.

### **16.2    Land Leases**

Each of SolarShare's projects has a 20-year lease with the landowner, which is a requirement of securing a FIT contract. Specific provisions and lease rates are different for each lease, but there are common elements that ensure the protection of this property right throughout the 20-year FIT contracts. SolarShare also owns a parcel of land in Timiskaming where a communications tower that is part of the operation of the Sundance sites is located.

### **16.3    Maintenance Contracts**

SolarShare has a maintenance contract with Northwind Solutions for all projects except for SunFields. The contract covers planned services such as annual maintenance, and unplanned services such as emergency repairs.

The emergency and regular maintenance of SunFields, SolarShare's 17 ground mounted MicroFIT projects, is by contract to Penguin Power.

A number of sub-contractors and part-time employees provide maintenance services on an as-needed basis.

### **16.4    EPC Agreements**

SolarShare may enter into fixed-price contracts with engineering, procurement and construction (EPC) companies to provide design and installation services for some of its projects. All EPC firms have been vetted to ensure quality workmanship and engineering and design expertise.

### **16.5    Trust Agreement for Solar Bondholders**

SolarShare has entered into an agreement with Brian Iler, a lawyer, a former founding director of TREC and CPC and is the Secretary of SolarShare, to hold a second charge on SolarShare's assets in trust for the benefit of the holders of Solar Bonds, TREC Renewable Energy Fund and CPC.

The assets behind the mortgages securing the Solar Bonds include all the equipment and contracts relating to the production and sale of solar electricity to the IESO.

The beneficiaries may, by a vote, instruct the trustee to realize on the mortgage security in the event of a default by SolarShare on its obligations. The trustee is obliged to implement the decision of the beneficiaries.

The agreement acknowledges that the current trustee, Brian Iler, was a director of TREC and Secretary of SolarShare. He agrees that in the event of any material conflict of interest arising, he will, within ninety days either eliminate such conflicts or resign from his position as trustee.

In order to ensure transparency, all and any changes to Brian Iler's financial interests in SolarShare and CPC must be approved by the Board of Directors and recorded in the minutes of the meeting.

The choice of Brian Iler as Trustee had these factors:

- As an investor in CPC and SolarShare, Mr. Iler has an interest in ensuring that SolarShare's obligations to its members/investors and Bondholders are satisfied;
- A trust company charges considerable fees, and requires a significant amount of expensive due diligence
- Mr. Iler is a lawyer with considerable experience and he has professional fiduciary duties.

The SolarShare Bondholders and TREC, with a decision approved by the holders of seventy five percent in value of the issued and outstanding Solar Bonds, plus seventy-five percent of the total number of Bondholders and TREC, have the following powers:

1. to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Solar Bonds in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
2. to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Trust Agreement or the Solar Bonds, including an Event of Default.

A meeting of Bondholders and TREC has the power to remove a Trustee, and to appoint one or more replacement trustees.

The terms of the trust agreement are attached as Schedule B – Terms of Trust Agreement

## **16.6 CPC Loans**

Community Power Capital may provide financing for the construction and/or acquisition of SolarShare's projects, or for other purposes. The promissory note has in past carried an interest rate of 10% for projects under construction, and 6% for projects that have begun commercial operation. The loans are secured by the Trustee's mortgage registered on all the project leases and equipment, and rank behind the Solar Bonds. The loans are due on demand, but recourse in the event of default by SolarShare is limited to the assets of the projects in which the funds were invested. CPC debt may be refinanced with a combination of Solar Bonds, Debt Financing or other sources.

## **16.7 227118 Holdings Ltd. Loan**

SolarShare's monthly revenue depends on the production of electricity from solar energy, which is seasonal and fluctuates somewhat from month to month. To better manage cash flows and reduce interest costs, CSA 4 established a line of credit with a company controlled by the President of SolarShare, Mike Brigham (owner of 227118 Holdings Ltd.). Up to \$5 million is available from this facility at a rate of 3.5%. The operating line is unsecured and is ranked behind Debt Financing, Solar Bonds and CPC. The operating line may be cancelled or withdrawn at any time by the lender. As of September 30, 2019, the loan balance was \$1.8 million. This debt may be refinanced with a combination of Solar Bonds, Debt Financing or other sources. Please see Schedule L – 227118 Holdings Ltd. Operating (Credit) Line for a copy of the loan agreement.

## **16.8 Debt Financing for CSA 1**

SolarShare has secured a debt facility to provide long term financing to CSA 1. The \$4,200,000 loan has a 16-year term, to be repaid by equal monthly payments of principal and interest over the term of the loan. The outstanding amount and a schedule of repayments is provided in Section 13 above. A first charge on the assets within CSA 1, including its leases and FIT contracts, has been pledged as security.

As described in Section 0 above, the DSCR for CSA 1 portfolio fell below 1.50 in the third quarter of 2018 but remained above the default threshold of 1.20. In Q3 2019, the DSCR for CSA 1 again exceeded 1.50. Under the terms of the CSA 1 loan, when the DSCR is 1.50 or greater, a reserve of three months principal and interest is set aside. When the DSCR falls below 1.50 (but is still above 1.20), additional funds are deposited into the reserve account, increasing the reserve amount to cover six months principal and interest.

## **16.9 Debt Financing for CSA 2**

SolarShare has secured a debt facility to provide long term financing to CSA 2. The \$13,194,000 loan has a 15-year term to be repaid by equal monthly payments of principal and interest over the term of the loan. The outstanding amount and a schedule of repayments is provided in Section 13 above. A first charge on the assets within CSA 2, including its leases and FIT contracts, has been pledged as security.

As described in Section 0 above, the DSCR for CSA 2 portfolio fell below 1.50 in the third quarter of 2018, but remained above the default threshold of 1.20.

Under the terms of the CSA 2 loan, when the DSCR is 1.50 or greater, a reserve of six months principal and interest is set aside. When the DSCR falls below 1.50 (but is still above 1.20), additional funds are deposited into the reserve account, increasing the reserve amount to cover twelve months principal and interest.

## **16.10 Solera Loan**

SolarShare purchased the Orenda project from Solera Sustainable Energies Company, a solar project development firm. This deferred payment for the Orenda project acts as a loan from Solera to SolarShare, and transfers risk to Solera should the building on which the project exists

be destroyed and not rebuilt. The original value of the loan was \$453,060 and decreases over time with a term of 11 years, starting October 27, 2015.

#### **16.11 Morgan Solar Loan**

Morgan Solar is the equipment manufacturer for dual-axis trackers used by SolarShare for 11 projects. This loan from Morgan Solar to SolarShare is designed to guarantee the availability of replacement parts for Morgan Solar's Savanna dual-axis trackers while the trackers under warranty. Should Morgan Solar be unable to fulfill its warranty, SolarShare has the right to retain part or all of the outstanding loan value. The value of the loan was originally \$109,637, decreasing over time and has a term of 10 years, starting September 30, 2017.

#### **16.12 TREC Service Agreement**

SolarShare has retained TREC and Tapestry Community Capital to carry out certain functions and services on its behalf including administrative and investment management Services.

#### **16.13 TREC Renewable Energy Fund Agreement**

A Renewable Energy Fund Agreement has been entered into between TREC and SolarShare. It includes provisions as follows:

1. The TREC Renewable Energy Fund shall provide funding for future projects of SolarShare that have been approved by the Investment Committee from the Fund.
2. TREC's Investment Committee is empowered to determine how the money received by TREC for the Renewable Energy Fund is invested in those future projects.
3. SolarShare will have at a minimum of at least one permanent seat on the Renewable Energy Fund Investment Committee, and up to 50% of the seats on the Investment Committee if and when SolarShare's contribution to the fund is 50% or greater than the total fund amount. Committee seats will be redistributed annually, based on the proportion of investment from the participating co-ops.
4. SolarShare shall at all times remain a non-profit incorporated under the Act whose membership is comprised primarily of those persons who have purchased Solar Bonds from the co-operative.
5. SolarShare shall record its accounting surplus annually as a liability to TREC to be placed into the Renewable Energy Fund. That liability shall be paid out to TREC after the following items:
  - a. SolarShare shall retain enough cash in its accounts to support its reasonable working capital needs.
  - b. SolarShare shall retain sufficient cash in its accounts to pay down loans and/or bank debt as it deems necessary
  - c. SolarShare shall retain sufficient cash to retire member Solar Bonds as it deems necessary

- d. All residual cash shall be paid to TREC to be placed in the Renewable Energy Fund as settlement of the liability.

While there is an obligation to assign any surpluses to TREC's Renewable Energy Fund, SolarShare is entitled to keep sufficient funds to meet its obligations, which include interest payments on the bonds and repayment of the bonds on their maturity.

SolarShare has not transferred any surplus funds to TREC's Renewable Energy Fund and anticipates that the earliest that such a transfer may occur would be 2035.

The terms of the Renewable Energy Fund Agreement are attached as Schedule K – Terms of Renewable Energy Fund Agreement.

#### **16.14 Community Wealth Non-Profit Corporation**

SolarShare has an agreement with Community Wealth Non-Profit Corporation to transfer 25% of the surplus resulting from the operations of nine projects purchased from the Green Timiskaming Development Co-operative Incorporated. Community Wealth Non-Profit Corporation assisted with the development of those nine projects and this agreement was reached to recognize these efforts. The project group consists of eight ground-mounted and one rooftop (Earlton) project, all of which are now in operation. The surplus is to be calculated by SolarShare and paid at the end of the 20-year FIT contract for these projects.

#### **16.15 Claremont Joint Venture**

SolarShare has acquired a 51% interest in the Claremont project, a 100kW project in operation on the roof of the Claremont Community Centre. With the purchase of the interest in the project, SolarShare is now party to a joint venture agreement with the other project owners. The remaining 49% of the project is owned by Solera Sustainable Energies Company, a solar development company, and Elexicon Energy Inc. (formerly Veridian Connections), the electrical utility covering the Pickering area.

#### **16.16 Van Kirk Solar Joint Venture**

SolarShare owns a 50.9% interest in the 111 Van Kirk and 153 Van Kirk projects, two 500 kW projects in operation in Brampton. SolarShare is party to a joint venture agreement with the building owner, who owns the remaining 49.1% of the projects.

#### **16.17 Review of Documents**

All agreements related to this Offering Statement, including the Articles of Incorporation, Amendment and Amalgamation, By-Laws of SolarShare, Leases, Joint Venture Agreements and TREC Service Agreements, may be reviewed by any member at the SolarShare office upon request.



## 17 DISTRIBUTION OF SURPLUS, PATRONAGE RETURNS AND OTHER DISTRIBUTIONS

As a non-profit co-operative, SolarShare is not permitted to distribute any surplus to its members, nor pay patronage dividends. In the event of the dissolution or liquidation of SolarShare, the holders of Solar Bonds shall be entitled to be paid, after the retirement of the prior Debt Financing, the amount of principal outstanding, plus any interest unpaid. Upon payment of the above amount, the holders of Solar Bonds, as members, shall not be entitled to any further share in the distribution of the assets of SolarShare.

Net assets of SolarShare, on dissolution after payment of all liabilities, are to be paid to another co-operative or charity, as decided by the SolarShare Board.

Any surpluses will be placed in the TREC Renewable Energy Fund that is managed by TREC and will be used to finance more renewable energy projects, thereby increasing the deployment of low-carbon technologies in Ontario.

While there is an obligation to assign any surpluses to TREC's Renewable Energy Fund, SolarShare has full discretion to keep sufficient funds to meet its obligations, which include interest payments on the bonds and repayment of the bonds on their maturity. The terms of the agreement can be found in Schedule K – Terms of Renewable Energy Fund Agreement.

**18      DESCRIPTION OF ANY OTHER MATERIAL FACTS**

A copy of this Offering Statement must be given to each member/investor before SolarShare may legally accept any payment. None of the securities issued by SolarShare pursuant to this Offering Statement will be in bearer form.

This Offering Statement will expire on November 21, 2020, after which date no further sale of securities shall occur, unless a new Offering Statement has been filed and receipted.

19     CERTIFICATE OF DISCLOSURE

THE FOREGOING CONSTITUTES FULL, TRUE, AND PLAIN DISCLOSURE OF ALL MATERIAL FACTS RELATING TO THE SECURITIES OFFERED BY THIS OFFERING STATEMENT AS REQUIRED BY SECTION 35 OF THE CO-OPERATIVE CORPORATIONS ACT.

Dated Toronto, Ontario this 4<sup>th</sup> day of December, 2019

A handwritten signature in black ink, appearing to read "M. Bringham".

Michael Bringham

President

A handwritten signature in black ink, appearing to read "Ron Seftel".

Ron Seftel

Treasurer

## SCHEDULE A – PRO FORMA FINANCIAL STATEMENTS

*Table 10: Pro Forma Statement of Financial Position*

<u>Income Statement</u>	2019	2020	2021	2022	2034	2035	2036	2037	2038
<u>Revenues</u>									
SolarShare (incl.100% Van Kirk JV)	1,618,133	1,601,352	1,591,171	1,580,990	980,714	314,772	130,529	59,118	-
CSA 1	759,072	753,018	748,208	743,398	69,096	-	-	-	-
CSA 2	2,384,926	2,363,112	2,348,176	2,333,239	2,046,097	426,639	28,912	-	-
CSA 4	2,418,193	2,685,770	2,668,853	2,651,936	2,448,932	2,432,015	2,415,098	1,433,207	-
<b>TOTAL REVENUES</b>	<b>7,180,324</b>	<b>7,418,230</b>	<b>7,371,646</b>	<b>7,325,088</b>	<b>5,551,440</b>	<b>3,176,726</b>	<b>2,574,539</b>	<b>1,492,324</b>	<b>-</b>
<u>Operating Expenses</u>									
SolarShare (incl.100% Van Kirk JV)	565,348	424,574	426,496	429,379	303,749	91,107	33,848	10,042	-
CSA 1	145,718	147,002	141,974	145,520	9,154	-	-	-	-
CSA 2	388,542	391,447	378,109	380,806	402,109	95,701	8,536	-	-
CSA 4	527,223	361,912	339,337	343,790	509,711	517,813	503,842	257,713	8,136
<b>TOTAL OPERATING EXPENSES</b>	<b>1,626,831</b>	<b>1,324,935</b>	<b>1,285,916</b>	<b>1,299,495</b>	<b>1,224,722</b>	<b>704,621</b>	<b>546,226</b>	<b>267,756</b>	<b>8,136</b>
Van Kirk JV Minority Interest Expenses	262,847	260,117	259,486	256,781	223,647	28,067	(1,620)	-	-
<b>Operating Income</b>	<b>5,290,647</b>	<b>5,833,178</b>	<b>5,826,245</b>	<b>5,768,811</b>	<b>4,103,071</b>	<b>2,444,038</b>	<b>2,029,933</b>	<b>1,224,569</b>	<b>(8,136)</b>
Interest, Developer Loans	12,090	10,607	9,014	7,325	-	-	-	-	-
Interest, Solar Bonds	1,777,112	1,665,798	1,542,063	1,401,391	242,713	213,454	165,312	75,855	2,640
Interest, Construction	-	-	-	-	-	-	-	-	-
Interest, Debt Finance	792,534	745,321	697,392	647,776	-	-	-	-	-
Interest, Operating Line	33,075	64,925	85,435	133,035	-	-	-	-	-
Amortization	2,952,314	2,952,314	2,952,314	2,952,314	2,375,787	1,507,145	1,276,791	774,030	28,657
Co-op Expenses	676,331	598,273	429,674	443,577	382,325	383,175	376,234	395,893	180,224
<b>TOTAL EXPENSES</b>	<b>8,133,133</b>	<b>7,622,291</b>	<b>7,261,293</b>	<b>7,141,695</b>	<b>4,449,193</b>	<b>2,836,461</b>	<b>2,362,944</b>	<b>1,513,534</b>	<b>219,656</b>
<b>NET INCOME</b>	<b>(952,808)</b>	<b>(204,060)</b>	<b>110,353</b>	<b>183,392</b>	<b>1,102,246</b>	<b>340,265</b>	<b>211,596</b>	<b>(21,210)</b>	<b>(219,656)</b>

Table 11: Pro Forma Statement of Operations and Changes in Net Assets

<u>Balance Sheet</u>	2019	2020	2021	2022	2034	2035	2036	2037	2038
<u>Assets</u>									
<u>Current Assets</u>									
Cash	2,826	1,009	126	10,568	5,196,410	6,085,281	6,961,035	5,373,942	5,094,943
Other Current Assets	1,002,455	985,681	968,908	952,134	750,853	734,080	717,306	704,720	704,720
Total Current Assets	1,005,281	986,690	969,033	962,702	5,947,263	6,819,361	7,678,341	6,078,662	5,799,663
<u>Capital Assets</u>									
Coop-held Projects	5,962,353	5,531,648	5,100,943	4,670,238	219,223	117,197	72,818	28,657	-
CSA 1	4,407,912	4,089,384	3,770,856	3,452,329	5,627	-	-	-	-
CSA 2	14,464,459	13,522,839	12,581,219	11,639,600	386,221	208,130	197,119	197,119	197,119
CSA 4	21,534,158	20,312,756	19,091,355	17,869,954	3,213,138	1,991,736	770,335	40,465	40,465
Total Capital Assets	46,368,881	43,456,627	40,544,373	37,632,119	3,824,208	2,317,063	1,040,272	266,242	237,585
Debt Service Reserve Fund	792,377	800,300	808,303	816,386	-	-	-	-	-
Major Maintenance Reserve Fund	45,463	63,574	84,200	111,459	-	-	-	-	-
TOTAL ASSETS	48,214,281	45,309,472	42,408,190	39,524,947	9,773,752	9,138,704	8,720,893	6,347,184	6,039,527
<u>Liabilities</u>									
Current Liabilities	525,164	525,164	525,164	525,164	525,164	525,164	525,164	525,164	525,164
Current Portion of Long-Term Debt	917,220	949,207	982,873	1,018,304	-	-	-	-	-
Developer Loans	407,459	362,044	312,360	258,962	-	-	-	-	-
Solar Bonds	36,817,763	34,129,589	31,490,785	28,060,361	4,045,218	3,069,906	2,440,500	88,000	(0)
Construction Loan	-	-	-	-	-	-	-	-	-
Debt Finance Loan	13,370,837	12,461,690	11,518,878	10,540,635	-	-	-	-	-
Operating Loan	945,000	1,855,000	2,441,000	3,801,000	-	-	-	-	-
TOTAL LIABILITIES	52,983,441	50,282,693	47,271,058	44,204,423	4,570,381	3,595,068	2,965,662	613,162	525,162
Cumulative Retained Earnings	(4,820,904)	(5,024,964)	(4,914,611)	(4,731,219)	5,151,627	5,491,892	5,703,488	5,682,278	5,462,622
LIABILITIES & RETAINED EARNINGS	48,214,281	45,309,471	42,408,190	39,524,947	9,773,751	9,138,703	8,720,893	6,347,183	6,039,527

