



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 January 1, 2021.

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 December 31, 2021 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 6<sup>th</sup> day of January 2021.

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")

January 1, 2021

MAXIMUM TOTAL TO BE RAISED UNDER THIS OFFERING STATEMENT: \$16,000,000

**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 \$35.7 million outstanding as of December 31, 2019. SolarShare also employs long-term project debt with a value outstanding of \$14.5 million, described in Section 13 and 16.7 or 16.8 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 one Solar Bond: a five-year bond earning 4% annual interest.

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 the Province 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 of each lease of property where a project is located, which mortgage is registered in the Land Registry Offices in Ontario where the projects are located; and
- with respect to each project, a security interest in certain of the assets and personal property of, as applicable, SolarShare and the SPVs, related to the applicable project, which security interest is perfected pursuant to the Personal Property Security Act of Ontario (see Section 9.1 for more details).

A traditional mortgage is usually applied to appreciating assets such as land, whereas the mortgages registered are on leases, 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 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 December 31, 2021. No further securities may be issued after this date unless a new Offering Statement is filed and receipted.**

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## 1 GLOSSARY, DEFINITIONS AND INTERPRETATION

### 1.1 Glossary, Definitions

In this Offering Statement, unless the context requires otherwise:

**"5-Year Solar Bond"** refers to bonds with a term of five years issued by SolarShare, including those being offered under this Offering Statement.

**"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 previously 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.

**"board"** means the board of directors of SolarShare

**"Bondholders"** means the holders from time to time of Solar Bonds.

**"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.

**"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 Contract"** means an agreement made with the IESO in accordance with the FIT Program, and includes a FIT 1 Contract, a FIT 2 Contract a FIT 3 Contract a FIT 4 Contract and a FIT 5 Contract. SolarShare currently owns projects with FIT 1 Contracts, FIT 2 Contracts and FIT 3 Contracts.

**"FIT 1 Contract"** means a FIT Contract with the IESO pursuant to an application made in accordance with the FIT Program, and which is not a FIT 2 Contract, a FIT 3 Contract, a FIT 4 Contract or a FIT 5 Contract.

**"FIT 2 Contract"** means a FIT Contract with the IESO pursuant to an application made in accordance with the FIT Program between 14 December, 2012 and 18 January, 2013.

**"FIT 3 Contract"** means a FIT Contract with the IESO pursuant to an application made in accordance with the FIT Program between 4 November 2013 and 13 December, 2013.

**"FIT 4 Contract"** means a FIT Contract with the IESO pursuant to an application made in accordance with the FIT Program between 5 October, 2015 and 23 October, 2015.

**"FIT 5 Contract"** means a FIT Contract with the IESO pursuant to an application made in accordance with the FIT Program between 7 November, 2016 and 25 November, 2016.

**"FIT Program"** means the renewable energy Feed-In-Tariff program established by the IESO, which, pursuant to a FIT Contract, provides for 20 years of guaranteed rates per kilowatt hour paid for electricity delivered from a FIT project. 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.

**"FIT project"** means a qualified renewable energy project that is located in Ontario, with a capacity greater than 10 kilowatts to generate electricity exclusively from a single renewable energy source that is one of on-shore wind, solar (PV) (rooftop), solar (PV) (Non-Rooftop), renewable biomass, biogas, landfill gas or waterpower, and which delivers that electricity through its own meter to the IESO-controlled grid or a distribution system for electricity that is connected to the IESO-controlled grid and is the subject of a FIT Contract.

**"GEA"** means Ontario's Green Energy and Green Economy Act, 2009, which was the legislation enacted by the Government of Ontario that created the MicroFIT Program and the FIT Program. The GEA was repealed in late 2018, but with no effect on most completed FIT projects 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.

**"Joint Venture Security Interest"** has the meaning given to it in Section 9.1 below.

**"MicroFIT Contract"** means an agreement with the IESO made in accordance with the MicroFIT Program.

**"MicroFIT Program"** means the renewable energy Feed-in-Tariff program established by the OPA, which, pursuant to a MicroFIT Contract, provides for 20 years of guaranteed rates per

kilowatt hour paid for electricity delivered from qualified renewable energy projects having a capacity for the generation of electricity that is 10 kilowatts or less.

**"MicroFIT project"** means a qualified renewable energy project having a capacity for the generation of electricity that is 10 kilowatts or less and which is the subject of a MicroFIT Contract.

**"MicroFIT Projects Security Interest"** has the meaning given to it in Section 9.1 below.

**"Net Income"** means all revenues (including Project Revenues and other revenues) minus all expenses (including Project Expenses, amortization, interest, general and administrative and other expenses).

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

**"Operating Income"** means, with respect to a project, the Project Revenues of the project including any interest paid or payable on Reserve Accounts, minus the Project Expenses of the project.

**"Project Expenses"** means, with respect to a project, all expenditures in respect to the operations of the project, 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 Leasehold Mortgages"** has the meaning given to it in Section 9.1 of this Offering Statement.

**"Project Revenues"** means, with respect to a project, the sum of all amounts received or receivable from the operation of the project 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.

**"Renewable Energy Fund Agreement"** means an agreement made between SolarShare and TREC, dated January 17, 2012.

**"security interest"** means an interest in assets, undertaking and property, both real and personal, which secures payment or performance of an obligation, and any such interest that is created by assignment, mortgage, charge, hypothecation and pledge or any one or more of the foregoing.