Table 12: Pro Forma Statement of Cash Flow

<u>Cash Flow</u>	2019	2020	2021	2022	2034	2035	2036	2037	2038
<u>Cash from Operations</u>									
Net Income (Loss)	(952,808)	(204,060)	110,353	183,392	1,102,246	340,265	211,596	(21,210)	(219,656)
Amortization	2,952,314	2,952,314	2,952,314	2,952,314	2,375,787	1,507,145	1,276,791	774,030	28,657
Other	16,773	16,773	16,773	16,773	16,773	16,773	16,773	12,586	-
TOTAL FROM OPERATIONS	2,016,279	2,765,027	3,079,441	3,152,480	3,494,807	1,864,183	1,505,160	765,407	(190,999)
<u>Cash from Investing &amp; Financing</u>									
<u>CAPEX</u>									
Co-op Held Projects	-	-	-	-	-	-	-	-	-
CSA 1	-	-	-	-	-	-	-	-	-
CSA 2	-	-	-	-	-	-	-	-	-
CSA 4	-	-	-	-	-	-	-	-	-
Expenditure on Capital Costs	-	-	-	-	-	-	-	-	-
Developer Loan Advance (Repayment)	(40,517)	(45,416)	(49,684)	(53,398)	-	-	-	-	-
Operating Line Advance (Repayment)	60,000	910,000	586,000	1,360,000	-	-	-	-	-
Construction Loan Advance (Repayment)	-	-	-	-	-	-	-	-	-
<u>Debt Financing</u>									
Debt Financing Advances (Repayment)	(921,573)	(917,220)	(949,207)	(982,873)	-	-	-	-	-
<u>Solar Bonds</u>									
Received (Repaid)	(1,322,617)	(2,688,173)	(2,638,804)	(3,430,425)	-	(975,313)	(629,406)	(2,352,500)	(88,000)
<u>Debt Service Reserve Fund</u>									
DSRF Receipts (Contributions)	(7,845)	(7,924)	(8,003)	(8,083)	-	-	-	-	-
<u>Major Maintenance Reserve Fund</u>									
MMRF Receipts (Contributions)	(17,932)	(18,111)	(20,626)	(27,259)	-	-	-	-	-
TOTAL FROM INVESTING & FINANCING	(2,250,485)	(2,766,844)	(3,080,324)	(3,142,037)	-	(975,312)	(629,406)	(2,352,500)	(88,000)
TOTAL CHANGES IN CASH	(234,206)	(1,817)	(883)	10,442	3,494,807	888,870	875,754	(1,587,093)	(278,999)
Cash, beginning of period	237,032	2,826	1,009	126	1,701,603	5,196,410	6,085,281	6,961,035	5,373,942
Cash, end of period	2,826	1,009	126	10,568	5,196,410	6,085,281	6,961,035	5,373,942	5,094,943

## SCHEDULE B – TERMS OF TRUST AGREEMENT

### 1. DEFINITIONS

In this Agreement:

1. **Bondholders** means the holders of Solar Bonds, who provide financing for the Co-operative's projects.
2. **Charges** mean the charges of the Leases and Equipment, given as collateral security for the Notes, Solar Bonds, and the obligations of the Co-operative under the TREC Agreements, as registered in the relevant registry systems, given by the Co-operative to the Trustee.
3. **Events of Default** are as set out in Schedule A.
4. **Leases and Equipment** means the leases of all solar photovoltaic sites owned by the Co-operative, and the equipment installed by the Co-operative on those sites.
5. **Note** means a Promissory Note issued to the Noteholders pursuant to this Agreement, as secured by the Charges.
6. **Noteholders** means the holders of Notes, who provide bridge financing for the Co-operative's projects.
7. **Prime Rate** means the commercial lending rate of interest expressed as an annual rate quoted or published by Bank of Montreal as the reference rate of interest from time to time (commonly known as prime) for the purpose of determining the rate of interest that it charges to its commercial customers for loans in Canadian Funds.
8. **Solar Bond** means a bond issued to the Bondholders.
9. **TREC** means Toronto Renewable Energy Co-operative Inc., which provides development, financial and other services to the Co-operative.
10. **TREC Agreement** means the Agreement in place from time to time between TREC and the Co-operative, entitling TREC to be paid certain surplus funds of the Co-operative in return for financial support from TREC.

### 2. RIGHTS AND DUTIES OF TRUSTEE

The Trustee accepts the trusts in this Agreement and agrees to perform the same upon the terms and conditions set forth in this Agreement as Trustee for the Bondholders, Noteholders and TREC.

The Trustee, in exercising his power and discharging his duties under this Agreement, shall act honestly and in good faith with a view to the best interests of the Bondholders, Noteholders and TREC, and exercise the care, diligence and skill of a reasonably prudent trustee.

The Trustee shall have the power to institute and to maintain such actions and proceedings as he may consider necessary or expedient to preserve, protect or enforce his interests and the interests of the Bondholders, Noteholders and TREC.

Trustee represents that at the time of the execution of this Agreement, no material conflict of interest exists in the his role as fiduciary to the Bondholders, Noteholders and TREC, save his role as a director and officer of TREC and the Co-operative, and lender to the Co-operative, and agrees that in the event of a new material conflict of interest arising, he will, within ninety days either eliminate such conflicts or resign from his position as trustee.

### **3. CERTIFICATION BY TRUSTEE**

No Solar Bond or Note shall be issued, or if issued, shall be effective until it has been certified by or on behalf of the Trustee, and such certification by the Trustee upon any Solar Bond shall be conclusive evidence as against the Co-operative that the Solar Bond or Note has been duly issued under this Agreement, and is a valid obligation of the Co-operative.

The certificate of the Trustee on Solar Bonds and Notes issued in accordance with this Agreement shall not be construed as a representation or warranty by the Trustee as to the validity of this Agreement or of the Solar Bonds or Notes (except for certification as a Solar Bond or Note referred to in this Agreement) and the Trustee shall in no respect be liable or answerable for the use made of the Bonds or Notes or any of them or the proceeds thereof.

### **4. COVENANT TO PAY**

The Co-operative agrees with the Trustee that so long as any Solar Bonds or Notes remain outstanding, the Co-operative shall pay or cause to be paid to every holder of every Solar Bond or Note issued under this Agreement, the principal and interest accrued from every Bond or Note, including, in case of default, interest on all amounts overdue at the specified rate, at the dates and places and in the manner mentioned in the Bonds or Notes.

### **5. RANKING**

All Solar Bonds and Notes shall rank rateably without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the Bond or Note.

### **6. VARIATION OF RIGHTS**

Any of the rights conferred on the Bondholders, Noteholders and TREC may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Solar Bonds and Notes, plus seventy-five percent of the total number of Bondholders, Noteholders and TREC, and any variation so made shall be binding on all the Bondholders, Noteholders and TREC, each of whom shall, on the request of the Co-operative, surrender his/her Solar Bond or Note to the Co-operative in order that a memorandum of such variation may be endorsed on it.

### **7. MEETINGS OF BONDHOLDERS, NOTEHOLDERS AND TREC**

The procedures for meetings of Bondholders, Noteholders and TREC are set out in Schedule B to this Trust Agreement.

### **8. POWERS EXERCISABLE BY MEETING**



In addition to the powers under paragraph 6, the Bondholders, Noteholders and TREC upon the consent in writing, or at a meeting, of the holders of seventy five percent in value of the issued and outstanding Solar Bonds or Notes, plus seventy-five percent of the total number of Bondholders, Noteholders and TREC, shall have the following powers:

1. power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Solar Bonds or Notes in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
2. power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Trust Agreement or the Solar Bonds or Notes, including an Event of Default.

## **9. MINUTES**

Minutes of all resolutions and proceedings at every such meeting of Bondholders, Noteholders and TREC shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Co-operative.

## **10. BINDING EFFECTS OF RESOLUTIONS**

Every resolution shall be binding upon all of the Bondholders, Noteholders and TREC, whether present at or absent from such meeting, and each and every Bondholder and the Trustee (subject to the provisions for its indemnity, below) shall be bound to give effect accordingly to every such resolution.

## **11. CHARGES**

As security for the due payment of all money payable pursuant to the Solar Bonds or Notes, and the TREC Agreement, the Co-operative shall deliver the Charges in favour of the Trustee on the Leases and Equipment, to rank subsequent to charges to financial institutions for the financing of the Co-operative's projects. The Trustee is authorized to execute such postponements of the Charges, and other related documents as are necessary to arrange for such prior financing.

## **12. PROCEEDINGS BY THE TRUSTEE**

1. The Trustee shall give each Bondholder and Noteholder notice within 15 days of the Trustee becoming aware of the occurrence of an Event of Default.
2. Whenever any Event of Default has occurred, the Trustee, in the exercise of his discretion, or upon the decision of the Bondholders and Noteholders in a meeting called pursuant to Schedule E may proceed to enforce the rights of the Trustee under the Charges and the rights of the Bondholders and Noteholders by any remedy or proceeding authorized or permitted by law or equity and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Bondholders and Noteholders lodged in any bankruptcy, winding up or other judicial proceedings relative to the Co-operative and/or the Leases and Equipment.
3. No such remedy or proceeding for the enforcement of the rights of the Trustee or of the Bondholders and Noteholders shall be exclusive of or dependent on any other such

remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

4. Upon the exercising or taking by the Trustee of any such remedies or proceedings, the principal and interest outstanding on all Solar Bonds or Notes then outstanding shall forthwith become due and payable to the Trustee.
5. All rights of action hereunder may be enforced by the Trustee without the possession of any of the Solar Bonds or Notes or the production thereof on the trial or other proceedings relative thereto.
6. No delay or omission of the Trustee or of the Bondholders and Noteholders to exercise any remedy referred to in this paragraph shall impair any such remedy or shall be construed to be a waiver or acquiescence of any default.

### **13. APPOINTMENT OF A RECEIVER**

At any time after an event of default has occurred, the Trustee may appoint by writing a receiver of the Leases and Equipment upon such terms regarding remuneration and otherwise as the Trustee shall think fit, and remove any receiver so appointed and appoint another in his/her place. The receiver so appointed shall be the agent of the Co-operative, and the Co-operative shall be responsible for such receiver's acts and defaults and for his/her remuneration, costs, charges and expenses to the exclusion of liability on the part of the Trustee or the Bondholders and Noteholders.

Any receiver shall have power to:

1. Take possession of, collect and get in all or any part of the Leases and Equipment and, for that purpose, to commence, continue, appeal or discontinue proceedings in the name of the Co-operative or otherwise and to make any arrangement or compromise as the receiver considers necessary;
2. Borrow or raise money on all or any part of the Leases and Equipment for such purposes as may be approved by the Trustee; and
3. Sell or concur in selling all or any part of the Leases and Equipment without notice and in such manner as may seem advisable to the receiver, and to affect such sale by conveying in the name and on behalf of the Co-operative or otherwise.

### **14. APPLICATIONS OF PROCEEDS**

Money from time to time received by the Trustee or the receiver may be applied as follows:

1. First, to pay all expenses deemed necessary by the Trustee or the receiver affecting the Leases and Equipment;
2. Second, in keeping all charges and liens on the Leases and Equipment having priority over the Charges in good standing;
3. Third, in payment of the reasonable fees and disbursements of the receiver and the Trustee;

4. Fourth, in payment to the Bondholders and Noteholders of the principal and interest payable under the Solar Bonds or Notes;
5. Fifth, in payment to TREC of all monies outstanding under the TREC Agreements; and the balance, if any, shall be paid to the Co-operative.

## **15. INSURANCE**

The Co-operative will keep the Leases and Equipment insured to the its full value with a reputable insurance company against loss or damage by fire and such other risks as are in accordance with sound commercial practice normally insured against and shall produce the last receipts for such insurance to the Trustee for inspection on demand.

## **16. TRUSTEE REMUNERATION AND EXPENSES**

1. The Trustee's fees and all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of counsel and other advisors), both before any event of default and after, until all duties of the Trustee under the trusts in this Agreement has been fully performed, shall be paid or reimbursed upon request by the Co-operative, except any such expense, disbursement or advance as may arise from his negligence or willful default.
2. Any amount due under this section and unpaid thirty days after request for such payment shall bear interest at the Prime Rate plus 1% per annum from the expiration of such thirty-day period. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee in priority to any payment of the principal or interest on the Solar Bonds or Notes to the Co-operative.

## **17. CHANGE OF TRUSTEE**

The Trustee may resign by notice in writing delivered to all Bondholders and Noteholders to take effect no earlier than the date of a meeting of Bondholders and Noteholders called to appoint a replacement. Prior to resigning, the Trustee shall call such a meeting. A meeting of Bondholders and Noteholders shall have the power to remove a Trustee, and to appoint one or more replacement trustees.

## **18. NOTICES**

1. Every notice to be given to Bondholders and Noteholders shall be deemed to have been given if such notice is sent by prepaid mail to such Bondholders and Noteholders at their addresses as set out in the records of the Trustee from time to time.
2. Any notice to the Trustee under the provisions of this Agreement shall be valid and effective if delivered to the Trustee by prepaid regular mail, addressed to the Trustee at:

150 John Street, Seventh Floor  
Toronto, Ontario M5V 3E3

Any notice to the Co-operative shall be deemed valid and effective if delivered to an officer of the Co-operative or if sent by prepaid mail to the Co-operative at:

TREC SolarShare Co-operative (No. 1) Inc.  
c/o TREC, 401 Richmond Street, Suite 240, Toronto ON M5V 3A8

Attention: Executive Director

3. Any notices so given by mail pursuant to this paragraph shall be deemed to have been given on the day of mailing.

## **Schedule A to Trust Agreement**

### **Events of Default**

The following are Events of Default:

1. If the Co-operative makes default in payment of the principal or interest on any Solar Bond or Note, or obligation under the TREC Agreements when the same becomes due, and such default continues for 10 days;
2. If the Co-operative defaults in the observance of any of the covenants in a Solar Bond or Note, or obligation under the TREC Agreements;
3. If an order shall be made or a resolution passed for the winding up or liquidation of the Co-operative;
4. If the Co-operative shall make a general assignment for the benefit of its creditors or a proposal under the Bankruptcy and Insolvency Act (Canada), or shall be declared, or if a custodian or receiver and manager shall be appointed of the Co-operative or of any of the Leases and Equipment of the Co-operative;
5. If a creditor or encumbrancer of the Co-operative shall take possession of any of the Leases and Equipment of the Co-operative;
6. If a default shall occur under any obligation of the Co-operative to repay borrowed money and such default shall continue for a period sufficient to permit the acceleration of the maturity of such obligation; and
7. If the Co-operative shall neglect to carry out or observe any covenant or condition in this Agreement, and, after notice in writing has been given by the Trustee to the Co-operative specifying such default and requiring rectification thereof, the Co-operative shall fail to make good such default within a period of 10 days.

## **Schedule B to Trust Agreement**

### **Procedures for Meetings of Bondholders**

1. Right to Convene Meeting -- The Trustee shall, on the request of the Co-operative, a Bondholder, or a Noteholder, convene a meeting of the Bondholders and Noteholders on ten days' notice in the manner provided for in paragraph 0 of the Trust Agreement. In the event the Trustee fails, within five days after receipt of a request, to give notice convening such meeting, the Co-operative or such Bondholder or Noteholder, as the case may be, may convene such meeting. Every such meeting shall be held at such place as may be determined by the party calling the meeting.
2. Chair -- A person, who need not be a Bondholder, or a Noteholder, nominated by the party calling the meeting, shall chair the meeting and if no person is so nominated, those present shall choose person present at the meeting to be the chair.
3. Power to Adjourn -- The chair of any meeting may, with the consent of the holders of a majority in principal amount of the Solar Bonds or Notes represented there, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.
4. Show of Hands -- Every question submitted to a meeting shall be decided in the first place by the votes given on a show of hands, unless a poll is requested by any Bondholder, or Noteholder. At any such meeting, unless a poll is requested, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.
5. Poll -- When a poll is requested on any question submitted to a meeting, either before or after a vote by show of hands, it shall be taken in such manner as the chair shall direct.
6. Proxies -- The Trustee may make rules for voting by proxy and the form of the instrument appointing a proxy.
7. The Co-operative and Trustee may be Represented -- The Co-operative, by its officer or director, the Trustee, and the legal advisors of the Co-operative and the Trustee, may attend any such meeting, but shall have no vote.

## SCHEDULE C – FORM OF 5-YEAR SOLAR BOND (SIMPLE INTEREST)

[front]

**TREC SolarShare Co-operative (No. 1) Inc.**  
(Incorporated under the Ontario Co-operative Corporations Act)

**Member Name:** <<Member Name>> **Bond No.** <<Certificate Number>>

Principal Sum: \$<<Total Bond>> Date: <<Effective Date>> Maturity Date: <<Maturity Date\_Bond>>

Interest Rate: <<Rate\_Bond>> on <<Term Words\_Bond>>year term Solar Bonds

For value received, **TREC SolarShare Co-operative (No. 1) Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

**TREC SolarShare Co-operative (No. 1) Inc.**

**This Bond is one of the Bonds referred to in the Trust Agreement.**

Per: \_\_\_\_\_

\_\_\_\_\_  
**Brian Iler, Trustee**

[back]

### 1. Interest

Interest shall accrue on the balance from time to time outstanding of the Principal Sum at the specified rate per year, calculated semi-annually in arrears. Interest will be paid on or before the 15th day of June and the 15th day of December each year.