**"Solar Bonds Security"** includes:

- the SPV FIT Projects Security Interests, SolarShare FIT Projects Security Interests, any Joint Venture Security Interest, and the MicroFIT Projects Security Interests;
- the Project Leasehold Mortgages; and
- the Timiskaming Mortgage,

as described more particularly in Section 9.1 below.

**"SolarShare FIT Projects Security Interest"** has the meaning given to it in Section 9.1 below.

**"SolarShare Joint Venture Interest"** means the joint venture interests that SolarShare owns and through which it participates in the operation of one or more FIT projects.

**"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. SolarShare's SPVs include CSA 1, CSA 2 and CSA 4.

**"SPV FIT Projects Security Interest"** has the meaning given to it in Section 9.1 below.

**"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.

**"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.

**"Trust Agreement"** means the agreement made between SolarShare and Brian Iler, as trustee, dated 29 October, 2012, as amended or restated at any time or from time to time.

**"Trustee"** means the person who is appointed, and who has accepted, to exercise the trusts and other obligations under the Trust Agreement, and includes any successors appointed in accordance with the terms of the Trust Agreement.

## **1.2 Interpretation**

In this Offering Statement, unless the context requires another interpretation, a reference to "SolarShare projects" (or any similar reference) includes the projects that are owned and operated by CSA 1, CSA 2 and CSA 4, as well as projects operated through a joint venture in which SolarShare has an interest.



## 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 31<sup>st</sup>

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



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

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

#### **3.1      Background**

SolarShare was established in 2010 with the goal of fostering democratically controlled 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 fixed price contracts that guarantee a certain price is paid for electricity sold to the grid over a 20-year period. After payment of interest on term loans and Solar Bonds, cash flows, are applied to meet the capital needs of the SolarShare and to repay principal on the term loans and Solar Bonds. As a not-for-profit co-operative, surplus cash flows may not be distributed to SolarShare's members.

SolarShare presently owns and operates 49 solar PV projects that have reached Commercial Operation and are generating electricity under a FIT Contract 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 private lenders, Solar Bonds issued by SolarShare, and commercial debt. SolarShare successfully secured \$4.2 million in long-term debt from Equitable Life Insurance for a portfolio of projects held in CSA 1 and \$13.2 million in long-term debt from CorpFinance International Ltd. for a portfolio of projects held in CSA 2. To date, SolarShare has raised close to \$55 million from the sale of 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**

SolarShare's Articles of Amalgamation 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 Co-operative Corporations Act and therefore cannot pursue projects that do not meet the definitions set out in the Articles.

### 3.4 Management and Administration of SolarShare

The board 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. Individual directors may also be involved in the daily management of SolarShare.

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 as well as investor management. The general terms of the service agreement with TREC and Tapestry Capital are described in Section 16 below. SolarShare also contracts with two private service providers for maintenance of its projects.

Due to the COVID-19 pandemic, the SolarShare office is closed to the public and staff members are working from home. Wherever possible, SolarShare meetings (including the Annual General Meeting) are held remotely using conferencing technologies.

### 3.5 Board and Committee Experience

SolarShare’s By-laws (Organizational By-law – see Schedule D to this Offering Statement) stipulate that the board shall consist of a minimum of five and a maximum of twelve directors. The board 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)	RESIDENCE	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Mike Brigham (2010)	Toronto	President, Director	Business Owner and philanthropist	Business development, finance, operations and maintenance	Finance and Planning, New Business, Operations and Maintenance

NAME (Director Since)	RESIDENCE	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Ron Seftel (2019)	Toronto	Treasurer, Director	Chief Financial Officer	Finance, planning, renewable energy	Audit, Finance and Planning
Shama Ahmed (2017)	Toronto	Director	Senior Manager, Corporate Citizenship	Financial Services strategy and engagement	Governance, Human Resources
Ashley Reid (2019)	Kitchener- Waterloo	Director	Senior Manager, Internal Audit and Compliance	Finance and planning, audit, compliance	Audit, Finance and Planning
Pieter de Koning (2017)	Toronto	Director	Engineer	Business strategy, marketing, technical analysis	Marketing, Operations and Maintenance
Glen Campbell (2018)	Toronto	Director	Retired Telecom and Capital Markets Executive	Finance and planning, financing strategy	Finance and Planning
Patrick Collie (2018)	Toronto	Director	Engineer-In- Training	Operations and maintenance, technical analysis	Operations and Maintenance
Khalid Grant (2018)	Toronto	Director	Program Manager, Solar and Storage	Business strategy, Technical analysis	New Business
Graysanne Bedell (2019)	Toronto	Director	Retired lawyer, former corporate legal counsel	Governance, new business, negotiation	Governance, New Business

NAME (Director Since)	RESIDENCE	TITLE	OCCUPATION	SOLARSHARE ROLE	COMMITTEE MEMBERSHIP
Brian Iler	Toronto	Secretary, Past Board Member	Lawyer	Regulatory strategy and legal compliance	
David Robertson	Toronto	Committee Member, Past Board Member	Chartered Professional Accountant	Financial controls and compliance, budgeting, financing strategy	Finance and Planning, Audit
Jen Aitchison	Toronto	Committee Member, Past Board Member	Sr. VP, Sustainable Energy Insurance	Insurance, human resources	Human Resources
Alison Goudy	Toronto	Committee Member, Past Board Member	Entrepreneur / Business Owner	Business development, financial analysis, human resources	New Business, Human Resources
Doug Finley	Toronto	Committee Member	Software Executive	Marketing sales and communications strategy	Finance and Planning, Marketing
Thomas Haubenreisser	Toronto	Committee Member, Past Board Member	Retired banking executive	Financing strategy, marketing, compliance, finance and planning	Finance and Planning, Marketing
Newton Chan	Vaughan	Committee Member	Consultant	Governance and new business strategy	Governance, New Business
Amy Zhang	Vaughan	Committee Member	Accountant	Finance strategy	Finance and Planning

### **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 for the management of SolarShare.

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.

SolarShare also employs several local technicians part-time in the Timiskaming and Kingston areas to provide site maintenance services for SolarShare's ground mounted projects in those regions.

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**

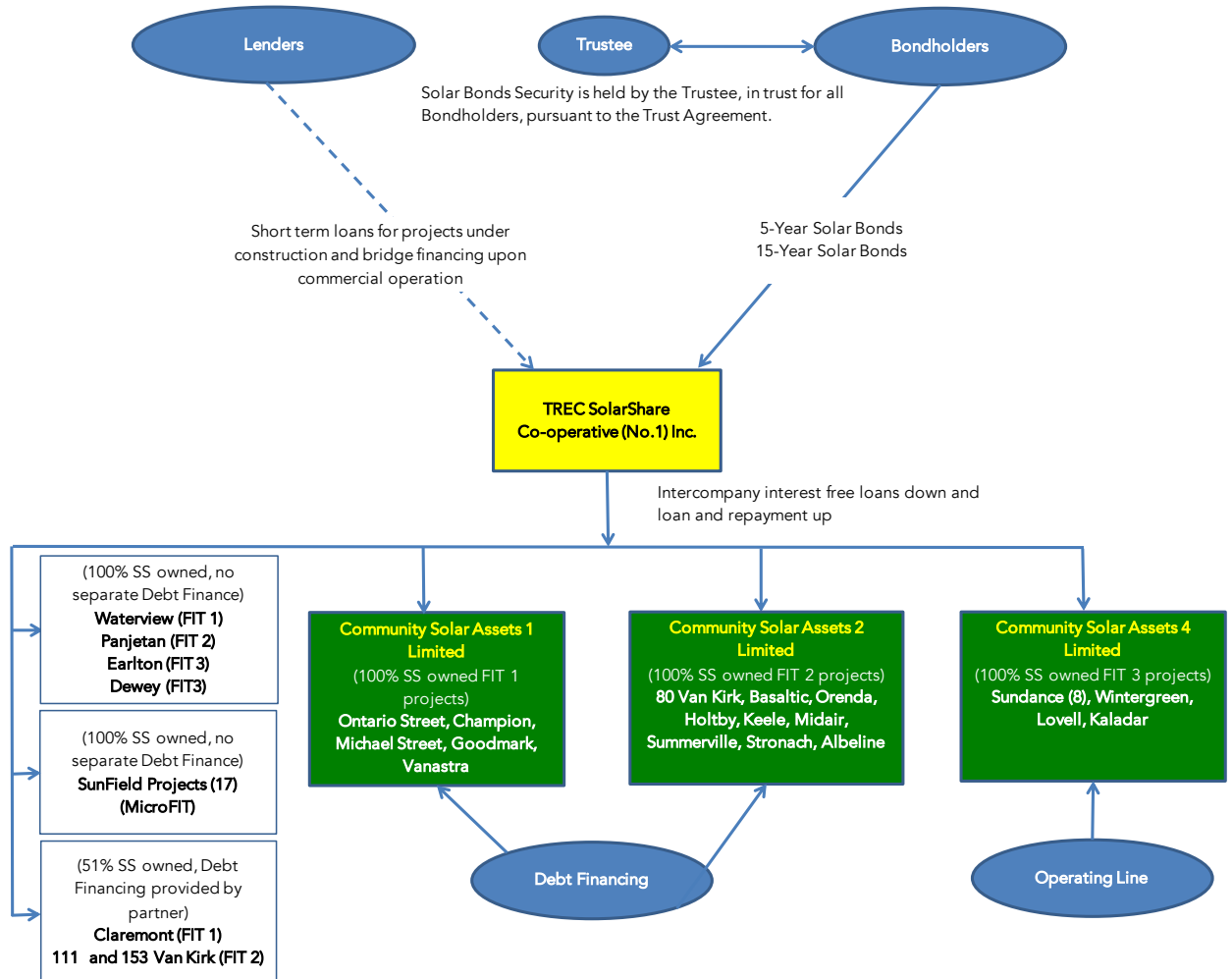
SolarShare holds some of its projects directly, while it holds others in its SPVs (i.e. CSA 1, CSA 2 and CSA 4). SolarShare also holds 51% interest in three additional projects under two different joint ventures.

In the past, SolarShare has received construction and bridge financing from 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 may secure similar debt financing should it be required in the future.

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

## SOLARSHARE CORPORATE STRUCTURE



### ASSET SECURITY PRIORITY

	First	Second	Third
CSA 1	Debt Financing	Holders of Solar Bonds	N/A
CSA 2	Debt Financing	Holders of Solar Bonds	N/A
CSA 4	Holders of Solar Bonds	Secured Lenders (if any)	Unsecured lenders, such as 227118 Holdings Ltd., Morgan Solar and Solera Loans
SolarShare	Holders of Solar Bonds	Secured Lenders (if any)	Unsecured lenders, such as 227118 Holdings Ltd., Morgan Solar and Solera Loans

### LEGEND

- Individuals or organizations
- Non share capital not for profit co-operative corporation incorporated under Ontario Co-c
- Share capital corporation incorporated under Ontario Business Corporations Act
- Directly owned solar projects