How and to Whom Payments to be Made

The person in whose name this Bond is registered in the records of TREC SolarShare Co-operative (No. 1) Inc. (SolarShare) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on SolarShare and sent by pre-paid mail to the Member at the address of the Member contained in the records of SolarShare.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

## **2. Prepayment**

The Principal Sum may be prepaid by SolarShare at its option, in whole or in part, at any time, without penalty, but including interest accrued to the date of prepayment.

## **3. Security**

This Bond and all other similar bonds issued by SolarShare are secured by a mortgage in favour of the Trustee for the benefit of all members of SolarShare who are holders of similar bonds to this Solar Bond, on the leasehold properties and equipment held by SolarShare, on the terms set out in a Trust Agreement dated September 1, 2010. A copy of that agreement has been delivered to the Member.

## **4. Defaults**

Subject to paragraph 6, the Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Solar Bond, upon the occurrence of any one or more of the following events:

1. A failure of SolarShare to make any payment required to the Member when due; or
2. SolarShare shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors; or
3. A trustee, receiver or liquidator shall be appointed for SolarShare for a substantial part of the property of SolarShare under the laws of any jurisdiction and the appointee of such proceedings shall not have been discharged within sixty days of the appointment or institution of proceedings.

## **5. When Principal Repayment May Be Delayed**

To address concerns that Debt Financing lenders may raise in light of possible future market interest rate fluctuations, principal repayment may not occur until replacement capital is obtained.

## **6. Transfer**

No transfer or assignment of this Solar Bond shall be valid without the prior written approval of SolarShare.

## **7. Successors**

The provisions of this Solar Bond shall ensure to the benefit of and be binding on the Member and SolarShare, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

## **8. Discharge and Satisfaction**

Upon payment by SolarShare to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of SolarShare execute and deliver to SolarShare a full release and discharge.

## **9. Notice**



Any notice required or permitted to be given to any party to this Solar Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of SolarShare to 401 Richmond Street West, Suite 240, Toronto Ontario M5V 3A8, Attention: General Manager, and in the case of the Member to the Member's latest address as shown in the records of SolarShare.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

## SCHEDULE D – SOLARSHARE BY-LAWS

### ORGANIZATIONAL BY-LAW

of

TREC SolarShare Co-operative (No. 1) Inc.

incorporated under the *Co-operative Corporations Act*

[Includes amendments confirmed on June 18, 2014]

The following is enacted as a by-law of TREC SolarShare Co-operative (No. 1) Inc. (the **Co-operative**):

#### 1. REQUIREMENTS OF CO-OPERATIVE CORPORATIONS ACT

- 1.1 *Co-operative Corporations Act* – The affairs of the Co-operative will be governed and conducted in accordance with the *Co-operative Corporations Act* of Ontario (the **Act**). Certain provisions of that Act relate to various matters not dealt with in the by-laws of the Co-operative and should be consulted where appropriate. If any conflict arises between the mandatory provision of the Act and the by-laws of the Co-operative, such provisions of the Act shall govern.
- 1.2 Records – Pursuant to the Act, copies of the following documents shall be kept at the head office of the Co-operative:
  - a. A copy of the Articles of Incorporation;
  - b. All by-laws;
  - c. A register of members and security holders in which is set out the information required by the Act (Section 114, paragraph 3 of the Act);
  - d. A register of directors in which is set out the names and the resident addresses while directors, including the street and number, if any, of all persons who are or who have been directors the Co-operative with the several dates on which they have become or ceased to be directors;
  - e. All accounting books and documents (Section 114, paragraph 5 of the Act);
  - f. The minutes of all meetings of members, directors and any executive or other committee; and
  - g. A register of transfers of securities

These records shall be available for examination by any director and, with the exception of accounting records and minutes of proceedings at meetings of directors and any committee, by members and creditors of their agents or personal representatives during normal business hours for purposes consistent with the good faith exercise of membership rights and responsibilities in the Co-operative.

## 2. MEMBERSHIP

- 2.1 Qualifications of Membership - The board of directors may admit as a new member of the Co-operative, a person who is a resident of Ontario, and has paid the membership fee established by resolution of the board of directors from time to time.
- 2.2 Benefits of Membership – Members shall enjoy the following rights of membership:
  - a. The right to vote at annual and special meetings of members;
  - b. All rights of members otherwise set out in the Act, the articles and by-laws of the Co-operative
- 2.3 Transfer of Membership – Membership is transferable upon Board approval and is subject to a \$50 transfer fee.
- 2.4 Withdrawal – A member of the Co-operative may withdraw from membership by giving to the Secretary 6 months' notice of her/his intention to withdraw, and upon approval of the board.
- 2.5 Expulsion -- A member of the Co-operative may be expelled from the membership by the directors in accordance with Section 66 of the Act.
- 2.6 Automatic Termination – If a member ceases to be qualified for membership pursuant to paragraph 2.1 that person automatically ceases to be a member.
- 2.7 Agreement to Comply with By-Laws – Upon becoming a member of the Co-operative, a person is deemed to have entered into an agreement with the Co-operative to comply with and be bound by the by-laws of the Co-operative, as amended from time to time.
- 2.8 Confidentiality – Upon being admitted to membership in the Co-operative, members are deemed to have entered into a confidentiality agreement with the Co-operative and shall not disclose to third parties any information pertaining to the Co-operative which, directly or indirectly,
  - Could be prejudicial to the interests of the Co-operative,
  - Could place the Co-operative at a competitive disadvantage with respect to existing or potential competitors, or
  - Could cause material damage to the reputation or image of the Co-operative or the Co-operative's products
- 2.9 Except for information which is generally known, other than as a result of a disclosure in breach of this paragraph, is rightfully in the possession of a member prior to the date when the information was disclosed to the member by the Co-operative or becomes available to the member on a non-confidential basis from

a source which is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

### **3. MEETINGS OF MEMBERS**

- 3.1 Annual Meetings – the annual meeting of the members shall be held within 6 months of the financial year-end, December 31<sup>st</sup>, and within 15 months of any previous annual meetings. The board of directors shall fix the date, time and location of the annual meeting. The annual meeting shall be held for the purpose of electing the directors, receiving the financial statements and any auditor's report thereon, and the transaction of any other business that may properly be brought before an annual meeting of the members.
- 3.2 Special Meetings – Other meetings of the members may be called by order of the President, Vice-President or the directors, or by written requisition of 5% of the members in accordance with the Act, at any time and at any place within the province of Ontario, and the Secretary shall send the requisite notice of such meeting to members of the Co-operative at any place within the province of Ontario fixed by the person or persons calling the meeting.
- 3.3 Business Transacted – At meetings of the members, only the business stated in the notice calling such a meeting may be transacted.
- 3.4 Record Date – the board of directors may fix in advance a record date preceding the date of any meeting of members for the determination of the members and bondholders shall receive notice of the meeting. The date shall not be more than three business days prior to the date on which the notice of the meeting is given, and not more than 50 days before the date of the meeting.
- 3.5 Notice of Meetings – A written notice of each annual or special membership meeting stating the time, place and purpose shall be posted in the place of business and shall be given by the Secretary at least ten days but no more than 50 days before the meeting, to each member and to the auditor (if any) of the Co-operative.
- 3.6 Where Notice Not Required – No notice of any annual or other meetings of the members shall be necessary:
  - a. Where all members entitled to vote at such a meeting and all bond holders, are present in person, and in the case of an annual meeting, consent to the transaction of the business, or in the case of any other meeting, consent to the transaction of the business for which such meeting is being held; or
  - b. Where all members entitled to vote at such meeting who are not present in writing and all bond holders, waive notice of the meeting, on in the case of a meeting other than the annual meeting, notice of the meeting and the purpose for which it is being held.

- 3.7 One Member – One Vote – Each member at a meeting is entitled to one and only one vote on any matter requiring a vote of the members.
- 3.8 Corporate Proxy – A corporate member may appoint one of its directors or officers to attend and vote on its behalf at meetings of members. No other members of a Co-operative may vote by proxy.
- 3.9 Quorum – A quorum for any meeting of the members shall be 25 members, or 10% of the members, whichever is lesser. No business shall be transacted at any meeting unless the requisite quorum is present.
- 3.10 Voting – Except as required by these by-laws or the Act, questions arising at any meeting of members shall be decided by a majority of votes. Any questions shall be decided by a show of hands or by telephone and/or online votes unless, prior to any vote, a member requests a ballot. A ballot shall be taken in such manner as the Chair of the meeting shall direct. The Chair, as a member, may exercise his/her vote on a question, and shall not have a second vote in the event of a tie.
- 3.11 Presiding Officer – The President or other designee, as determined by the board of directors, shall preside at membership meetings. However, if at a meeting the board's designee is not present within 15 minutes after the time appointed for the holding of the meeting, the members present shall choose a person from their number to be the chair, provided a quorum is present.
- 3.12 Adjournment – If a meeting of members is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting other than by an announcement at the meeting that is adjourned. If a meeting of members is adjourned by one or more adjournments for a total of 30 days or more, notice of the adjourned meetings shall be given as for the original meeting.
- 3.13 Electronic Participation – A member may participate in a meeting of the members by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other, simultaneously and instantaneously, and a member participating in such a meeting by such means is deemed to be present at the meeting.

#### **4. BOARD OF DIRECTORS**

- 4.1 Powers – The board of directors shall manage or supervise the management of the affairs and business of the Co-operative.
- 4.2 Qualifications – Each director shall be at least 18 years of age, and a member of the Co-operative (or, if the member is a corporation, he or she is a director, officer, bondholders or member of that corporate member), and shall not be an undischarged bankrupt or a mentally incompetent person. All directors shall be residents of Ontario.
- 4.3 Election and Size -- The board of directors shall consist of a minimum of five and a maximum of nine directors (the exact number to be determined from time to

time by the directors) who shall be elected for a term of three years, arranged so that one-third of the directors are elected each year. Directors shall be eligible for re-election upon completion of their term,

- 4.4 Tenure -- Except as otherwise provide by law, by the articles, or by these by-laws, directors shall hold office until their successors are elected.
- 4.5 Nominations -- At a meeting where directors are to be elected, the meeting, before nominations are called for, shall choose its chair for the purpose of conducting the elections. Nominations shall be on an individual basis and the chair shall not accept a blanket motion to elect directors until after nominations have been closed.
- 4.6 Election -- Every member entitled to vote at an election of directors, if she/he votes, shall cast a number of votes equal to the number of directors to be elected, and the member shall distribute the votes among the candidates in such a manner as she/he sees fit, but no candidate shall receive more than one vote from each member.
- 4.7 Vacation of Office -- The office of a director shall be vacated:
  - a. if she/he ceases to have the necessary qualifications for office;
  - b. if she/he is absent without leave of the directors for three consecutive regular meetings of the directors;
  - c. if by notice in writing to the Co-operative she/he resigns her/his office, or
  - d. if by resolution passed by a majority of the votes cast at a meeting of the members called for that purpose, she/he is removed from office;
  - e. if he/she dies.
- 4.8 Vacancy -- Whenever any vacancy occurs on the board of directors, provided a quorum of directors remains in office, the directors may appoint a director to fill such vacancy, to serve for a term ending on the date of the next annual general meeting.
- 4.9 Meetings of Directors -- Regular meetings of the directors shall be held as often as the business of the Co-operative may require but in any event not less than quarterly.
- 4.10 The co-operative will indemnify all directors and officers, and their heirs and legal personal representatives, to the maximum extent permitted by section 110 of the Act.

## 5. OFFICERS

- 5.1 Election and Appointment -- The directors shall annually or as often as may be required, elect a President, and elect or appoint a Vice-President, a Secretary, and a Treasurer. None of the said officers, except the President, need be a member

of the board of directors. Any two of these offices may be held by the same person, except those of the President and Vice President. The directors may from time to time elect or appoint such other officers and agents as they shall deem necessary who shall have such authority and shall perform such duties as the directors from time to time shall prescribe.

- 5.2 Remuneration and Removal -- The remuneration of all officers elected or appointed by the directors shall be determined from time to time by resolution of the directors. The fact that any officer or employee is a director or member of the Co-operative shall not disqualify her/him from receiving remuneration as may be determined. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause.
- 5.3 Delegation -- In the case of the absence or inability to act of the President, Vice-President or any other officer of the Co-operative or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being, provided that a majority of directors concur therein.
- 5.4 Duties of President -- The President shall, if present, preside at all meetings of members and directors. She/he shall sign all instruments which require her/his signature and shall perform all duties incident to her/his office and shall have such other powers and duties as may from time to time be assigned to her/him, by the directors.
- 5.5 Duties of Vice-President -- In the absence or disability or refusal to act of the President, the Vice-President shall be vested with all the powers and she/he shall perform all the duties of the President.
- 5.6 Duties of Secretary -- The Secretary shall issue or cause to be issued notices for all meetings of the members and directors when directed to do so, and shall keep or cause to be kept all records required by paragraph 1.2 of these by-laws. She/he signs with the president or other signing officer or officers of the Co-operative such instruments as require her/his signature and shall perform such other duties as the terms of her/his engagement call for or the directors may from time to time require of her/him.
- 5.7 Duties of Treasurer -- The Treasurer shall have the care and custody of all the funds and securities of the Co-operative and shall deposit the same in the name of the Co-operative in the financial institutions designated pursuant to paragraph 8.2. She/he shall keep or cause to be kept proper accounting records in accordance with the Act. She/he shall at all reasonable times exhibit, or cause to be exhibited, books and accounts to any director upon application at the office of the Co-operative during business hours. She/he shall sign such instruments as require her/his signature and shall perform all other duties incident to her/his office or that are properly required of her/him by the directors. She/he shall be

required to give such bond as directors may require. No director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Co-operative to receive any indemnity thereby provided. The Treasurer may delegate any or all of his/her duties to other officers, or to staff of the Co-operative.

- 5.8 General Manager -- The directors may from time to time appoint a general manager who shall not be one of the directors of the Co-operative and may delegate to her/him full authority to manage and direct the affairs of the Co-operative (except such matters and duties as by law must be transacted or performed by the directors or by the members in general meeting), and to employ, discharge, and fix wages or salaries of employees of the Co-operative. The general manager shall at all reasonable times give to the directors or any of them all information they require regarding the affairs of the Co-operative.
- 5.9 Vacancy -- An officer's position shall become vacant by reason of death, resignation, disqualification or removal, the directors by resolution may elect or appoint an officer to fill such vacancy.

## **6. ASSET LOCK**

- 6.1 Any profits or accretions to the value of the property of the Co-operative shall be used to further its activities.
- 6.2 The Co-operative cannot be converted into or continued as any other kind of corporation and no attempt to do so is effective.
- 6.3 The Co-operative shall not distribute or pay any of its property to its members during its existence or on its dissolution.
- 6.4 Despite the above, the Co-operative may pay a member reasonable amounts for goods or services provided by the member.
- 6.5 No person shall accept compensation for the withdrawal of its membership in the Co-operative.
- 6.6 The Co-operative may not amalgamate except with another asset-locked corporation.
- 6.7 In the event of dissolution, the assets of the Co-operative after payment of all the debts and liabilities of the Co-operative shall not be distributed among members but shall be distributed to a non-profit co-operative with similar restrictions on the application of its funds to those set out in this Article 6.
- 6.8 Any amendment to the Articles or by-laws of the Co-operative that would have the effect of amending this Article 6 shall be authorized by a special resolution passed by 95% of the voting members in attendance at a duly called meeting of members, and a majority of the members of each membership class.

## **7. BOND AND LOAN CERTIFICATES**



- 7.1 Bondholder's Entitlement -- Every bondholder or lender is entitled to a bond certificate in respect to the bonds held or loans made by him/her.
- 7.2 Signatures -- Each bond or loan certificate shall bear two signatures, one of which shall be the manual signature of an officer of the Co-operative. The other signature will be that of another officer of the Co-operative, and may be printed, engraved, lithographed or otherwise mechanically reproduced on the certificate.
- 7.3 Loss of Certificate -- In the case of loss, defacement or destruction of a certificate held by a member, the Act of such loss, defacement or destruction shall be reported by such member to the Co-operative with her/his statement verified by oath or statutory declaration as to the loss, defacement or destruction and the circumstances attending the same and with her/his request for the issuance of a new certificate to replace the one so lost, defaced or destroyed. Upon giving to the Co-operative a bond of a surety company or other security approved by the directors indemnifying the Co-operative against all loss, damage or expense to which the Co-operative may be put by reason of the issuing of a new certificate held by a bondholder or lender, a new certificate may be issued to take the place of the one lost, defaced or destroyed if such issuance is ordered by the President for the time being or by the directors.
- 7.4 Transfer of Certificates -- Bond and loan certificates shall not be transferable without the consent of the directors, except as permitted by the articles of the Co-operative.
- 7.5 Interest on member loans -- Interest on member loans required as a condition of membership shall be 2% above the prime rate of Luminous Financial or its successor, compounded annually.

## **8. FINANCIAL**

- 8.1 Cheques -- All cheques, drafts or other orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or person or persons whether or not officers of the Co-operative and in such manner as the directors may from time to time designate.
- 8.2 Banking Arrangements -- The banking business of the Co-operative shall be transacted in such banks, trust companies, credit unions or caisse populaires as may from time to time be designated by resolution of the board of directors. Such banking business or any part thereof shall be transacted under such agreements, instructions, and delegations of power as the directors may from time to time prescribe or authorize by resolution.
- 8.3 Custody of Securities -- All bonds and securities owned by the Co-operative shall be placed for safe keeping (in the name of the Co-operative) with a credit union, chartered bank or trust company, or the Province of Ontario Savings Office, or

with such other corporation as may be determined from time to time by the directors.

- 8.4 Dishonesty -- For the Co-operative's protection, either
- a. the Co-operative shall maintain fidelity insurance in such amounts as reasonably protects it against dishonesty of its employees, or
  - b. every officer or employee of the Co-operative who has charge of or handles money or securities belonging to the Co-operative shall be bonded with a surety company selected by directors for such amounts as may from time to time be prescribed by the directors, but in no case for an amount less than \$1,000.
- 8.5 The directors may prescribe that any other employee or employees of the Co-operative (whether handling money or securities of the Co-operative or not) shall be bonded in such an amount as the directors determine.
- 8.6 Financial Year -- The financial year of the Co-operative shall terminate on the last day of December in each year.
- 8.7 Dissolution -- In the event of dissolution of the Co-operative, after payment of all its debts and liabilities the remaining property of the Co-operative shall distributed as stated in the Articles as amended.