Table 2: SolarShare Company Descriptions

ENTITY	DESCRIPTION
SolarShare	<p>The parent co-operative that owns some of the projects outright, others through its SPVs, 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 projects pursuant to FIT 1 Contracts. SolarShare is the sole shareholder of CSA 1. The Debt Financing provided to CSA 1 for the FIT projects that it owns was provided by Equitable Life Insurance Company and is secured by the project assets held within CSA 1 only. The assets of the projects held directly by SolarShare and the assets of the projects held within CSA 2 and CSA 4 are not included in the security for the Debt Financing provided by Equitable Life Insurance Company.</p>
Community Solar Assets 2 (CSA 2)	<p>An SPV that holds FIT Projects pursuant to FIT 2 and FIT 3 Contracts. SolarShare is the sole shareholder of CSA 2. The Debt Financing provided to CSA 2 for the FIT projects that it owns was provided by CorpFinance International and is secured by the project assets 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 Debt Financing provided by CorpFinance International.</p>
Community Solar Assets 4 (CSA 4)	<p>An SPV that holds FIT projects pursuant to FIT 3 Contracts. SolarShare is the sole shareholder of CSA 4. There is currently no Debt Financing outstanding in place for CSA 4.</p>
Joint Ventures	<p>SolarShare owns a 50.9% interest in a joint venture that operates two FIT projects, 111 Van Kirk and 153 Van Kirk, which are both the subject of FIT 2 contracts.</p> <p>SolarShare also owns a 51% interest in a joint venture that operates a FIT project, referred to as Claremont which is the subject of a FIT 1 Contract. The other joint venturers are 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 Financing 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 equipment 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 individuals who are 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, and is subject to a \$50 transfer fee, in accordance with SolarShare's by-laws. SolarShare may at its discretion charge members reasonable administrative fees.

The members of SolarShare have a right under the Co-operative Corporations 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, and in the case of projects owned and operated through the SPVs, the applicable SPV hold 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,

Conservation and Parks for the Province of Ontario. 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 and the SPVs have entered into lease agreements with property owners to host the 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 construction and/or other private lenders. SolarShare may continue to use financing from

private or other suitable lenders for the acquisition of additional projects in Ontario or for other purposes.

#### 3.15.2 Re-Financing

Financing from construction/bridge lenders 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 Financing 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

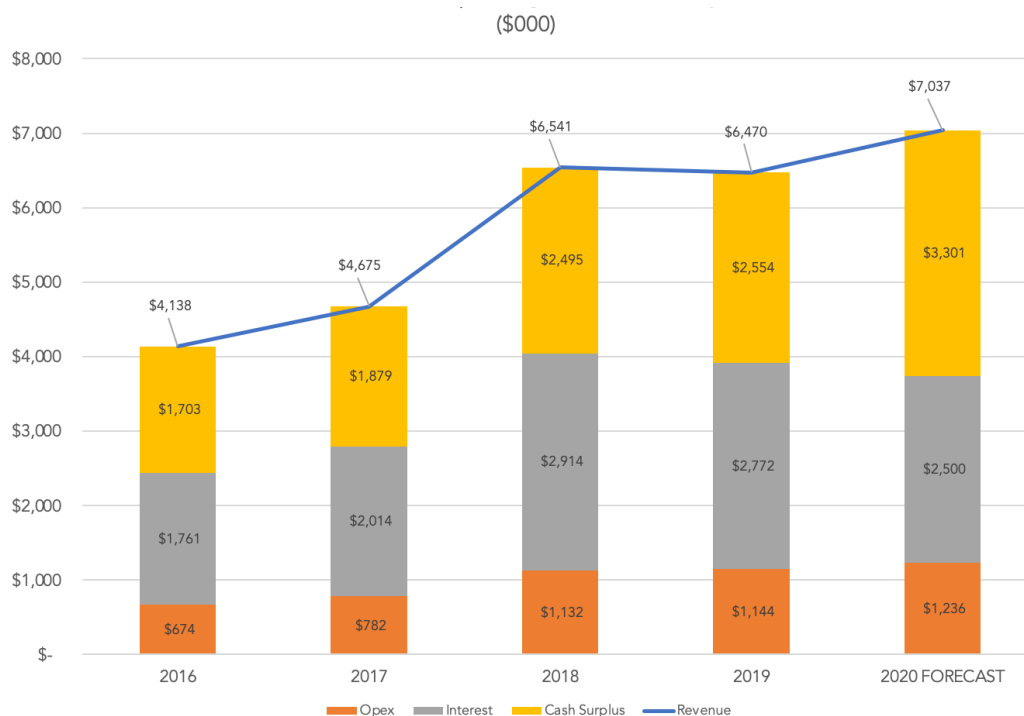
SolarShare projects a positive cash flow and is projected to increase over time at an accelerating rate as aggregate debt and associated interest expenses decline. As shown in Schedule A – Pro Forma Financial Statements, Annual Net Income is forecast to become positive in 2022 and to continue to increase as the balance of Solar Bonds and debt outstanding (and therefore annual interest) decreases.

Actual performance and solar modelling software is used to estimate electricity generation from each project. The software uses historic meteorological data including 20-year averages for irradiance (sunlight) with allowances for panel degradation and downtime (as described under Section 5 below).

SolarShare's portfolio of solar assets includes 49 individual projects, all operating with MicroFIT or FIT Contracts. All but three projects are 100% owned by SolarShare, or by one of its three SPVs. Two projects are 51% owned by SolarShare, with 49% owned by the landowner 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 5 below summarizes the operating cash flow performance history of SolarShare (includes 100% of Van Kirk Joint Venture revenue). Revenue increased from \$4.1 million in 2016 to \$6.5 million in 2018 primarily due to the addition of the CSA 4 portfolio. Forecast revenues increase from 2019 to 2020 due to operational improvements in the CSA 4 portfolio.

*Figure 5: Operating Cash Flow History*



The table in Section 4.2 below provides a multi-year summary of consolidated revenues (Project Revenue and other revenue) and cash flows, including the twelve months to September 30, 2020, and projections for 2021. Further details of our projections for each of the entities (joint venture, CSA 1, CSA 2 and CSA 4) are provided in subsequent sections below.

## 4.2 Consolidated Operating Results and Forecasts

Year to December 31	Historic Actuals				Current Year 2020			Forecast
	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>Consolidated Totals (\$ thousands)</b>								
<b>Project Revenues</b>								
SolarShare	679	745	712	822	771	746	860	893
CSA 1	844	779	780	716	680	662	753	748
CSA 2	2,405	2,270	2,287	2,236	2,094	2,052	2,365	2,348
CSA 4	0	487	2,369	2,338	2,203	2,356	2,682	2,454
VanKirk Joint Venture	413	774	771	703	651	642	741	736
Subtotal	4,341	5,055	6,919	6,815	6,399	6,458	7,401	7,180
Minority Interest in VK Joint Venture	203	380	379	345	320	315	364	362
<b>TOTAL</b>	<b>4,138</b>	<b>4,675</b>	<b>6,541</b>	<b>6,470</b>	<b>6,079</b>	<b>6,143</b>	<b>7,037</b>	<b>6,818</b>
<b>Project Expenses</b>								
SolarShare	181	187	169	209	161	178	220	395
CSA 1	129	122	214	148	93	117	146	104
CSA 2	315	332	362	376	281	288	376	276
CSA 4	0	48	291	317	240	294	390	303
VanKirk Joint Venture	96	185	186	187	139	156	204	144
Subtotal	721	873	1,223	1,236	915	1,033	1,336	1,222
Minority Interest in VK Joint Venture	47	91	91	92	68	77	100	71
<b>TOTAL</b>	<b>674</b>	<b>782</b>	<b>1,132</b>	<b>1,144</b>	<b>847</b>	<b>957</b>	<b>1,236</b>	<b>1,152</b>
<b>Operating Income</b>								
SolarShare	498	558	542	614	610	568	640	498
CSA 1	715	657	566	568	587	545	607	644
CSA 2	2,089	1,939	1,924	1,860	1,812	1,764	1,988	2,072
CSA 4	(0)	439	2,078	2,021	1,963	2,062	2,292	2,151
VK Joint Venture (net of minority interest)	162	300	298	262	260	247	274	302
Subtotal	3,463	3,892	5,409	5,325	5,233	5,186	5,800	5,666
Co-op	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,463</b>	<b>3,892</b>	<b>5,409</b>	<b>5,325</b>	<b>5,233</b>	<b>5,186</b>	<b>5,800</b>	<b>5,666</b>
<b>Interest Expense</b>								
SolarShare	1,572	1,688	2,074	1,959	1,358	1,277	1,702	1,751
CSA 1	188	164	169	158	111	111	147	135
CSA 2	0	162	671	635	453	453	599	562
CSA 4				20	86	52	52	9
<b>Total Interest Expense</b>	<b>1,761</b>	<b>2,014</b>	<b>2,914</b>	<b>2,772</b>	<b>2,009</b>	<b>1,894</b>	<b>2,500</b>	<b>2,449</b>
<b>Net Operational Cashflow, post-interest</b>	<b>1,703</b>	<b>1,878</b>	<b>2,495</b>	<b>2,554</b>	<b>3,224</b>	<b>3,293</b>	<b>3,301</b>	<b>3,218</b>
<b>General Revenues</b>								
<b>TOTAL General Revenues</b>	<b>39</b>	<b>34</b>	<b>36</b>	<b>23</b>	<b>28</b>	<b>6</b>	<b>8</b>	<b>27</b>
<b>General Expenses</b>								
Subtotal	688	663	664	586	490	470	630	520
Minority Interest in VK Joint Venture	10	6	4	3	3	2	3	3
<b>TOTAL General Expenses</b>	<b>678</b>	<b>657</b>	<b>659</b>	<b>583</b>	<b>487</b>	<b>468</b>	<b>627</b>	<b>517</b>
<b>Non-Operational Gain/Loss</b>	<b>(639)</b>	<b>(623)</b>	<b>(624)</b>	<b>(560)</b>	<b>(459)</b>	<b>(462)</b>	<b>(618)</b>	<b>(490)</b>
<b>Net Cashflow After Interest/General Expenses</b>	<b>1,064</b>	<b>1,255</b>	<b>1,872</b>	<b>1,993</b>	<b>2,765</b>	<b>2,831</b>	<b>2,683</b>	<b>2,728</b>
<b>Amortization</b>								
Solarshare	164	385	402	443	331	326	435	431
CSA 1	328	341	333	332	249	249	332	333
CSA 2	902	930	979	980	743	734	979	967
CSA 4	0	337	1,216	1,225	918	971	1,295	1,221
<b>TOTAL Amortization</b>	<b>1,394</b>	<b>1,994</b>	<b>2,929</b>	<b>2,980</b>	<b>2,241</b>	<b>2,281</b>	<b>3,041</b>	<b>2,952</b>
<b>Net Income After Amortization</b>	<b>(331)</b>	<b>(739)</b>	<b>(1,058)</b>	<b>(987)</b>	<b>524</b>	<b>550</b>	<b>(358)</b>	<b>(224)</b>
<b>Total Revenue</b>	<b>4,177</b>	<b>4,708</b>	<b>6,576</b>	<b>6,493</b>	<b>6,108</b>	<b>6,149</b>	<b>7,045</b>	<b>6,845</b>
<b>Total Expense</b>	<b>4,507</b>	<b>5,447</b>	<b>7,634</b>	<b>7,479</b>	<b>5,583</b>	<b>5,599</b>	<b>7,403</b>	<b>7,069</b>
<b>Net Income</b>	<b>(331)</b>	<b>(739)</b>	<b>(1,058)</b>	<b>(987)</b>	<b>524</b>	<b>550</b>	<b>(358)</b>	<b>(224)</b>