## **9. AUDITORS**

- 9.1 Appointment and Remuneration -- The members at each annual meeting shall appoint an auditor, when it is required by the Act, who is familiar with co-operative accounting and practice. The auditor when appointed shall hold office until the next annual meeting, and if an appointment is not made, the auditor in office shall continue until a successor is appointed. The remuneration of the auditor shall be fixed by the directors.
- 9.2 Access to Books and Information -- The auditor shall at all reasonable times have access to the books, accounts and vouchers of the Co-operative and may require from the directors and officers such information and explanations as may be necessary for the performance of her/his duties.
- 9.3 Report -- The auditor, if required by the Act or the Treasurer, shall make a report to the members on the financial statements to be laid before the Co-operative at each annual meeting during her/his term of office and shall state in her/his report whether in her/his opinion the financial statement referred to therein presents fairly the financial position of the Co-operative and the results of its operation for the period under review.

## **10. EXECUTION OF DOCUMENTS**

- 10.1 Execution of Documents -- Aside from cheques (see paragraph 8.1) documents requiring the signature of the Co-operative may be signed by any 2 of the

directors, officers and/or staff members who have been given signing authority by the directors. All documents so signed shall be binding upon the Co-operative without any further authorization or formality. The directors shall have power from time to time by resolution to appoint any officer or officers, person or persons to sign documents generally or to sign specific contracts, documents and instruments in writing on behalf of the Co-operative.

## 11. NOTICES

- 11.1 Signatures -- The signatures on any notice to be given by the Co-operative may be written, stamped, typewritten, printed or affixed electronically.
- 11.2 Method of Giving -- Any notice to be given (which term includes sent, delivered, or served) pursuant to the Act, the regulations under the Act, the articles, the by-laws, or otherwise to a member, bondholder, director, officer, auditor, secretary or general manager or member of a committee of the board of the Co-operative shall be sufficiently given if delivered personally to the person to whom it is to be given, mailed to him at his latest address in the records of the Co-operative by prepaid mail, or sent to that person at his/her latest recorded fax or electronic address in the records of the Co-operative by fax or e-mail.
- 11.3 Deemed Receipt -- A notice delivered personally shall be deemed to have been given when it is delivered to the recorded address as stated above. A mailed notice shall be deemed to have been given on the fifth day after it is deposited in a post office or public letter box, unless there is a reasonable apprehension of a labour dispute which would interrupt mail delivery. A notice sent by means of facsimile transmission or e-mail shall, if sent during normal business without indication of failure, be deemed to have been given at the time of transmission or, if outside of such business hours, on the next following business day.
- 11.4 More Than One Name -- All notices with respect to any membership bonds or loans registered in more than one name shall be given to whichever of the persons is named first in the books of the Co-operatives and notice so given shall be sufficient notice to all holders of such bond or loan.
- 11.5 Undelivered Notices -- If any notice given to a member pursuant to paragraph 11.2 above is returned on three consecutive occasions because he cannot be found, the Co-operative is not required to send any further notices to such member until the member informs the Co-operative in writing of his/her new address.
- 11.6 Omissions and Errors -- The accidental omission to give any notice to any member, director, officer, auditor or member of a committee of the board, or the non-receipt of any notice by any such person, or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice.

- 11.7 Transfer of Loans -- Every person who by operation of law, transfer or by other means whatsoever shall become entitled to any bond or loan shall be bound by every notice in respect of such bond or loan which previous to her/his name and address being entered on the books of the Co-operative was duly given to the person from whom she/he derives her/his title to such bond or loan.
- 11.8 Certificate of Secretary -- A certificate of the Secretary or other duly authorized officer of the Co-operative in office at the time of the mailing of the certificate, as to facts in relation to the giving of notice to any member, director or officer shall be conclusive and binding on every member, director or officer of the Co-operative as the case may be.
- 11.9 Waiver of Notice -- Where a notice is required to be given by the Act, the regulations under the Act, the articles, the by-laws, or otherwise, the giving of the notice may be waived or the time for the notice may be waived or abridged with the consent in writing of such person, whether before or after the time prescribed.

## 12. GENERAL

- 12.1 Head Office -- The head office of Co-operative shall be located in the City of Toronto in the Province of Ontario, and at such place there as the directors may from time to time determine.
- 12.2 By-Law Amendments -- Except as set out in paragraph 6.8 any by-law of the Co-operative may be enacted or changed by a decision by the Board, confirmed by a two-thirds majority of the votes cast at a general meeting of the members, properly called to make such changes. All by-law changes proposed will be included in the notice of the meeting at which the change will be decided upon.
- 12.3 Interpretation -- In all by-laws of the Co-operative, the singular shall include the plural and the plural the singular; the masculine shall include the feminine; the word "person" shall include firms and corporations. Whenever reference is made in this by-law to any statute or section thereof, such reference shall be deemed to extend and apply to any amendment to said statute or section, as the case may be.

## BY-LAW NUMBER 2

a by-law authorizing borrowing and pledging

by

TREC SOLARSHARE CO-OPERATIVE (NO. 1) INC.

(the Co-operative)

BE IT ENACTED as a by-law of Co-operative, as follows:

1. The directors of the Co-operative may from time to time, without authorization of the members:
  - a. borrow money upon the credit of the Co-operative by obtaining loans or advances or by way of overdraft or otherwise;
  - b. issue, sell or pledge securities of the Co-operative including bonds, debentures, debenture stock, for such sums on such terms and at such prices as they may deem expedient;
  - c. give guarantee on behalf of the Co-operative to secure the performance of an obligation of any person;
  - d. assign, transfer, convey, hypothecate, mortgage, pledge, charge or give security in any manner upon all or any of the real or personal, movable or immovable property, rights, powers, choses in action, or other assets, present or future, of the Co-operative to secure any such securities or other securities of the Co-operative or any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Co-operative heretofore, now or hereafter made or incurred directly or indirectly or otherwise; and
  - e. without in any way limiting the aforesaid powers, to give security or promises to give security, agreements, documents and instruments in any manner or form under the *Bank Act* or otherwise to secure any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Co-operative heretofore, now or hereafter made or incurred directly or indirectly or otherwise.
2. Any or all of the foregoing powers may from time to time be delegated by the directors to any one or more of the officers of the Co-operative.
3. This By-law shall remain in force and be binding upon the Co-operative as regards any person acting on the faith thereof until such person has received written notification from the Co-operative that this By-law has been repealed or replaced.
4. The Co-operative may borrow money from its members not being loans made as a condition of membership or as compulsory loans of patronage returns, in such amounts payable on demand or at such times and either without interest or with interest at such rate as the directors may by resolution determine.

**SCHEDULE E – 2018 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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To the members of  
**TREC SolarShare Co-operative (No.1) Inc.**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of TREC SolarShare Co-operative (No.1) Inc., which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in net assets (deficiency) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TREC SolarShare Co-operative (No.1) Inc. as at December 31, 2018, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

#### *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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of TREC SolarShare Co-operative (No.1) Inc. 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.



## INDEPENDENT AUDITORS' REPORT (Continued)

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### *Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Co-operative'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

### *Auditor's 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 auditor's 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 these 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.

### INDEPENDENT AUDITORS' REPORT (Continued)

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- 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 Co-operative's internal control.
- 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 Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Co-operative 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.

We 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.

KRIENS-LAROSE, LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
March 19, 2019

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2018

Page 4

	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	240,931	1,786,921
Accounts receivable	230,693	439,591
Limited partnerships receivable (Note 2)	-	164,963
Due from EEDI and GT LP (Note 10)	-	1,542,879
Government remittances receivable	9,477	16,259
Prepaid expenses	698,406	391,919
Inventory	61,166	37,339
Due from QSS (Note 5)	32,022	87,307
Investment in Claremont	2,280	-
	1,274,975	4,467,178
Debt service reserve fund (Note 3)	791,278	778,090
Maintenance reserve fund (Note 3)	20,784	15,314
Projects and equipment (Note 4)	49,281,135	49,049,635
	50,093,197	49,843,039
	51,368,172	54,310,217

See accompanying notes to the financial statements

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2018

Page 5

	2018 \$	2017 \$
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	508,723	1,724,194
Debt financing (Note 8)	1,714,106	1,743,742
Operational loan (Note 7)	891,880	-
Developer loans (Note 11)	12,667	-
CPC interest payable	-	168,974
Government remittances payable	-	89,864
	3,127,376	3,726,774
<b>LONG-TERM DEBT</b>		
Due to CPC (Note 6)	-	4,613,341
Debt financing (Note 8)	13,455,465	14,290,696
Community solar bonds (Note 9)	38,166,380	33,980,589
Developer loans (Note 11)	435,309	453,060
	52,057,154	53,337,686
	55,184,530	57,064,460
<b>NET ASSETS (DEFICIENCY)</b>		
<b>CONTRIBUTED SURPLUS</b>	39,140	30,220
<b>NON-CONTROLLING INTEREST (Note 12)</b>	51,828	56,617
<b>UNRESTRICTED NET ASSETS (DEFICIENCY)</b>	(3,907,326)	(2,841,080)
	(3,816,358)	(2,754,243)
	51,368,172	54,310,217

APPROVED ON BEHALF OF THE BOARD:

 , Director  , Director

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
	\$	\$
<b>REVENUES</b>		
Generation revenues	6,472,323	4,690,687
Insurance settlement	75,730	-
Interest	16,399	5,729
Membership fees	8,920	8,030
Miscellaneous	3,287	3,955
	6,576,659	4,708,401
<b>EXPENSES</b>		
Amortization	2,889,784	1,980,078
Bond interest	1,878,011	1,497,065
Operations and maintenance	1,171,437	802,305
Debt financing interest	839,748	325,803
Salaries and wages	327,023	204,910
Interest on notes payable	195,788	191,327
Project management	176,883	193,407
Professional fees	45,873	56,310
Marketing	44,350	151,408
Office and general	23,361	10,785
Insurance	18,297	19,577
Bank charges	12,036	12,421
Travel	11,394	1,969
	7,633,985	5,447,365
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>(1,057,326)</b>	<b>(738,964)</b>
<b>NET ASSETS (DEFICIENCY), beginning of year</b>	<b>(2,810,860)</b>	<b>(2,071,896)</b>
<b>NET ASSETS (DEFICIENCY) , end of year</b>	<b>(3,868,186)</b>	<b>(2,810,860)</b>

See accompanying notes to the financial statements

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Page 7

	2018 \$	2017 \$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from generation revenues	6,675,538	4,806,777
Cash receipts from Insurance settlement	75,730	-
Cash receipts from membership fees and other revenue	12,207	11,985
Interest received	16,399	5,729
Cash paid to suppliers	(6,546,831)	(3,741,228)
	233,043	1,083,263
<b>CASH FROM FINANCING ACTIVITIES</b>		
Debt financing	8,355	11,699,278
Bonds payable	4,185,791	10,602,022
Advances from (to) QSS	55,285	(87,307)
Advances from (to) developers	(5,084)	111,145
Advances from limited partnerships	1,713,525	810,255
Notes payable	(4,613,341)	(4,490,592)
	1,344,531	18,644,801
<b>CASH FROM INVESTING ACTIVITIES</b>		
(Purchase) of equipment	(3,121,284)	(18,805,770)
(Purchase) of investments	(2,280)	-
	(3,123,564)	(18,805,770)
Change in cash	(1,545,990)	922,294
Cash, beginning of year	1,786,921	864,627
Cash, end of year	240,931	1,786,921

See accompanying notes to the financial statements

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## STATUS AND NATURE OF ACTIVITIES

---

TREC SolarShare Co-operative (No. 1) Inc. (the Co-operative and/or SolarShare) is a Non-Profit Co-operative under the Ontario Co-operative Corporations Act.

The Co-operative's objective is to promote the development of renewable energy resources in the Province of Ontario.

The Co-operative allows Ontarians to invest in solar energy and help to promote its acceptance. Using the co-operative enterprise model, SolarShare provides an investment opportunity in larger solar systems, both rooftop and groundmount, usually hosted on commercial or institutional properties. SolarShare provides triple-bottom line benefits to members by generating profits from local renewable energy projects.

The Co-operative is economically dependent on the electricity generated from the solar PV installations and the continued financing which they currently have in place

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### ***Basis of Accounting***

The Co-operative has elected to apply the standards in Part III of the Chartered Professional Accountants of Canada (CPAC) Accounting Handbook for Not-For-Profit Organizations (NFPOs) in accordance with Canadian generally accepted accounting principles and includes following significant accounting policies.

### ***Consolidation***

These financial statements consolidate the records of :

- TREC SolarShare Co-operative (No.1) Inc.
- Community Solar Assets 1 Limited - CSA1
- Community Solar Assets 2 Limited - CSA2
- Community Solar Assets 4 Limited - CSA3
- Community Solar Assets 5 Limited - CSA4
- TREC SolarShare and 1477400 Ontario Ltd Joint Venture
- EEDI and TREC SolarShare No 1 LP

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Investments in Jointly Controlled Activities***

The Co-operative has entered into partnership agreements with contractors/partners to develop several renewable energy projects and a joint venture as follows:

Name of Joint Arrangement	SolarShare % Ownership
TREC SolarShare and 1477400 Ontario Ltd Joint Venture	50.9%
EEDI and TREC SolarShare No 1 LP	50.9%

The Co-operative uses the equity method for the joint arrangement limited partnerships and consolidation method for the joint venture.

Non-controlling interest in the net assets of the consolidated Joint Venture are disclosed separately in equity.

***Revenue Recognition***

***Power Production***

The Co-operative has secured 20 year power purchase agreements at fixed rates per kilowatt hour for all facilities with the Independent Electricity System Operator (IESO) (formerly Ontario Power Authority) under Ontario's Feed-In Tariff (FIT) program, FIT 1, FIT 2 and FIT 3.

Energy Revenue is recognized based on energy produced and delivered to the grid. Revenue is recognized based on energy acknowledged by the Local Distribution Companies (LDCs) as determined by the LDCs meters at periodic dates through the year. Energy produced from the LDCs last meter reading date to the year end is recognized based on the Co-operative's meters.

***Insurance Settlements***

Claims for lost production and reimbursement for repair costs are recognized as revenue when settled and the funds are received by the Co-operative.

***Membership Fees***

Membership fees are recognized as revenue when received. Membership fees are not annual as members only pay a one time fee. Therefore, the Co-operative rarely records a deferral of revenue.

***Miscellaneous Revenue***

Miscellaneous Revenue consists of revenue generated from servicing the administrative needs of the Joint Venture, from other small services rendered to industry partners, and as fees charged on early redemptions on bonds.

Continued...



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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***Interest Revenue***

Interest revenue is recognized as revenue when earned.

***Prepaid Leases***

Prepaid leases are amortized on a straight-line basis over the life of the lease.

***Amortization***

Amortization on energy production assets is charged using the straight line method over 20 years. Amortization commences only after the asset reaches Commercial Operation.

***Capital Assets***

The Co-operative capitalizes all project-related costs incurred costs incurred related to the construction and/or purchase of the project. Those costs include equipment costs, soft costs and related financing charges for each project.

***Financial Instruments***

(a) Measurement of Financial Instruments

The Co-operative initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Co-operative subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. .

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and notes receivable. Financial liabilities measured at amortized cost include the bank overdraft, the bank loan, accounts payable, amounts due to members and long-term debt.

(b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Continued...

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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*(c) Transaction Costs*

The Co-operative recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

*Use of Estimates*

The preparation of financial statements requires the management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates the Co-operative uses are:

1. Accrued revenue based on Co-operative's meters
2. Accrued interest payable based on debt instrument involved
3. Accrued site lease expense based on revenue and projected Commercial Operation Date
4. Insurance recorded based on contracts in place
5. Projects past commercial operation not yet closed - total Capital Cost and Amortization estimated based on draft closing documents.

Actual results could differ from these estimates.

**2. LIMITED PARTNERSHIPS ACCOUNTS RECEIVABLE**

---

The Co-operative advanced the one limited partnership \$0 (\$336,658 - 2017) in the 2018 fiscal year. In the course of the year, the Co-operative purchased all projects previously owned by the limited partnership, resulting in a year end investment in the partnership's 51% consolidated balance of \$0 (\$164,963 - 2017).

**3. DEBT SERVICE RESERVE FUNDS**

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The debt service reserve fund represents fund held in trust controlled by the Lender, or an institutional trust company as its agent, which may be invested upon direction of CSA1 and CSA2, respectively. Interest earned is recorded as an addition to the reserve fund principal on the CSA1 and CSA2 statements.

The funds are held as security for the financing provided from the Lenders, as described in Note # 7. Details of the investment security funds are further described in Note #14

Continued...

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**3. DEBT SERVICE RESERVE FUNDS (Continued)**

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If a project is unable to meet debt service coverage ratio of 1.5:1 as outlined in Note # 7, the Lender will be empowered to access the funds and withdraw a sufficient amount to meet debt payments, operating costs and working capital requirements.

Funds in the maintenance reserve fund may be used for major maintenance replacement with the approval of the Lender. CSA1 has begun making contributions to the maintenance fund as per the borrowing agreement. CSA2 will not make contributions until 2019 as required by the borrowing agreement.

	CSA1	CSA2	Total 2018	Total 2017
Debt Service Reserve	103,565	687,713	791,278	778,090
Maintenance Reserve	20,784	-	20,784	15,314

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**4. PROJECTS AND EQUIPMENT**

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1. Inventory: Inventory parts are accrued at their purchase value and expensed as used. Inventory parts are not amortized.
2. Project Capital Assets Include:
  - a. Equipment Costs: All purchase and construction costs
  - b. Pre COD Interest: Interest accrued on financing prior to Commercial Operation Date.
  - c. Project Costs: Costs relating to project development to COD including loan interest expenses, legal fees, banking fees, staff time, development fees and engineering studies and reports.

Capital Assets are described in Appendix 1.

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**5. ADVANCE TO QUEEN STREET SOLAR CO-OPERATIVE (QSS)**

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During the fiscal year, the Co-operative advanced amounts to purchase 51% of a joint venture project currently owned by Queen Street Solar Co-operative (QSS). Refer to Appendix 1 for details on the Claremont Project. In fiscal year 2017, \$87,307 represents the amount due from QSS to the Co-operative on the legal closing of another project developed by QSS and purchased by SolarShare.