## NOTES:

SolarShare's revenue projections are based on historic performance and/or 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 anticipated Project Revenue generation year to year across SolarShare's portfolio of projects are weather 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 – 2020 Revenue Results: In 2016, Project Revenue generation exceeded expectations due to advantageous weather conditions throughout the year, particularly in the final three quarters of the year. In 2017 through 2019, Project Revenue generation was reduced by poor weather conditions in Q1 and Q4, while conditions and therefore revenue generation in Q2 and Q3 were generally in-line with expectations. Weather conditions in the first quarter of 2020 resulted in reduced Project Revenue; however, Project Revenue generation in Q2 and Q3 has been higher than expected and year to date revenues as of September 30, 2020 are consistent with budgeted revenues.

2021 Forecast: Project Revenue across the SolarShare project portfolio is forecast to decrease from 2020 to 2021 primarily due to reduced Project Revenue forecasts for the CSA 4 projects.

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

Year to December 31	Historic Actuals				Current Year 2020			Forecast
	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>SolarShare (\$ thousands)</b>								
<b>Project Revenues</b>								
Sunfields	275	245	243	238	224	200	231	229
Waterview	295	262	262	262	249	256	295	293
Panjetan	108	96	97	92	87	82	94	93
Operations General	0	0	0	0	0	0	0	0
Earlton	0	140	84	79	80	85	98	97
Dewey	0	0	28	128	116	109	130	129
Claremont JV	0	0	0	23	15	13	13	52
<b>Total</b>	<b>679</b>	<b>742</b>	<b>714</b>	<b>822</b>	<b>771</b>	<b>746</b>	<b>860</b>	<b>893</b>
<b>Project Expenses</b>								
Sunfields	64	62	81	71	72	62	72	54
Waterview	75	65	63	66	44	58	75	280
Panjetan	22	24	25	22	17	21	27	19
Operations General	20	25	(24)	3	2	5	7	0
Earlton	0	10	16	23	15	17	21	15
Dewey	0	0	8	20	10	15	18	13
Claremont JV	0	0	0	3	1	0	0	10
Expenses incurred on behalf of Claremont JV	0	0	1	0	0	0	0	4
<b>Total</b>	<b>181</b>	<b>187</b>	<b>169</b>	<b>209</b>	<b>161</b>	<b>178</b>	<b>220</b>	<b>395</b>
<b>Operating Income</b>								
Sunfields	212	183	162	167	152	138	158	175
Waterview	220	196	199	196	204	198	220	13
Panjetan	87	72	73	70	71	62	67	74
Operations General	(20)	(25)	24	(3)	(2)	(5)	0	0
Earlton	0	130	68	56	65	67	77	82
Dewey	0	0	20	108	107	94	111	115
Claremont JV	0	0	(1)	22	15	13	13	48
<b>Total</b>	<b>498</b>	<b>556</b>	<b>544</b>	<b>617</b>	<b>611</b>	<b>568</b>	<b>647</b>	<b>508</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 Contract, FIT 2 Contract and FIT 3 Contract contracts.

The performance of the portfolio of projects directly held by SolarShare in 2020 has been excellent, with Project Revenues 3% greater than forecast and Project Expenses 10% lower than forecast to September 30, 2020.

Project Revenue for Waterview year to date 2020 are just under budget in part because the amorphous silicone panels used in the Waterview project degrade more rapidly than conventional silicone panels. SolarShare is investigating economically beneficial options to retrofit the system with conventional solar panels. Waterview's Project Revenue was reduced in 2019 due to an inverter failure; replacement parts for these inverters are now held in SolarShare's inventory. A re-roofing expense was planned in 2019, but did not occur in 2019 and is now accounted for within the major maintenance reserve.

Project Revenue for the Earlton project is slightly under budget year to date in 2020 due to poorer than expected weather conditions. A number of panels have been damaged and replaced under warranty at Earlton due to baseballs impacting the panels from a nearby baseball field. SolarShare is working with the municipality to erect a net to prevent damage from baseballs in future.

Project Expenses for the Sunfields projects are higher than budgeted due to the replacement of problematic anemometers and the repair of a number of dual axis tracker systems. SolarShare is investigating economically beneficial options to retrofit the Sunfields systems and reduce Project Expenses.

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

Year to December 31	Historic Actuals				Current Year 2020			Forecast
	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>VanKirk Joint Venture (\$ thousands)</b>								
<b>Project Revenues</b>								
111 Van Kirk	209	392	394	373	331	332	384	382
153 Van Kirk	204	382	377	329	320	309	357	355
<b>Total</b>	<b>413</b>	<b>774</b>	<b>771</b>	<b>703</b>	<b>651</b>	<b>642</b>	<b>741</b>	<b>736</b>
<b>Project Expenses</b>								
111 Van Kirk	47	92	93	95	69	78	102	72
153 Van Kirk	48	92	92	92	71	78	102	72
<b>Total</b>	<b>96</b>	<b>185</b>	<b>186</b>	<b>187</b>	<b>139</b>	<b>156</b>	<b>204</b>	<b>144</b>
<b>Operating Income</b>								
111 Van Kirk	162	299	301	278	262	254	282	310
153 Van Kirk	156	290	285	237	249	231	255	283
<b>Total</b>	<b>318</b>	<b>589</b>	<b>585</b>	<b>515</b>	<b>512</b>	<b>486</b>	<b>538</b>	<b>592</b>

#### NOTES:

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

The Van Kirk Joint Venture portfolio has performed as expected year to date in 2020, with Operating Income slightly greater than budgeted.

In the spring of 2019, the single central inverter at the 153 Van Kirk project, and as a result the project did not generate any Project Revenue for more than one month due to an extremely long lead time to purchase replacement parts. Most of the lost Project Revenue was recovered through SolarShare's insurance. To reduce the risk of extended generation outages in future and to maximize Project Revenue, SolarShare has purchased a comprehensive inventory of key spare parts for its fleet of central inverters.

Please note that the Van Kirk Joint Venture partnership share of Project Revenue and Project 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 Project Revenue across SolarShare is higher as the joint venture amount is not removed from the total.

#### 4.5 CSA 1 Operating Results and Forecasts

Year to December 31	Historic Actuals				Current Year 2020			Forecast
	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>CSA 1 (\$ thousands)</b>								
<b>Project Revenues</b>								
Ontario Steet	125	116	113	112	103	94	108	108
Goodmark	110	101	123	57	84	79	90	90
Michael Street	113	102	101	96	90	91	105	105
Champion Mushroom	198	180	172	174	152	160	183	181
Vanastra	298	279	271	277	252	237	266	264
<b>Total</b>	<b>844</b>	<b>779</b>	<b>780</b>	<b>716</b>	<b>680</b>	<b>662</b>	<b>753</b>	<b>748</b>
<b>Project Expenses</b>								
Ontario Steet	23	21	24	22	16	20	25	18
Goodmark	16	18	102	37	14	15	20	14
Michael Street	22	21	21	22	15	19	25	24
Champion Mushroom	43	35	42	40	30	39	46	27
Vanastra	25	25	24	26	18	23	30	21
<b>Total</b>	<b>129</b>	<b>119</b>	<b>214</b>	<b>148</b>	<b>93</b>	<b>117</b>	<b>146</b>	<b>104</b>
<b>Operating Income</b>								
Ontario Steet	103	95	89	90	87	74	83	90
Goodmark	94	83	21	19	70	64	70	76
Michael Street	175	82	79	74	74	72	80	81
Champion Mushroom	70	145	130	133	122	121	136	155
Vanastra	273	254	247	252	234	214	237	244
<b>Total</b>	<b>715</b>	<b>660</b>	<b>566</b>	<b>568</b>	<b>587</b>	<b>545</b>	<b>607</b>	<b>644</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 Contract contracts, with a rate of 0.713 \$/kWh.

Operating Income for the CSA 1 portfolio has performed slightly better than expected year to date in 2020.

Due to the fire that occurred at the Goodmark project in spring of 2018 and subsequent technical issues associated with the newly installed optimization system, Project Expenses were greater than budgeted in 2018 and 2019, but are now slightly under budget year to date 2020. Project Revenue generation was higher than forecast in 2018 due to the insurance claim but lower than expected in 2019 due to the optimizer issues. Those optimizer issues have since been resolved and the project is performing as expected.

In 2016 and 2017, Project 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 Project Revenue budget was reduced to reflect this operational experience with the Michael Street project.

Finally, Champion Mushroom has experienced lower than budgeted Project Revenues due to frequent inverter arc-faults and extremely long warranty claims. SolarShare is working to improve the uptime and operation of these inverters and is investigating options for capital improvements.

#### 4.6 CSA 2 Operating Results and Forecasts

	Historic Actuals				Current Year 2020			Forecast
Year to December 31	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>CSA 2 (\$ thousands)</b>								
<b>Project Revenues</b>								
Summerville	174	163	162	153	146	140	163	162
80 Van Kirk	420	382	378	359	329	332	384	380
Holtby	350	320	285	324	282	280	324	322
Midair	391	370	369	353	334	340	384	381
Abilene	399	346	363	335	334	314	362	360
Keele	202	184	184	174	162	160	185	184
Basaltic	201	183	172	177	163	161	186	185
Orenda	195	166	171	163	157	153	177	176
Stronach	44	185	203	197	186	172	199	198
Earlton	28	(28)		0	0			
<b>Total</b>	<b>2,405</b>	<b>2,270</b>	<b>2,287</b>	<b>2,236</b>	<b>2,094</b>	<b>2,052</b>	<b>2,365</b>	<b>2,348</b>
<b>Project Expenses</b>								
Summerville	32	31	33	31	23	27	36	26
80 Van Kirk	11	66	68	66	50	55	72	52
Holtby	16	61	70	70	52	50	66	48
Midair	27	28	26	26	19	25	32	24
Abilene	66	26	23	21	16	21	27	21
Keele	58	7	10	11	11	9	11	9
Basaltic	21	49	52	55	42	39	51	37
Orenda	32	35	36	41	34	26	34	25
Stronach	12	30	46	55	34	36	47	34
Earlton	41	(1)						
<b>Total</b>	<b>315</b>	<b>332</b>	<b>362</b>	<b>376</b>	<b>281</b>	<b>288</b>	<b>376</b>	<b>276</b>
<b>Operating Income</b>								
Summerville	142	132	130	122	123	112	128	137
80 Van Kirk	409	316	310	293	279	278	312	328
Holtby	334	259	215	254	229	230	258	274
Midair	364	342	344	327	315	315	352	357
Abilene	333	320	340	314	318	293	335	339
Keele	144	177	174	163	151	151	174	175
Basaltic	180	135	119	122	121	122	134	148
Orenda	164	132	136	123	123	127	143	151
Stronach	32	155	157	142	153	136	152	163
Earlton	(12)	(28)	0	0	0	0	0	0
<b>Total</b>	<b>2,089</b>	<b>1,939</b>	<b>1,924</b>	<b>1,860</b>	<b>1,812</b>	<b>1,764</b>	<b>1,988</b>	<b>2,072</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 Contract contracts with a rate of 0.539 \$/kWh.