Continued...

**6. COMMUNITY POWER CAPITAL LOAN (CPC)**

<b>Type</b>	<b>Promissory Note</b>
Description	This note payable is payable to the Community Power Capital Co-operative
Interest rate	This loan carries an interest rate between 6% and 10%. 10% rate during the pre-COD phase.
Repayment terms	From proceeds of sale of Community Solar Bonds or from mortgage proceeds. Solarshare may repay any or all loans at any time without notice or penalty.
Security	Floating charge against all assets of the Co-operative which stands in second priority to the bond holders

<b>Interest Pool</b>	<b>2018</b>	<b>2017</b>
Principal at 6%	-	3,273,002
Principal at 10% (Pre-COD)	-	1,340,339
<b>Total Principal</b>	-	4,613,341
<b>Annual Interest</b>	174,481	187,320

The loan was repaid entirely in fiscal year 2018 and the Promissory Note was cancelled.

**7. OPERATIONAL LOAN**

The Co-operative has established a revolving operational loan with 227188 Holdings Ltd.

Date	September 24, 2018
Limit	\$4,000,000
Type	Limited Recourse Grid Note
Description	This note is payable to 227118 Holdings Ltd.
Interest rate	This loan carries an interest rate of 3.5% annually, calculated on a daily basis.
Repayment terms	SolarShare may repay the loan at any time without notice or penalty.
Security	None

	<b>2018</b>	<b>2017</b>
Principal at year end	885,000	-
Interest in the year	6,880	-
<b>Balanced owed at year end</b>	891,880	-

Continued...

## 8. DEBT FINANCING

Both CSA1 and CSA2 have secured long term debt against their respective assets.

	CSA1	CSA2
Type	Term loan	Term loan
Lender	Equitable Life Insurance Company of Canada	CorpFinance International Ltd.
Interest Rate:	4.789% compounded monthly and payable monthly in arrears.	5.262% compounded monthly and payable monthly in arrears.
Term:	February 20, 2015 to February 20, 2031.	September 6, 2017 to March 31, 2033.
Repayment:	Sculpted over the life of the loan as per the amortization schedule.	Sculpted and declining rate changing June/December each year for the term of the loan as per the amortization schedule.
Security:	A fixed charge against all assets of CSA1	A first fixed charge and floating charge against all assets of CSA2.
Debt Service Coverage Ratio (DSCR)	2018 1.43:1 2017 1.64:1 2016 1.73:1	2018 1.43:1 2017 5.27:1 2016 N/A

The credit agreement includes a covenant whereby a debt service coverage ratio (DSCR) (income before interest and amortization/principal repayments and interest) of 1.50:1 must be maintained. As at December 31, 2018, the DSCR was below 1.50:1 for both CSA1 and CSA2 thus subject to deemed compliance per the credit agreements although not to the point of default (1.20:1) of this specific requirement of the respective lenders. When the DSCR's are not in compliance but have not defaulted, both CSA 1 and CSA 2 are required to deposit all available cash, post expenses, on a monthly basis, to the Reserve Fund, until the account has a balance equal to 6 month's worth of scheduled payments (CSA 1: \$193,999 and CSA 2: \$522,718) or the DSCR is back in compliance.

CSA1	2017	2018	2019	2020	2021	2022	2023
Loan Balance	3,622,020	3,399,705	3,170,488	2,934,034	2,689,991	2,437,989	2,177,644
Less: Amortized Financing Costs	(181,038)	(167,210)	(153,383)	(139,555)	(125,728)	(111,900)	(98,073)
	3,440,982	3,232,495	3,017,106	2,794,479	2,564,253	2,326,089	2,079,571
Current Portion	390,918	387,023	383,126	379,226	375,324	371,418	367,509
Long Term Portion	3,050,064	2,845,472	2,633,980	2,415,253	2,188,939	1,954,671	1,712,062

Continued...

**8. DEBT FINANCING (Continued)**

CSA2	2017	2018	2019	2020	2021	2022	2023
Loan Balance	12,989,631	12,307,951	11,615,594	10,934,828	10,229,665	9,498,793	8,740,835
Less: Amortized Financing Costs	(396,175)	(370,875)	(344,499)	(318,662)	(292,824)	(266,987)	(241,149)
	12,593,456	11,937,076	11,271,095	10,616,167	9,936,840	9,231,806	8,499,686
Current Portion	1,352,824	1,327,083	1,279,415	1,267,373	1,255,325	1,243,271	1,231,207
Long Term Portion	11,240,632	10,609,993	9,991,680	9,348,794	8,681,515	7,988,536	7,268,479

**9. COMMUNITY SOLAR BONDS**

Description:	The Co-operative is currently issuing 3 types of bonds
Security:	Floating charge against all assets of the Co-operative. Community Bonds stand in first position ahead of Community Power Capital financing.
Fair Value of Security:	Based on internal valuations, the Co-operative is obliged to maintain the net present value of future cashflows net of related long term debt, in excess of the face value of the outstanding bonds. Based on internal valuation, estimated net present value at December 31, 2018 exceeds outstanding bonds.

Continued...

**9. COMMUNITY SOLAR BONDS (Continued)**

Bond Type	Interest Rate	Conditions	Maturity	Outstanding balance, net of redemption	
				2018	2017
Original Bond	5%	Paid semi-annually	Pre-2014: 5 years after issue date Offering 201411: Oct 31 2019 Offering 201505: April 30 2020 Offering 201605: April 30 2021 Offering 201705: 5 years after issue date	27,110,000	24,587,000
CWCF Bond	5%	Compounded annually on anniversary. Bonds held in RRSP/RRIF/TFSA.	Offering 201411: Oct 31 2019 Offering 201505: April 30 2020 Offering 201605: April 30 2021 Offering 201705: 5 years after issue date	6,489,982	5,176,118
Long Bond	6%	Principal and Interest payments commencing 6 months after issue	Offering 201505: April 30 2030 Offering 201605: April 30 2031 Offering 201705: 5 years after issue date	4,540,398	4,719,471
			Holding Accounts	26,000	38,000
				38,166,380	33,980,589

The Co-operative has been authorized by the Financial Services Commission of Ontario to offer Community Solar Bonds to the public under a series of sequential Offering Statements as follows:

Date of Offering Statement	Expiry	Total Bonds Issued by Offering (to December, 31 2018)
May 17 2018	May 17 2019	3,292,000
May 16 2017	May 16 2018	10,620,000
May 16 2016	April 30 2017	9,863,250
May 01 2015	April 30 2016	7,444,793
Nov 01 2014	April 13 2015	6,694,775
Oct 13 2013	Oct 12 2014	3,031,000
Oct 12 2012	Oct 11 2013	2,148,000
Aug 2011-Oct 2012	Not receipted, co-op exemption	156,000

Prior to Oct 2012 the Co-operative was issuing bonds without a receipted offering statement, under the Co-operative exemption (limit of \$1,000/member/year).

Continued...

# **10. EEDI AND GT LIMITED PARTNERSHIP**

In 2016, the Co-operative entered into an agreement to provide credit to a Limited Partnership of which they are not a partner in order to develop a set of projects at an agreed upon cost. Under this agreement and as per each project's Asset Purchase Agreement, the borrower agrees to sell each project to the Lender or an affiliate of the Lender.

In fiscal year 2017, one project remained in development and \$1,542,879 represents the amount advanced as a loan to the borrower on this project. The project was legally purchased in fiscal year 2018 and recognized as a project.

# **11. DEVELOPER LOANS**

<b>Developer Loan</b>	<b>Solera Sustainable Energies Companies Ltd.</b>	<b>Morgan Solar</b>
Type	Deferred payment	Holdback on Invoices Payable
Description:	This deferred payment is payable to Solera Sustainable Energies Company Limited.	An amount retained from payment due to Lender to provide security against a Limited Product Warranty. In the event the Lender defaults on its obligations under the terms of the warranty, SolarShare can reduce the principal repayment of the loan and rectify the default.
Amount	Maximum of \$341,915 as per agreement.	\$109,637.46
Interest Rate:	2.5% per year	5.5% per annual from the Advance date (Sept 30 2017)
Term:	11 years from October 27, 2015	10 years commencing Sept 30, 2017
Repayment:	Commencing on the fifth anniversary of the agreement. Annual payments based on terms of the agreement	Annual repayments of \$10,963.75 CAD principal plus interest for the period on the anniversary date of the advance.
Security:	None	None.

Continued...



**11. DEVELOPER LOANS (Continued)**

<b>Solera Sustainable Energies Company Ltd.</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Opening balance	341,915	341,915	341,915	340,212	330,082	312,584	288,649
Principal payments	-	-	1,703	10,130	17,498	23,935	29,553
Interest (2.5% per annum)	8,548	8,548	8,548	8,505	8,252	7,815	7,216
Interest payments	8,548	8,548	8,548	8,505	8,252	7,815	7,216
Closing balance	341,915	341,915	340,212	330,082	312,584	288,649	259,096
Current portion	-	1,703	10,130	17,498	23,935	29,553	34,452
Long term portion	341,915	340,212	331,785	322,714	306,147	283,031	254,197

<b>Morgan Solar</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Opening balance	109,637	111,145	106,061	88,916	77,802	66,687	55,573
Principal payments	-	10,964	10,964	10,964	10,964	10,964	10,964
Interest (5.5% per annum)	1,508	5,880	5,276	4,673	4,070	3,467	2,864
Interest payments	-	-	11,457	4,824	4,221	3,618	3,015
Closing balance	111,145	106,061	88,916	77,802	66,687	55,573	44,458
Current portion	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Long term portion	100,181	95,097	77,952	66,838	55,723	44,609	33,494

**12. INVESTMENT IN JOINT VENTURE**

The Co-operative has entered into a Joint Venture agreement to operate two of the projects located on commercial rooftops in Brampton. Investment in the Joint Venture is accounted for as follows:

<b>Joint Venture Accounting</b>	<b>2018</b>	<b>2017</b>
Total Assets	\$104,268	\$220,254
Total Liabilities	(\$1,288)	\$104,946
Net Assets	\$105,556	\$115,308
SolarShare Interest in JV at 50.9%	\$53,728	\$58,691
<b>Partner Interest In JV at 49.1%</b>	<b>\$51,828</b>	<b>\$56,617</b>

Continued...

### 13. FINANCIAL INSTRUMENTS

The Co-operative is exposed to various risks through its financial instruments. The following presents the Co-operative's exposures to risk at December 31, 2018.

#### **Risk Management**

The Co-operative manages its exposure to risks associated with financial instruments by not dealing in any financial instruments that will have a detrimental effect upon its operating or financial performance. The objective is to avoid exposure to the risks.

#### **Liquidity Risk**

Liquidity risk is the risk that the Co-operative will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Co-operative not being able to liquidate assets in a timely manner at a reasonable price.

The Co-operative meets its liquidity requirements by preparing and monitoring detailed forecasts of cashflows from obligations, anticipating investing and financing activities, and holding assets that can be readily converted into cash.

#### **Credit Risk**

The Co-operative's credit risk exists with the local distribution companies (LDC). See appendix 1 for LDCs by project

#### **Interest Rate Risk**

The Co-operative has the following investments that earn interest income:

Item	Community Solar Assets 2
Description	Debt Service Coverage
Invested with	HSBC
Investment	GIC
Term	90 days starting December 11, 2018
Rate	2.20% per annum
Principal	\$683,819

Note: The remaining balance of the Debt Service Coverage fund is held in a bank account controlled by the lender on behalf of CSA2.

The Co-operative also has loan obligations that carry interest including developer loans at 2.5% to 5%, operational loan at 3.5% and bonds payable carry an interest rate of 5%-6%. Interest rates on future bond offerings have been reduced to 4% may vary from rates stated here.

#### **Fair Value**

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short term nature.

Continued...

### 13. FINANCIAL INSTRUMENTS (Continued)

The fair value of notes payable is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities.

#### **Change in Risk**

There has been no significant change in the Co-operative's risk exposure from the prior year.

### 14. CONTRACTUAL OBLIGATIONS

#### *TREC Renewable Energy Fund*

The Co-operative has entered into an agreement with TREC to transfer all accounting surplus after allowances for cash flow needs and required maintenance reserves (at the board's discretion) to a Renewable Energy Fund managed by TREC. Transfers to the fund are subject to the terms and conditions in the agreement. The funds will be reinvested in approved community power projects.

#### *TREC Services*

The Co-operative has entered into an agreement where TREC will provide some back-office services for the Co-op according to agreed upon schedules. This Agency Agreement is effective August 1<sup>st</sup> 2018 for a term of 12 months, updated from an agreement dated August 1<sup>st</sup>, 2017.

#### *Community Wealth Co-operative*

The Co-operative has an agreement with Community Wealth to transfer to them 25% of the surplus resulting from the operations of the eight projects which SolarShare took over from the Green Timiskaming Co-operative. The surplus is to be calculated by SolarShare at the end of the 20 year operation agreements on these projects.

### 15. LEASE COMMITMENTS

The Co-operative is committed to 20-year lease agreements on each of the properties where it has energy assets located. Future lease obligations are estimated to be as follows:

<b>Lease Commitments</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Future</b>
Operational Projects	591,324	591,324	591,324	591,324	591,324	6,557,219

Continued...

**15. LEASE COMMITMENTS (Continued)**

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A portion of the lease payments are based on percentage 3.3%-10% of gross revenue earned by those projects. Future amounts cannot be estimated at this point and are not included above. Some projects have prepaid 20-year leases. These amounts are not included in the future lease obligations above.

**16. DONATED PROPERTY AND SERVICES**

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During the year, substantial amounts of voluntary services were provided. Because these services are not normally purchased by the Co-operative, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Continued...

**17. RELATED PARTY TRANSACTIONS**

Related Party Transactions	Relationship	Transaction	2018	2017
TREC Renewable Energy Co-operative	Under the terms of an Agency Agreement, TREC was engaged to provide the following services	Services fees for:	\$181,473	\$217,987
		Co-op Mgmnt	\$0	\$0
		Mgmnt of CPC	\$4,670	\$9,426
		Asset Mgmnt	\$291	\$24,759
		Finance Mgmnt	\$77,204	\$95,277
		Investment	\$56,326	\$40,618
		Mgmnt		
		Hr Mgmnt	\$7,847	\$13,444
		Sublet	\$35,135	\$34,643
Community Power Capital	Grid Note	Interest Paid	\$195,847	\$1,021,721
Iler Campbell LLP	One of the partners of the legal firm is a director	Legal Fees Paid	\$40,693	\$65,615
Ambrose Raftis	SolarShare Director	Snow removal, landlord and member relations for the Timiskaming area	\$2,861	\$1,245
DLS Robertson Professional Corporation	The owner of the accounting consulting firm is a director	Accounting Services	\$3,048	\$12,938
227118 Holdings Ltd.	The owner of this company is the president of the Co-operative.	Interest paid	\$6,880	\$0
		Amount due	\$891,880	\$0

Continued...

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**NOTES TO THE FINANCIAL STATEMENTS - APPENDIX 1**  
 DECEMBER 31, 2018

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Operational Projects								
Description	Total Capital Assets	TREC SolarShare Co-op (No.1) Inc.						
		Sunfields	Waterview	Panjetan	Earlton	Dewey	Joint Venture 111 Vankirk 153 Vankirk	Entering PA Claremont
		17 Groundmount PV Trackers	Rooftop Array	Rooftop Array	Rooftop Array	Groundmount	Rooftop Arrays	Rooftop Arrays
Size (DC)		204kW (17x12kW)	438kW	162kW	250kW	250kW	1200kW (600x2)	100kW
Location		Across southern Ontario	Mississauga	GTA	Timiskaming	Kingston	GTA	Pickering
Commercial Operation Date		March 6-Sept 30 2011	Nov 19 2011	Aug 24-2015	Aug 2 2016	Aug 23 2018	May 28-2015, Apr 13-2015	2017
Local Distribution Company		HydroONE	Alectra	PowerStream	Hydro One	Hydro One	Alectra	Veridian
Pre-COD Interest	293,435	57,674	159,799	4,861	366	13,470	57,264	-
Equipment Costs	7,574,273	1,726,840	1,899,686	653,381	657,151.00	718,802.00	1,918,415	-
Project Costs	677,222	141,232	225,099	39,531	11,411	150,939	109,010	-
Amortization to Dec 31 2018	(2,151,872)	(738,203)	(809,123)	(119,277)	(84,369.00)	(15,495.00)	(385,405)	-
Balance as at Dec 31 2018	6,393,058	1,187,543	1,475,461	578,496	584,559	867,716	1,699,284	-

Operational projects						
Description	Total	Community Solar Assets 1 Ltd				
		Ontario St	Champion	Michael Street	GoodMark	Vanastra
		Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array
Size (DC)		140kW	249kW	150kW	134kW	366kW
Location		St Catherine's	Moose Creek	Ottawa	GTA	Vanastra
Commercial Operation Date		Nov 14 2012	July 15 2013	Sept 25 2013	Nov 20 2013	March 28 2014
Local Distribution Company		Alectra	HydroONE	Hydro Ottawa	Toronto Hydro E.S.	HydroONE
Pre-COD Interest	65,010		27	16,986	8,172	39,825
Equipment Costs	5,819,470	745,081	1,484,566	910,455	491,310	2,188,057
Project Costs	487,059	54,756	69,539	58,415	206,944	97,405
Amortization to Dec 31 2018	(1,645,099)	(243,284)	(420,911)	(258,787)	(179,550)	(542,567)
Balance as at Dec 31 2018	4,726,440	556,553	1,133,221	727,069	526,876	1,782,720

Operational Projects										
Description	Total	Community Solar Assets 2 Ltd								
		Summerville	Holthby	80 VanKirk	Midair	Keele	Basaltic	Abeline	Stronach	Orenda
		Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array
Size (DC)		300kW	600kW	600kW	600kW	300kW	300kW	550kW	500kW	320kW
Location		GTA	GTA	GTA	GTA	GTA	GTA	GTA	GTA	GTA
Commercial Operation Date		October 2014	October 2014	March 27-2015	April 20-2015	May 22-2015	February 20-2015	July 13-2015	Sept 2 2016	Oct 22-2015
Local Distribution Company		Alectra	Alectra	Alectra	Alectra	Alectra	Alectra	Alectra	Alectra	Alectra
Pre-COD Interest	308,999	24,662	55,679	48,120	63,231	41,833	20,623	24,608	23,807	6,436
Equipment Costs	17,637,782	1,188,756	2,446,806	2,825,309	3,303,496	1,107,948	1,080,865	3,111,055	1,322,101	1,251,446
Project Costs	890,614	25,212	49,818	44,465	55,684	533,135	110,709	23,006	16,431	32,155
Amortization to Dec 31 2018	(3,431,316)	(259,128)	(533,955)	(549,394)	(632,714)	(305,339)	(232,338)	(551,087)	(157,868)	(209,493)
Balance as at Dec 31 2018	15,406,079	979,502	2,018,348	2,368,500	2,789,697	1,377,577	979,859	2,607,582	1,204,471	1,080,544

Continued...

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**NOTES TO THE FINANCIAL STATEMENTS - APPENDIX 1**  
 DECEMBER 31, 2018

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Operational Projects												
		Community Solar Assets 4 Ltd										
	Total	Wintergreen	Lovell	Kaladar	Sundance 1	Sundance 2	Sundance 3	Sundance 4	Sundance 5	Sundance 6	Sundance 7	Sundance 8
Description		Rooftop Array	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount	Ground Mount
Size (DC) - estimated		600kW	600kW	300kW	600kW	600kW	600kW	600kW	600kW	600kW	600kW	600kW
Location		Kingston	Kingston	Kingston	Timiskaming	Timiskaming	Timiskaming	Timiskaming	Timiskaming	Timiskaming	Timiskaming	Timiskaming
Commerical Operating Date		Jun 7-2017	Jun 7-2017	Jun 18-2017	Jan 22-2018	Dec 22-2017	Oct 11-2017	Sept 22-2017	Aug 31-2017	Sept 22-2017	Aug 31-2017	Aug 31-2017
Local Distribution Company		HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne	HydroOne
Pre-COD Interest	24,779	904	5,392	1,600	(13,797)	(13,297)	5,202	4,921	8,729	7,731	8,697	8,697
Equipment Costs	24,047,270	2,331,928	2,210,410	1,179,496	2,268,334	2,292,924	2,308,239	2,279,198	2,330,407	2,279,258	2,283,488	2,283,588
Project Costs	236,593	36,161	55,122	26,380	13,773	14,973	14,565	15,765	14,565	14,565	14,960	15,764
Amortization to Dec 31 2018	(1,553,084)	(178,418)	(171,032)	(90,561)	(115,338)	(107,407)	(136,942)	(144,344)	(156,913)	(144,449)	(153,810)	(153,870)
Balance as at Dec 31 2018	22,755,558	2,190,575	2,099,892	1,116,915	2,152,972	2,187,193	2,191,064	2,155,540	2,196,788	2,157,105	2,153,335	2,154,179

Consolidated	Operational	Assets within LPs	Consolidated Total
Pre-COD Interest	634,959	57,264	692,223
Equipment Costs	53,160,380	1,918,415	55,078,795
Project Costs	2,182,478	109,010	2,291,488
Amortization to Dec 31 2018	(8,395,966)	(385,405)	(8,781,371)
Balance of Capital Assets Dec 31 2018	47,581,851	1,699,284	49,281,135

SCHEDULE F – INTERIM FINANCIAL STATEMENTS, SEPTEMBER 2019



**TREC SolarShare Co-operative (No 1) Inc.**  
**Statement of Financial Position**  
**Sept 30, 2019**

<b>ASSETS</b>		<b>2019</b>	<b>2018</b>
<b>Current</b>	Note		
Cash and cash equivalents		1,265,357	1,342,279
Accounts receivable		821,313	1,150,172
Prepaid expenses, and deposits		712,145	700,875
Inventory		64,544	37,339
Advances on Projects	10	0	570,637
Due from QSS	5	0	360,646
Total current		<u>2,863,359</u>	<u>4,161,948</u>
Investments in Joint Ventures	12	35,779	0
Debt service reserve fund	3	943,858	785,983
Maintenance reserve fund	3	20,784	15,314
Projects costs		<u>47,185,479</u>	<u>49,044,231</u>
		<u>48,185,900</u>	<u>49,845,528</u>
		<u>51,049,259</u>	<u>54,007,476</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		863,479	771,741
Current CPC Interest Payable	6	0	0
Operational Loan	7	1,810,045	2,030,000
Government Remittances Payable		2,063	0
Current portion of long term debt	8	909,819	927,701
		<u>3,585,405</u>	<u>3,729,443</u>
<b>Long Term Liabilities</b>			
Developer Loans	11	432,536	460,493
Long Term Debt	8	13,628,101	14,498,227
CPC loan payable	6	0	0
Bonds payable	9	37,054,183	37,791,449
		<u>51,114,820</u>	<u>52,750,169</u>
Total Liabilities		<u>54,700,225</u>	<u>56,479,612</u>
<b>SURPLUS(DEFICIT)</b>			
JV Interest		120,118	110,507
Surplus(Deficit) beginning of fiscal year		-3,868,095	-2,810,860
Net income(loss) for the 9 month period		97,011	228,218
Surplus(Deficit) end of period		<u>-3,650,966</u>	<u>-2,472,136</u>
		<u>51,049,259</u>	<u>54,007,476</u>

TREC SolarShare Co-operative (No 1) Inc.  
Statement of Income and Expense  
9 month period ending Sept 30, 2019

	2019	2018
<b>Revenue</b>		
Power revenue	5,642,977	5,875,982
Grants	0	0
Other	14,661	43,410
	<u>5,657,638</u>	<u>5,919,392</u>
<b>Expenditures</b>		
Operating expenses	812,403	822,314
Wages and Employment Related Costs	225,445	223,012
General Administrative Costs	214,870	257,618
Interest	2,111,778	2,215,321
Amortization	2,196,131	2,146,466
Cost for Projects Not Proceeding		26,444
	<u>5,560,627</u>	<u>5,691,174</u>
Net income (loss)	<u>97,011</u>	<u>228,218</u>

TREC SolarShare Co-operative (No 1) Inc.  
Statement of Cash Flow  
9 month period ending Sept 30, 2019  
2019

	2019	2018
<b>Cash from Operating Activities</b>		
Net Income (Loss)	\$97,011	\$228,218
Change in Receivables	(\$586,902)	(\$1,284,804)
Change in Advances to Partners	\$25,242	\$1,268,576
Changes to Prepaids	(\$13,739)	(\$308,956)
Changes to Inventory	(\$3,378)	\$0
Changes to Investments in Joint Operations	(\$33,500)	\$0
Change in Payables	(\$1,058,930)	(\$1,034,850)
Change in Partner Interest in JV	\$68,379	\$53,891
<b>Cash from operating activities</b>	<b>-1,505,815</b>	<b>-1,077,925</b>
<b>Cash from Financing Activities</b>		
Change in Interest Payable	313,110	166,324
Change in Notes Payable	277,954	626,441
Change in Security Accounts	-152,580	-7,893
<b>Cash from Financing Activities</b>	<b>438,484</b>	<b>784,873</b>
<b>Cash from Investing Activities</b>		
(Purchase) of equipment	2,095,656	5,405
<b>Cash from Investing Activities</b>	<b>2,095,656</b>	<b>5,405</b>
Change in cash	1,028,325	-287,648
Cash, beginning of period (Dec 31)	237,032	1,629,927
Cash, end of period	<u>1,265,357</u>	<u>1,342,279</u>

**Consolidated TREC SolarShare Co-op (No.1) Inc.**  
**Financial Statement Notes: 9 months in FY 2019**

**1. Status and Nature of Activities**

TREC SolarShare Co-operative (No.1) Inc. (the Co-operative and/or SolarShare) is a Non-Profit Co-operative incorporated under the Ontario Co-operative Corporations Act.

The Co-operative's objective is to promote the development of renewable energy resources in the Province of Ontario.

The Co-operative allows Ontarians to invest in solar energy and help to promote its acceptance. Using the co-operative enterprise model, SolarShare provides an investment opportunity in larger solar systems, both rooftop and groundmount, usually hosted on commercial or institutional properties. SolarShare provides triple-bottom line benefits to members by generating profits from local renewable energy projects.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The Co-operative has elected to apply the standards in Part III of the Chartered Professional Accountants of Canada (CPAC) Accounting Handbook for Not-for-Profit Organizations (NFPOs) in accordance with Canadian generally accepted accounting principles.

*Consolidation*

These financial statements consolidate the records of:

- TREC SolarShare Co-operative (No.1) Inc. - SolarShare
- Community Solar Assets 1 Limited - CSA1
- Community Solar Assets 2 Limited - CSA2
- Community Solar Assets 4 Limited - CSA3
- Community Solar Assets 5 Limited - CSA4
- TREC SolarShare and 1477400 Ontario Ltd Joint Venture
- EEDI and TREC SolarShare 1 LP

*Investments in Jointly Controlled Activities*

The Co-operative has entered into partnership agreements with contractors/partners to develop several renewable energy projects and a joint venture as follows:

<b>Name of Joint Arrangement</b>	<b>SolarShare % Ownership</b>
TREC SolarShare and 1477400 Ontario Ltd Joint Venture	50.9%
EEDI and TREC SolarShare 1 LP	50.9%

The Co-operative uses the equity method for the joint arrangement limited partnership and consolidation method for the joint venture.

Non-controlling interest in the net assets of the consolidated Joint Venture are disclosed separately in equity.

*Revenue Recognition*

*Power Production:*

The Co-operative has secured 20-year power purchase agreements at fixed rates per kilowatt hour for all facilities with the Independent Electricity System Operator (IESO) under Ontario's Feed-In Tariff (FIT) program, FIT 1, FIT 2 and FIT3.

Energy Revenue is recognized based on energy produced and delivered to the grid. Revenue is recognized based on energy acknowledged by the Local Distribution Companies (LDCs) as determined by the LDCs meters at periodic dates though the year. Energy produced from the LDCs last meter reading date to the year end is recognized based on the Co-operative's meters.

*Insurance Settlements:*

Claims for lost production and reimbursement for repair costs are recognized as revenue when settled and the funds are received by the Co-operative.

*Membership Fees:*

Membership fees are recognized as revenue when received. Membership fees are not annual as members only pay a one-time fee. Therefore, the Co-operative rarely records a deferral of revenue.

*Miscellaneous Revenue:*

Miscellaneous Revenue consists of revenue generated from servicing the administrative needs of the Joint Venture, from other small services rendered to industry partners, and as fees leveled on early redemptions on bonds.

*Interest Revenue* is recognized as revenue when earned.

*Prepaid Leases:*

Prepaid Leases are amortized on a straight-line basis over the life of the lease.

*Amortization*

Amortization on energy production assets is charged using the straight-line method over 20 years. Amortization commences after the asset reaches Commercial Operation.

*Capital Assets*

The Co-operative capitalizes all project related costs incurred related to the construction and/or purchase of the project. Those costs include equipment costs, soft costs and related financing charges for each project.

#### *Financial Instruments*

##### *(a) Measurement of Financial Instruments*

The Co-operative initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Co-operative subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and notes receivable. Financial liabilities measured at amortized cost include the bank overdraft, the bank loan, accounts payable, amounts due to members and long-term debt.

##### *(b) Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *(c) Transaction Costs*

The Co-operative recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

#### *Use of Estimates*

The preparation of financial statements requires the management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates the Co-operative uses are:

1. Accrued revenue based on the Co-operative's meters
2. Accrued interest payable based on debt instrument involved
3. Accrued site lease expense based on revenue and projected commercial operation date
4. Insurance recorded based on contracts in place

5. Projects past commercial operation not yet closed – total Capital Cost and Amortization estimated based on draft closing documents.  
Actual results could differ from these estimates.

### 3. Debt Service Reserve Funds

The debt service reserve fund represents funds held in-trust controlled by the Lender, or an institutional trust company as its agent, which may be invested upon direction of CSA1 and CSA2 respectively. Interest earned is recorded as an addition to the reserve funds principal on the CSA1, CSA2 statements.

The funds are held as security for the financing provided by the Lenders, as described in Note # 8. If a project is unable to meet the debt service coverage ratio of 1.5:1 as outlined in Note # 8, The Lender will be empowered to access the funds and withdraw a sufficient amount to meet debt payments, operating costs and working capital requirements.

Funds in the maintenance reserve fund may be used for major maintenance replacement with the approval of the Lender. CSA1 has begun making contributions to the Maintenance Reserve as per their borrowing agreement. CSA2 has not make contributions as of these financial statements but will begin in 2019 as per their borrowing agreement.

Account	Sept 2019	2018	2017	2016
Debt Service Reserve	943,858	780,183	777,521	101,132
Maintenance Reserve	20,784	15,314	15,314	10,082

### 4. Projects and Equipment

1. Inventory: Inventory parts are accrued at their purchase value and expensed as used. Inventory parts are not amortized.
2. Project Capital Assets Include:
  - a. Equipment Costs: all purchase and construction costs
  - b. Pre-COD Interest: Interest accrued on financing prior to Commercial Operation Date.
  - c. Project Costs: Costs relating to project development to COD including loan interest expenses, legal fees, banking fees, staff time, development fees and engineering studies and reports.

Projects and Equipment	Balance of Capital Assets, net of Amortization - Sept 30 2019
SolarShare	6,084,531
CSA1	4,487,507
CSA2	14,691,451

CSA4	21,878,102
<b>Total</b>	<b>47,141,591</b>

#### 5. Advance to Queen Street Solar Co-operative (QSS)

During the year the Co-operative advanced amounts to develop a project owned by Queen Street Solar (QSS). As of Sept 30, 2018, \$360,646 represents the amount paid on the development of the project. As of Sept 30, 2019, the project has been purchased by the Co-operative and all advances have cleared to capital Assets

#### 6. Community Power Capital Loan (CPC)

Type	Promissory Note
Description	This note is payable to the Community Power Capital Co-operative
Interest rate	these loans carry an interest rate between 6% and 10%. 10% rate during the pre-COD phase.
Repayment terms	From proceeds of sale of Community Solar Bonds or from mortgage proceeds. SolarShare may repay any or all loans at any time without notice or penalty.
Security	Floating charge against all assets of the Co-operative which stands in second priority to the bond holders.

This loan was repaid entirely on Sept 30 2018 and the Promissory Note cancelled.

#### 7. Operational Loan

The Co-operative has established a revolving Operating Loan with 227118 Holdings Ltd.

Date	September 24, 2018
Limit	\$4,000,000
Type	Limited Recourse Grid Note
Description	This note is payable to 227118 Holdings Ltd
Interest rate	This loan carries an interest rate of 3.5% annually, calculated on a daily basis.
Repayment terms	SolarShare may repay the loan at any time without notice or penalty.
Security	None

<b>Interest</b>	<b>Sept 30, 2019</b>	<b>Sept 30, 2018</b>
Principal at Period End	\$1,810,045	\$2,030,000
Interest owed at Period End	\$29,592	\$1,363
<b>Balance Owed as of Financials</b>	<b>\$1,839,637</b>	<b>\$2,031,363</b>

#### 8. Long Term Debt



Both Community Solar Assets 1 and Community Solar Assets 2 have secured long term debt against their respective assets.

term debt against their respective assets.				
Loan	CSA1		CSA2	
Type	Term Loan		Term Loan	
Lender	Equitable Life Insurance Company of Canada		CorpFinance International Ltd	
Interest Rate	4.789% compounded monthly and payable monthly in arrears		5.262% compounded and payable monthly in arrears	
Term	Feb 20, 2015 to Feb 20, 2031		Sept 6 2017 to March 31, 2033	
Repayment	Monthly, sculpted over the life of the loan as per the Amortization schedule		Monthly, sculpted and declining rate changing June/Dec each year for the term of the loan as per the Amortization schedule	
Security	A fixed charge against all assets of CSA1		A first fixed charge and floating charge against all assets of CSA2	
Debt Service Coverage Ratio (DSCR)	Both credit agreements include a covenant whereby a debt service coverage ratio (income before interest and amortization/principal repayments and interest) of 1.5:1 must be maintained.			
	2018	1.43:1	2018	1.43:1
	2017	1.64:1	2017	5.27:1
	2016	1.73:1	2016	N/A
	Note: for the 2018 Year End the DSCR for both CSA1 and CSA2 is below the minimum 1.5:1. Both credit agreements require a minimum DSCR of 1.5:1 measured annually. As at the time of issue of these financial statements neither project is declared in default of this specific requirement by the respective lenders.			
In this case, CSA1 and CSA2 are required, according to their respective agreements, to top up their Debt Service Coverage Reserve Fund with all available cash, post expenses, on a monthly basis, until such time as the Reserve account has a balance equal to 6 month's worth of scheduled payments (CSA1: \$193,999, CSA2: \$522,718) or the borrower comes back into covenant on the DSCR.				

## 9. Community Solar Bonds

Description:

The Co-operative is currently issuing 3 types of bonds

Security:

Floating charge against all assets of the Co-operative.  
Community Bonds stand in first position ahead of  
Community Power Capital financing.

Fair Value of Security: Based on internal valuations, the Co-operative is obliged to maintain the net present value of future cashflows net of related Long Term Debt, in excess of the face value of the outstanding bonds. Based on internal valuation, net present value exceeds outstanding bonds.

Bond Type	Interest Rate	Conditions	Maturity	Outstanding Balance, net of redemptions	
				Sept 30, 2019	Sept 30 2018
Original Bond	5%	Paid semi-annually	Pre-2014: 5 years after issue date Offering 201411: Oct 31 2019 Offering 201505: April 30 2020 Offering 201605: April 30 2021 Offering 201705: 5 years after issue date	25,314,0000	26,776,000
CWCF Bond	5%	Compounded annually on anniversary. Bonds held in RRSP/ RRIF/ TFSA.	Offering 201411: Oct 31 2019 Offering 201505: April 30 2020 Offering 201605: April 30 2021 Offering 201705: 5 years after issue date	6,661,555	6,090,123
Long Bond	6%	Principal and Interest payments commencing 6 months after issue	Offering 201505: April 30 2030 Offering 201605: April 30 2031 Offering 201705: 5 years after issue date	4,688,628	4,781,326
<b>Holding Account</b>				<b>390,000</b>	<b>144,000</b>
<b>Total</b>				<b>37,054,183</b>	<b>37,791,449</b>

The Co-operative has been authorized by the Financial Services Commission of Ontario to offer Community Solar Bonds to the public under a series of sequential Offering Statements as follows:

Date of Offering Statement	Expiry	Total Bonds Issued by Offering (to Sept 30, 2019)
May 17 2018	May 17 2019	3,390,782
May 16 2017	May 16 2018	10,620,000
May 16 2016	April 30 2017	9,863,250
May 01 2015	April 30 2016	7,444,793
Nov 01 2014	April 13 2015	6,694,775

Oct 13 2013	Oct 12 2014	3,031,000
Oct 12 2012	Oct 11 2013	2,148,000
Aug 2011-Oct 2012	Not receipted, co-op exemption	156,000

Prior to Oct 2012 the Co-operative was issuing bonds without a receipted offering statement, under the Co-operative exemption (limit of \$1,000/member/year).

#### 10.EEDI and GT Limited Partnership

In 2016, the Co-operative entered into an agreement to provide credit to a Limited Partnership of which they are not a partner in order to develop a set of projects at an agreed upon cost. Under this agreement and as per each project's Asset Purchase Agreement, the borrower agrees to sell each project to the Lender or an affiliate of the Lender.

During the year the Co-operative advanced amounts to a Limited Partnership to finance development of 8 projects. Legal purchase of all projects was made in 2018 and the current balance is \$0 as of Sept 30, 2019.

#### 11.Developer Loans

SolarShare has the following loans to developers as per project development agreements:

Developer Loan	Due to Solera Sustainable Energies Company Limited	Due to Morgan Solar
Type	Deferred Payment	Holdback on Invoices Payable
Description	This deferred payment is payable to Solera Sustainable Energies Company Ltd.	An amount retained from payment due to Lender to provide security against a Limited Product Warranty. In the event the Lender defaults on its obligations under the terms of the warranty, SolarShare can reduce the principal repayment of the loan to rectify the default.
Amount	Maximum of \$341,915 as per agreement	\$109,637.46
Term	11 years commencing Oct 27, 2015	10 years commencing Sept 30 2017
Interest	2.5% per year	5.5% per annum from the Advance Date (Sept 30 2017)
Repayment	Commencing on the fifth anniversary of the agreement. Annual payments as per terms.	Annual repayments of \$10,963.75 CAD principal plus interest for the period on the anniversary date of the advance.
Security	None	None

## 12. Investment in Joint Venture

The Co-operative has entered into a Joint Venture agreement to operate two of the projects located on commercial rooftops in Brampton. Investment in the joint venture is accounted for as follows:

<b>Joint Venture Accounting</b>	<b>Sept 30, 2019</b>
Total Assets	255,094
Total Liabilities	10,455
Net Assets	244,639
<b>SolarShare Interest in JV at 50.9%</b>	<b>124,521</b>
Partner Interest in JV at 49.1%	120,118

## 13. Financial Instruments

The Co-operative is exposed to various risks through its financial instruments. The following presents the Co-operative's exposures to risk at Sept 30 2019.

### *Risk Management*

The Co-operative manages its exposure to risks associated with financial instruments by not dealing in any financial instruments that will have a detrimental effect upon its operating or financial performance. The objective is to avoid exposure to the risks.

### *Liquidity Risk*

Liquidity risk is the risk that the Co-operative will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Co-operative not being able to liquidate assets in a timely manner at a reasonable price.

The Co-operative meets its liquidity requirements by preparing and monitoring detailed forecasts of cashflows from obligations, anticipating investing and financing activities, and holding assets that can be readily converted into cash.

### *Credit Risk*

The Co-operative's credit risk exists with the local distribution companies (LDC) See appendix 1 for LDCs by project

### *Interest Rate Risk*

The Co-operative has the following investments that earn interest:

<b>Item</b>	<b>Community Solar Assets 2</b>
Description	Debt Service Coverage
Invested with	HSBC
Investment	GIC
Term	12 months from March 11 2019
Rate	2.22% per year
Amount	\$690,545.12

The Co-operative has the following loan obligations that carry interest as follows: CPC loan payable carry rates of interest between 6% and 10% and bonds payable carry an interest rate of 5%-6%. Interest rates on future bond offerings may vary from rates stated here.

#### *Fair Value*

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short-term nature.

The fair value of notes payable is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities.

#### *Change in Risk*

There has been no significant change in the Co-operative's risk exposure from the prior year.

### **14. Contractual Obligation**

#### *TREC Renewable Energy Fund*

The Co-operative has entered into an agreement with TREC to transfer all accounting surplus after allowances for cash flow needs and required maintenance reserves (at the board's discretion) to a Renewable Energy Fund managed by TREC. Transfers to the fund are subject to the terms and conditions in the agreement. The funds will be reinvested in approved community power projects.

#### *TREC Services*

The Co-operative has entered into an agreement where TREC will provide some back-office services for the co-op according to agreed upon schedules. This Agency Agreement is effective April 1<sup>st</sup> 2019 for a term of 12 months, updated from an agreement in April 1<sup>st</sup> 2018.

#### *Community Wealth Co-operative*

The Co-operative has an agreement with Community Wealth to transfer to them 25% of the surplus resulting from the operations of the eight projects which SolarShare took over from the Green Timiskaming Co-operative. The surplus is to

be calculated by SolarShare at the end of the 20-year operation agreements on these projects.

#### **15. Lease Commitments**

The Co-operative is committed to 20-year lease agreements on each of the properties where it has energy assets located. Future lease obligations are estimated to be as follows:

<b>Lease Commitments</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Future</b>
Set Lease Amounts	\$517,774	\$583,450	\$591,324	\$519,324	\$519,324	\$519,324	\$519,324	\$6,557,219

A portion of lease payments are based on a percentage 3.3% - 10% of gross revenue earned by those projects. Future amounts of these are not estimateable at this point and are not included above. Some projects have pre-paid 20-year leases. These amounts are not included in the future lease obligations above.

#### **16. Donated Property and Services**

During the period, substantial amounts of voluntary services were provided. Because the services are not normally purchased by the Co-operative and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

## SCHEDULE G – CONSENT LETTER FROM THE AUDITOR



37 Main Street  
Toronto, Ontario M4E 2V5

Tel. 416-690-6800  
Fax. 416-690-9919

Web Page:  
[www.krienslarose.com](http://www.krienslarose.com)

Dear Sirs:

Licensing & Enforcement Division  
Financial Securities Regulatory Authority of Ontario  
5160 Yonge Street  
North York, Ontario  
M2N 6L9

Re: TREC Solarshare Co-operative (No.1)

We refer to the offering statement of TREC Solarshare Co-operative (No.1) dated November 22, 2019 relating to the sale and issue of Community Bonds.

We consent to being named and to the use in the above-mentioned Offering Statement, of our report dated March 19, 2019 to the members of the Co-operative on the following financial statements:

Statements of financial position as at December 31, 2018 and 2017;

Statements of cash flows for the years ended December 31, 2018 and 2017 and a summary of significant accounting policies and other significant explanatory information.

We report that we have read the Offering Statement and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, (Sec 7150 CPA Handbook) which does not constitute an audit or review of the prospectus as these terms are described in the CPA Handbook – Assurance.



**Kriens-Larose LLP**  
*Licensed Public Accountants*  
*Chartered Professional Accountants*  
Toronto, Ontario  
November 28, 2019

## SCHEDULE H – CERTIFICATE OF INCORPORATION

Financial Services  
Commission  
of Ontario

Commission des  
services financiers  
de l'Ontario



Ontario Corporation Number  
1813555

*Co-operative Corporations Act, R.S.O. 1990, c. C.35*

### **CERTIFICATE OF INCORPORATION**

An application for a certificate of incorporation under subsection 8(1) of the *Co-operative Corporations Act* has been made to the Minister of Finance by Articles of Incorporation of a Co-operative with share capital in the approved form.

Under the authority of the Act, I issue this certificate of incorporation for a corporation under the name of:

**TREC SolarShare Co-operative (No. 1) Inc.**

The effective date of this certificate of Incorporation is the date of signing.

Signed at Toronto, this 18<sup>th</sup> day of January, 2010.

A handwritten signature in black ink, appearing to read "Philip Howell".

**Philip Howell**  
Chief Executive Officer and  
Superintendent of Financial Services  
By delegated authority from the  
Minister of Finance



## SCHEDULE I – CERTIFICATE OF AMENDMENT

Financial Services  
Commission  
of Ontario

Commission des  
services financiers  
de l'Ontario



Ontario Corporation Number  
1613555

*Co-operative Corporations Act*, R.S.O. 1990, c. C.35

### **CERTIFICATE OF AMENDMENT**

An application for a certificate of amendment, filed on March 21, 2011, as per the copy attached, under subsection 154(1)(c) of the *Co-operative Corporations Act* has been made to the Minister of Finance in the prescribed form by

#### **TREC SOLARSHARE CO-OPERATIVE (NO. 1) INC.**

incorporated on January 18, 2010.

Under the authority of the Act, I issue this certificate of amendment. The effective date of this certificate of amendment is the date of signing.

Signed at Toronto, this <sup>th</sup>25 day of March, 2011.

A handwritten signature in black ink, appearing to read "G. Swanson", written over a horizontal line.

**Grant Swanson**  
Executive Director  
Licensing and Market Conduct Division  
By delegated authority from the  
Minister of Finance

## SCHEDULE J – CERTIFICATE AND ARTICLES OF AMALGAMATION

Financial Services  
Commission  
of Ontario

Commission des  
services financiers  
de l'Ontario



Ontario Corporation Number  
1851991

*Co-operative Corporations Act*, R.S.O. 1990, c. C.35

### **CERTIFICATE OF AMALGAMATION**

An application for a certificate of amalgamation under subsection 157(3) of the *Co-operative Corporations Act* has been made to the Minister of Finance by the parties to an amalgamation agreement dated November 30, 2014 between TREC SOLARSHARE CO-OPERATIVE (NO. 1) INC. and WATERVIEW CO-OPERATIVE LIMITED.


The parties to the amalgamation agreement have complied with the conditions precedent to the issuing of the desired certificate of amalgamation.

The amalgamation agreement provides that the parties will amalgamate and continue under the name of:

#### **TREC SOLARSHARE CO-OPERATIVE (NO. 1) INC.**

Under the authority of the Act, I issue this certificate of amalgamation. The date of this certificate of amalgamation is January 1, 2015.

Signed at Toronto, this 27<sup>th</sup> day of January, 2015.

  
\_\_\_\_\_  
**Anatol Monid**  
Executive Director  
Licensing and Market Conduct Division  
By delegated authority from the  
Minister of Finance

## Form 10

*Co-operative Corporations Act*

## ARTICLES OF AMALGAMATION

1. The name of the amalgamated co-operative is **TREC SolarShare Co-operative (No. 1) Inc.**
2. The amalgamation agreement has been duly approved as required by section 156 of the *Co-operative Corporations Act*.
3. The names of the amalgamating co-operatives and the dates on which the amalgamation agreement was approved by the members of each of the amalgamating co-operatives are:

Names of Co-operatives	Dates of Members' Approval
TREC SolarShare Co-operative (No. 1) Inc.	June 18, 2014
Waterview Co-operative Limited	Nov. 30, 2014

4. The following is a certified copy of the amalgamation agreement:

See Attached.

These articles are executed in duplicate of delivery to the Minister.

## AMALGAMATION AGREEMENT

THIS AGREEMENT made this 29<sup>th</sup> day of November, 2014,

BETWEEN:

**WATerview CO-OPERATIVE LIMITED**  
("Waterview")

OF THE FIRST PART;

AND

**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**  
("SolarShare")

OF THE SECOND PART.

WHEREAS:

- A. Waterview was formed as a result of a continuance granted under the *Co-operative Corporations Act (Ontario)* permitting Waterview Ontario 1 Ltd., a corporation incorporated under the *Business Corporations Act (Ontario)*, to continue as a co-operative effective Oct. 16, 2014. Waterview was converted to a non share co-operative corporation effective Nov. 30, 2014.
- B. SolarShare was incorporated under the *Co-operative Corporations Act (Ontario)* as a Co-operative with share capital effective January 18, 2010. TREC was converted to a non share co-operative corporation effective March 25, 2011.
- C. Waterview and SolarShare have agreed to amalgamate and continue as one co-operative corporation without share capital pursuant to the provisions of section 156 of the *Co-operative Corporations Act (the "Act")*.

NOW THEREFORE this Agreement witnesseth as follows:

1. In this Agreement, the term "Amalgamated Co-operative" shall mean the corporation continuing from the amalgamation of the parties hereto.
2. The parties hereto agree to amalgamate under the provisions of section 156 of the Act, and to continue as one corporation under the terms and conditions hereinafter set out and, accordingly, to file the Articles of Amalgamation and other such documents as may

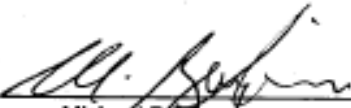
be required to give effect to the amalgamation under the Act.


3. The name of the Amalgamated Co-operative shall be TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.
4. The head office of the Amalgamated Co-operative shall be situated at 401 Richmond Street West, Suite 240, Toronto, in the Province of Ontario.
5. The special provisions of the Amalgamated Co-operative shall be as follows:
  - a. The Co-operative's activities shall be carried on without the purpose of gain for its members and any profit or other accretion to the Co-operative shall be used in promoting its objects;
  - b. The directors, and those directors who also serve as officers, shall serve as officers and directors without remuneration and no director or officer shall directly or indirectly receive any profit or remuneration from his or her position as director or in any other capacity, provided that a director, including those who are also officers, may be paid reasonable expenses incurred by them in the performance of his or her duties;
  - c. Upon dissolution of the Co-operative, and after payment of all debts and liabilities, the remaining property of the Co-operative shall be distributed or disposed of to non-profit co-operatives with similar objectives; and
  - d. The object of the Co-operative is to promote the development of renewable energy resources in the Province of Ontario
6. The business of the Co-operative is restricted to:
  - a. Generating, within the meaning of *Electricity Act, 1998*, as amended, electricity from one or more sources that are renewable energy sources for the purposes of that *Act*, and
  - b. Selling, as a generator within the meaning of that *Act*, electricity it produces from one or more renewable energy sources.
7. The amount of the membership fee is to be established by resolution of the board of directors from time to time
8. No member loan may be transferred without the consent of directors, to be signified by a resolution of the board of directors.
9. No securities shall be issued and no assets shall be distributed by the Amalgamated

Co-operative in conjunction with the amalgamation.

10. The by-laws of the Amalgamated Co-operative are to be those of SolarShare, until repealed, amended, altered, or added to in accordance with the Act.
  11. The first directors of the Amalgamated Co-operative shall be those directors of SolarShare at the time the amalgamation takes effect. *See the attached list.*
  12. The said first directors shall hold office until their terms of office would otherwise have expired in accordance with the by-laws. The subsequent directors of the Amalgamated Co-operative shall be elected in accordance with the by-laws and the Act.
  13. The officers of the Amalgamated Co-operative shall, until changed by the directors, be the officers of SolarShare, in office immediately before the amalgamation of the parties hereto. The subsequent officers of the Amalgamated Corporation shall be elected in accordance with the by-laws of the Amalgamated Co-operative and the Act.
  14. Each party shall contribute to the Amalgamated Co-operative all of its assets, subject to its liabilities.
  15. Upon the Board of Directors of both parties approving the amalgamation and it being approved by two-thirds of the votes cast at a general meeting of the members of both parties called for the purpose of considering the Agreement pursuant to section 156 of the Act, Articles of Amalgamation in the prescribed form shall be submitted in accordance with the Act.
  16. *This amalgamation shall be effective January 1, 2015*
- IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attested by the hands of the respective officers duly authorized in that behalf on the day and year first written above.


**WATERVIEW CO-OPERATIVE LIMITED**

Per:   
NAME: Michael Brigham  
POSITION: President

Per:   
NAME: Brian Her  
POSITION: Secretary

We have the authority to bind the corporation.

**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**

Per   
NAME: Michael Brigham  
POSITION: President

Per: Bill  
NAME:  
POSITION:

We have the authority to bind the corporation.

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## SCHEDULE K – TERMS OF RENEWABLE ENERGY FUND AGREEMENT

### **1. Definitions**

The following terms shall have the meanings set out below:

**Solar Bonds** mean those bonds issued by SolarShare to its members for the purpose of raising the capital required for its renewable energy projects.

**Investment Committee** means the committee that decides which projects the monies from the Surplus Fund will be invested in, as described in paragraphs 2 and 3.

**Renewable Energy Project** means any project for the generation of renewable energy undertaken by SolarShare, as approved by the Investment Committee.

**Accounting Surplus** means any surplus that SolarShare accumulates as calculated using Canadian generally accepted accounting principles for not-for-profits.

**Renewable Energy Fund** means the fund that has been created from the surpluses of SolarShare, and any other organization, and is dedicated to investing in the development of renewable energy projects.

**Surplus Mortgage** means the mortgage securing SolarShare's obligations under this Agreement against the real and personal property of the SolarShare, referred to in paragraph 2.

### **2. TREC's Obligations**

TREC agrees that the Renewable Energy Fund will only be applied to projects that have been approved by the Investment Committee

TREC agrees that an agent of SolarShare will have at a minimum at least one permanent seat on the Investment Committee, and up to 50% of the seats on the Investment Committee if and when SolarShare's contribution to the fund is 50% or greater than the total fund amount. Committee seats will be redistributed annually, based on the proportion of investment from the participating co-ops.

TREC agrees that 100% of the sums received by it from SolarShare pursuant to paragraph 3 shall be allocated to:

- Acquiring and/or developing renewable energy projects and to use for educational programming.

TREC shall provide annually and upon request, information as to loans requested by other co-operatives, projects approved, money available for such purpose, and projected cash flows, in order that SolarShare may plan its capital needs in full knowledge of the amounts and timing of financial support from TREC.

TREC shall maintain the books and records related to the Renewable Energy Fund in a form satisfactory to SolarShare and shall permit representatives of SolarShare to have access for inspection of such books and records at all reasonable times.

TREC agrees to postpone its security to any



- bona fide arm's length third party loan entered into by SolarShare for the purpose of providing financing for the development and construction of a Renewable Energy Project, and
- security for the repayment of Solar Bonds issued by the SolarShare to its members.

### 3. SolarShare's Obligations

SolarShare shall at all times remain a non-profit co-operative incorporated under the Co-operative Corporations Act (Ontario) whose membership is comprised primarily of those persons who have purchased Community Solar Bonds from SolarShare.

SolarShare shall record its accounting surplus annually as a liability to TREC to be placed into the Renewable Energy Fund. That liability shall be paid out to TREC in cash after the following items:

- SolarShare shall retain enough cash in its accounts to support its reasonable working capital needs
- SolarShare shall retain sufficient cash in its accounts to pay down member loans and/or bank debt as it deems necessary
- SolarShare shall retain sufficient cash to retire member solar bonds as it deems necessary

All residual cash shall be paid to TREC to be placed in the Renewable Energy Fund as settlement of the liability.

Any accounting losses shall serve to reduce the liability referred to above.

SolarShare shall forthwith upon acquisition of a Renewable Energy Project site charge the Land as security for the performance of its obligations under this Agreement by delivering and registering a charge on the title to the site in favour of TREC, in form satisfactory to TREC, subordinated to the Solar Bondholders.

### 4. General

Any notice, direction or other instrument required or permitted to be given by either party under this Agreement shall be in writing and shall be sufficiently given if delivered personally, sent by prepaid first-class mail or transmitted by telecopy or other form of electronic communication during the transmission of which no indication of failure of receipt is communicated to the sender:

Any such notice or other communication delivered personally or by facsimile machine shall be deemed to have been given and received on the date of delivery provided that if such day is not a working day, such notice or other communication shall be deemed to have been given and received on the next following working day.

Notice shall be given as follows:

#### SOLARSHARE

401 Richmond St, Suite 240

Toronto Ontario M5V 3A8

Attention: Michael Brigham, President

Telephone: 416-694-4482

TREC

401 Richmond St, Suite 240

Toronto Ontario M5V 3A8

Attention: David Cork, Executive Director

Telephone: 416-977-5093

No waiver or neglect to enforce any right or remedy in respect of any breach of any covenant or agreement contained in this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any covenant or agreement contained in this Agreement.

This Agreement shall endure to the benefit of and be binding upon the parties to this Agreement and their respective successors and permitted assigns.

This Agreement may not be assigned without the consent of the other party to this Agreement.

This Agreement shall be construed in accordance with the laws of the Province of Ontario.

The terms of this Agreement are intended by the parties as a final expression of their agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement constitutes the complete and exclusive statement of its terms.

If any provision of this Agreement, or its application to any person or in any circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such a provision to persons or in circumstances other than those as to, or in which, it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and be enforced to the full extent permitted by law.

Neither party has made any representations or warranties with respect to the subject matter of this Agreement, except as expressly set forth in this Agreement.

Nothing in this Agreement shall be construed to constitute either of the parties, a partner, agent or representative of the other or to create any commercial or other partnership between the parties.

This Agreement shall operate and remain in full force and effect from and after the date of this Agreement and for so long as there is a loan or other contract remaining in force between the parties.

The parties shall execute such further and other documents and assurances as may be necessary to further the intent of this Agreement.

SCHEDULE L – 227118 HOLDINGS LTD. OPERATING (CREDIT) LINE

## LIMITED RECOURSE GRID NOTE

Dated at Toronto this 25th day of October, 2019.

AMOUNT: \$ 3,500,000 CAD (the **Initial Amount**)

DUE: On Demand with 60 days notice

### 1. **Promise**

FOR VALUE RECEIVED, Community Solar Assets 4 Ltd. (**CSA4**) promises to pay within sixty days of delivery of a written demand for payment to the order of 227118 Holdings Ltd. (the **Lender**) in lawful money of Canada, the principal amount outstanding, being the Initial Amount, as reduced by repayment or increased by further advances made by the Lender as recorded on the Grid (see para. 7), with interest on the principal outstanding calculated as described below.

### 2. **Limit of Loan**

The Initial Amount of the loan as described may be increased by further advances as requested by CSA4 but can not exceed five million dollars CAD (**\$5,000,000**) under this agreement. Should funding above this limit be required a new agreement must be drafted.

### 3. **Interest Calculation**

Interest on the principal at the annual rate set out in paragraph 3 shall accrue daily, not be compounded and be calculated and paid semi-annually on dates established by CSA4, from the date the funds were advanced. Interest shall be computed on the actual number of days elapsed on the basis of a 365 day year. CSA4 will pay the principal amount outstanding and all accrued interest on the due date above.

### 4. **Interest Rate**

Interest shall be payable on the principal amount outstanding at the rate of three and a half percent per annum (3.5%).

### 5. **Right to Prepay**

The indebtedness under this Grid Note may be prepaid by CSA4 in its sole discretion in full at any time, without penalty, including interest accrued to the date of prepayment.

### 6. **Lender's Demand**

The Lender may demand repayment with 60 days' notice. Notwithstanding the Lender's demand for payment, payment may be deferred by CSA4 if such payment would, in its opinion, jeopardize CSA4's ability to meet its other obligations as they fell due, and no replacement capital can be reasonably found.

### 7. **Grid Entries**

The Lender authorizes CSA4 to manage the calculation of principal with respect to advances or repayments and confirm on a monthly basis with the Lender that the balance of the loan at month

end is agreed between the parties. The Grid Note attached to this agreement will be updated by CSA4 and provided to the Lender as requested.

**8. Waiver**

CSA4 waives presentment for payment, demand, notice and protest and all defences based on giving of time and expressly agrees that no renewal or extension granted, nor any other indulgence shown nor any release or discharge of or any dealings between the Lender and CSA4, shall discharge, extend or in any way affect the obligations of CSA4.

No waiver, consent or amendment with respect to this Grid Note shall be binding unless it is in writing and signed by the Lender. Failure of the Lender to exercise any of the its rights and remedies shall not constitute a waiver of any provision of this Grid Note, or of any of such Lender's rights and remedies, nor shall it prevent the Lender from exercising any rights or remedies with respect to the subsequent happening of the same or similar circumstances. All remedies of the Lender shall be cumulative to the maximum extent permitted by law.

CSA4 agrees that it shall remain liable in respect of this Grid Note as if presentment, demand, notice of dishonour and protest had been duly made or given.

**Community Solar Assets 4 Ltd.**

Per: Ron Seftel  
Name: Ron Seftel  
Title: Treasurer  
I have authority to bind the Corporation

## SCHEDULE M – BOARD AND COMMITTEE ROLES AND RESPONSIBILITIES

### SolarShare Board

The role of the Board is to supervise the management of SolarShare's business and affairs to fulfill the mission. The Board is generally not responsible for the day-to-day management and operation of the SolarShare's business, as this responsibility has been delegated to management; however, board members may contribute to operational roles as needed. Management's role is to conduct the day-to-day operations in a way that is consistent with the strategic priorities and by-laws approved by the Board. The Board is responsible for supervising management in carrying out this responsibility.

The directors of the Board, in exercising their powers and discharging their duties, shall act honestly and in good faith with a view to the best interests of SolarShare and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

As part of its stewardship responsibility, the Board advises management on significant business issues and has the scope of responsibilities outlined in the table below; however, board members may play a more involved role in the day to day operations of SolarShare.

*Table 13: Board Roles and Responsibilities*

SCOPE	MEMBERS	MEETING FREQUENCY
Support the development of mission, by-laws and strategic plan Understand and address organizational risks and evaluate performance Secure and ensure effective ongoing senior management Maintain effective partnerships, reporting and communication	<b>Chair:</b> 6-month term <b>Members:</b> Mike Bringham (President), Ron Seftel (Treasurer), Shama Ahmed, Pieter de Koning, Glen Campbell, Patrick Collie (current Chair), Khalid Grant, Graysanne Bedell, Ashley Reid, Brian Iler (Secretary, not a director)	Monthly, plus AGM and Strategic Planning Session 5 hours per month, 4 hours per AGM and 8 hours for Strategic Planning

### SolarShare Committees

The Board discharges some of its responsibilities directly and discharges others through Committees. The Board may assign to any Committee the prior review of any issues the Board is responsible for. Committee recommendations are subject to Board approval. The Board is to be informed of any Committee recommendations at the regular Board meeting next following such decision.

The Board establishes standing or ad-hoc committees to address issues that are too complex and/or numerous to be handled by the entire board. Committees are deployed only as necessary, and the purpose and scope of each is carefully defined.

Staff provides communication and administrative support by organizing the agenda and materials in consultation with the committee chair prior to each meeting and taking meeting minutes. The committee chair reports to board and brings specific items to the Board for approval or information.

Committees nominate and the Board appoints all members and chairs. Committees are composed of both directors and other member volunteers.

*Table 14: Committee Roles and Responsibilities*

SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Finance and Budget Committee (Standing):</b></p> <p>Oversees the development of the detailed annual budget;</p> <p>Ensures accurate financial tracking, monitoring and accountability;</p> <p>Monitors long term financial projections for SolarShare’s business;</p> <p>Reviews bond sales and interest, long term debt and associated terms;</p> <p>Supports the development of Offering Statements and financial products;</p> <p>Supports valuation and other financial matters;</p> <p>Works with the Marketing Committee on product offering review and development.</p>	<p><b>Chair:</b> Glen Campbell</p> <p><b>Members:</b> Glen Campbell, Mike Brigham, Thomas Haubenreisser, Ron Seftel, David Robertson, Ashley Reid, Doug Finley, Amy Zhang</p>	<p>Monthly, and as required</p> <p>3 hours per month</p>

SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Governance Committee (Standing)</b></p> <p>Develops and applies guidelines for conflict of interest, ensuring ethical behaviour and resolving ethical conflicts;</p> <p>Guides development, review and authorization of Board and Committee policies, procedures and disclosure;</p> <p>Provides oversight related to direct or indirect compensation to Board members.</p>	<p><b>Chair:</b> Shama Ahmed</p> <p><b>Members:</b> Shama Ahmed, Graysanne Bedell, Newton Chan, Ashley Reid</p>	<p>Quarterly, and as required</p> <p>2 hours per month</p>
<p><b>Marketing Committee (Standing)</b></p> <p>Oversees the development and implementation of the Marketing Plan;</p> <p>Oversees member acquisition and engagement;</p> <p>Guides strategy and planning for marketing, member activities and events;</p> <p>Works with the Finance and Planning Committee on product offering review and development.</p>	<p><b>Chair:</b> Pieter de Koning</p> <p><b>Members:</b> Pieter de Koning, Thomas Haubenreisser, Doug Finley, Jennifer Bryan</p>	<p>Monthly, and as required</p> <p>2 hours per month</p>
<p><b>New Business Committee (Standing)</b></p> <p>Assists with the identification and evaluation of new business opportunities;</p> <p>Guides research into new business models;</p> <p>Reviews and vets potential investments;</p> <p>Works with the Finance and Planning Committee to assess the risks associated with new business;</p> <p>Reviews and provides feedback on investment and planning models.</p>	<p><b>Chair:</b> Khalid Grant</p> <p><b>Members:</b> Khalid Grant, Alison Goudy, Richard Sung, Graysanne Bedell, Mike Brigham, Newton Chan</p>	<p>Monthly, and as required</p> <p>3 hours per month</p>



SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Audit Committee (Standing)</b></p> <p>Oversees the independence, qualifications and approval of the external auditor;</p> <p>Ensures the integrity of SolarShare’s financial statements;</p> <p>Facilitates and guides the annual financial audit;</p> <p>Takes responsibility for the management of SolarShare’s financial systems and internal controls.</p>	<p><b>Chair:</b> Ashley Reid</p> <p><b>Members:</b> Ashley Reid, Thomas Haubenreisser, David Robertson, Ron Seftel</p>	<p>As required</p> <p>3 hours per meeting</p>
<p><b>Operations and Maintenance Committee (Standing)</b></p> <p>Provides guidance and oversight to staff regarding maintenance, service calls, warranty work, insurance claims, purchasing and inventory;</p> <p>Reviews expenditures and oversee annual budgeting for maintenance;</p> <p>Monitors monthly generation and maintenance expenditures against budget;</p> <p>Oversees negotiation of and approve final contracts with third party service providers;</p> <p>Explores ways to boost generation and reduce project operating costs.</p>	<p><b>Chair:</b> Mike Bringham</p> <p><b>Members:</b> Mike Bringham, Patrick Collie, Ambrose Raftis, Pieter de Koning, David Crockett</p>	<p>Monthly, and as required</p> <p>3 hours per month</p>

SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Human Resources Committee (Ad Hoc)</b></p> <p>Oversees annual employee performance review, Conducts the performance review of General Manager</p> <p>Provides input to human resources materials such as policies, performance reviews, and work plan templates as necessary</p> <p>Recommends employee hiring, compensation and benefits, discipline, and termination</p> <p>Provides guidance regarding specific human resources issues</p>	<p><b>Chair:</b> Shama Ahmed</p> <p><b>Members:</b> Shama Ahmed, Alison Goudy, Jen Aitchison, Ashley Reid</p>	<p>As required</p> <p>2 hours per meeting</p>

## SCHEDULE N – SOLARSHARE MEMBERS

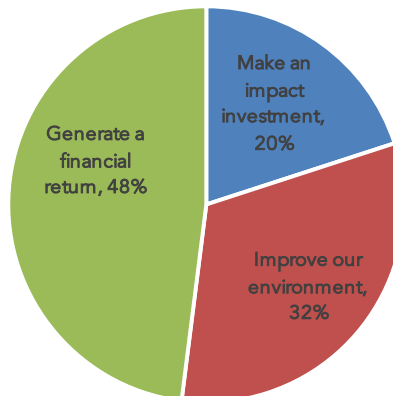
As of December 31, 2018, SolarShare has a diverse membership comprised 1,688 individuals and institutions who have invested over \$39 million in Solar Bonds, earning \$4 million in interest.



*Figure 10: SolarShare members advocating for renewable energy.*

- 20% of our members are under 40 years of age
- 90% are University educated
- 80% feel they have the power to create positive change in their community
- 22% hold their Solar Bonds in a Registered Plan



Ontario residents and institutions invest in SolarShare seeking to:









*Figure 11: Reasons SolarShare members choose to invest.*




## SCHEDULE O – PROJECT DESCRIPTIONS

*Table 15: Project Descriptions*

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
SOLARSHARE							
SunFields (17 sites)	204	2031-05-10	Manitoulin Island & North Huron County	0.802	MicroFIT	100%	
Waterview	438	2031-11-19	Mississauga	0.635	FIT 1	100%	




PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Panjetan	130	2035-02-25	Markham	0.539	FIT 2	100%	
Earlton Arena	300	2036-02-28	Earlton	0.329	FIT 3	100%	
Dewey	300	2037-08-27	Kingston	0.288	FIT 3	100%	
VAN KIRK AND CLAREMONT JOINT VENTURES							




PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
111 Van Kirk	600	2035-02-20	Brampton	0.539	FIT 2	51%	
153 Van Kirk	600	2035-02-20	Brampton	0.539	FIT 2	51%	
Claremont	100	2035-02-25	Pickering	0.548	FIT 2	51%	
CSA 1							

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Ontario Street	140	2032-11-13	St. Catharines	0.713	FIT 1	100%	
Goodmark	133	2033-11-19	Toronto	0.713	FIT 1	100%	
Michael Street	150	2033-09-23	Ottawa	0.713	FIT 1	100%	

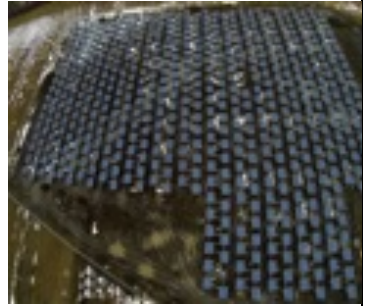


PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Champion Mushroom	249	2033-07-14	Moose Creek	0.713	FIT 1	100%	
Vanastra	366	2034-04-13	Clinton	0.713	FIT 1	100%	
CSA 2							
Summerville	300	2034-10-05	Mississauga	0.539	FIT 2	100%	



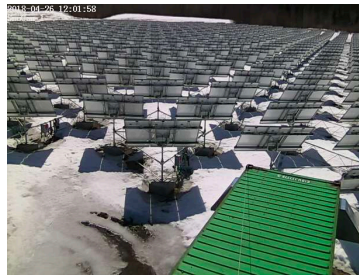


PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
80 Van Kirk	600	2035-02-20	Brampton	0.539	FIT 2	100%	
Holtby	600	2034-10-01	Brampton	0.539	FIT 2	100%	
Midair	600	2035-02-20	Brampton	0.539	FIT 2	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Keele	300	2035-02-25	Vaughan	0.539	FIT 2	100%	
Basaltic	300	2035-02-19	Vaughan	0.539	FIT 2	100%	
Orenda	300	2035-04-22	Brampton	0.539	FIT 2	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Abilene	600	2035-02-25	Mississauga	0.539	FIT 2	100%	
Stronach	300	2036-03-01	Aurora	0.329	FIT 3	100%	
CSA 4							
Lovell	600	2037-06-07	Kingston	0.285	FIT 3	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Wintergreen	600	2037-06-07	Kingston	0.298	FIT 3	100%	
Kaladar	300	2037-06-18	Kaladar	0.298	FIT 3	100%	
Sundance 1	600	2037-08-26	Timiskaming	0.298	FIT 3	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Sundance 2	600	2037-08-27	Timiskaming	0.298	FIT 3	100%	
Sundance 3	600	2037-08-27	Timiskaming	0.298	FIT 3	100%	
Sundance 4	600	2037-08-26	Timiskaming	0.298	FIT 3	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Sundance 5	600	2037-08-26	Timiskaming	0.298	FIT 3	100%	
Sundance 6	600	2037-08-27	Timiskaming	0.298	FIT 3	100%	
Sundance 7	600	2037-08-26	Timiskaming	0.298	FIT 3	100%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Sundance 8	600	2037-08-26	Timiskaming	0.298	FIT 3	100%	