Operating Income for the CSA 2 portfolio is slightly higher than expected year to date in 2020.

Project Revenue for 80 Van Kirk was lower than anticipated in 2018 and 2019 due to damaged panels; these have now been replaced under warranty and revenue to date in 2020 is slightly under budget.

String inverters common to four of the nine projects in the CSA 2 portfolio were replaced on the Orenda site in late 2019 in order to provide an inventory of spare string inverters for CSA 2 projects, reducing downtime and improving Project Revenue. Project Expenses for the Orenda project are higher than expected year to date 2020 as the process of replacement continued into 2020.

The Abilene and Midair projects experienced intermittent inverter and combiner box faults from 2017 to 2019; these have now been corrected. Midair's revenue is lower than expected due to soiling due to activities from nearby industrial sites. SolarShare has also invested in an inventory of spare central inverter parts (Abilene and Midair both use central inverters) to improve Project Revenue generation and prevent unnecessary generation outages.

## 4.7 CSA 4 Operating Results and Forecasts

Year to December 31	Historic Actuals				Current Year 2020			Forecast
	2016 Actual	2017 Actual	2018 Actual	2019 Actual	Actual (9 months)	Forecast (9 months)	Forecast (Full Year)	2021 Forecast
<b>CSA 4 (\$ thousands)</b>								
<b>Project Revenues</b>								
Lovell	0	144	224	242	214	215	248	226
Wintergreen	0	154	239	247	220	225	260	237
Kaladar	0	71	99	123	106	113	130	123
Dane Tower	0	0	0	4	4	0	0	4
Sundance 1	0	0	206	212	204	227	257	234
Sundance 2	0	0	224	210	204	225	255	233
Sundance 3	0	12	235	216	208	225	255	233
Sundance 4	0	15	228	214	207	225	255	233
Sundance 5	0	24	235	218	210	225	255	233
Sundance 6	0	20	229	216	205	225	255	233
Sundance 7	0	24	233	219	210	225	255	233
Sundance 8	0	23	218	217	211	225	255	233
<b>Total</b>	<b>0</b>	<b>487</b>	<b>2,369</b>	<b>2,338</b>	<b>2,203</b>	<b>2,356</b>	<b>2,682</b>	<b>2,454</b>
<b>Project Expenses</b>								
Lovell	0	10	25	36	25	43	57	25
Wintergreen	0	10	26	24	22	21	28	24
Kaladar	0	5	17	14	11	13	18	17
Kingston General	0	0	0	0	8	16	21	12
Sundance General	0	0	0	0	48	40	58	32
Dane Tower	0	0	0	2	2	4	6	9
Sundance 1	0	1	28	18	13	17	22	21
Sundance 2	0	1	20	19	13	17	22	20
Sundance 3	0	3	25	23	17	20	26	23
Sundance 4	0	4	29	25	18	22	28	26
Sundance 5	0	3	20	18	13	17	22	21
Sundance 6	0	3	28	24	19	22	29	26
Sundance 7	0	5	31	25	19	23	30	25
Sundance 8	0	3	30	19	13	18	23	22
<b>Total</b>	<b>0</b>	<b>48</b>	<b>291</b>	<b>317</b>	<b>240</b>	<b>294</b>	<b>390</b>	<b>303</b>
<b>Operating Income</b>								
Lovell	0	135	199	206	189	171	191	201
Wintergreen	0	144	213	223	198	203	232	213
Kaladar	(0)	65	82	108	95	99	113	106
Kingston General	0	0	0	0	(8)	(16)	(21)	(12)
Sundance General	0	0	0	0	(48)	(40)	(58)	(32)
Dane Tower	0	(0)	0	3	2	(4)	(6)	(5)
Sundance 1	0	(1)	177	194	191	209	235	213
Sundance 2	0	(1)	204	191	191	209	234	212
Sundance 3	0	9	210	193	191	205	229	210
Sundance 4	0	10	199	189	189	203	227	207
Sundance 5	0	21	216	200	197	208	233	212
Sundance 6	0	17	201	192	186	203	226	207
Sundance 7	0	19	202	194	191	203	226	208
Sundance 8	0	20	188	198	198	207	232	211
<b>Total</b>	<b>(0)</b>	<b>439</b>	<b>2,078</b>	<b>2,021</b>	<b>1,963</b>	<b>2,062</b>	<b>2,292</b>	<b>2,151</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.

The Operating Income for the CSA 4 portfolio is about 5% less than expected year to date in 2020.

Budgeted Project Revenue in 2020 was reduced by 5% from original energy modelling. Based on performance of the portfolio 2018 to year to date 2020, the pro-forma financials provided in Schedule A assume a 12.8% Project Revenue reduction for the CSA 4 projects compared to the original energy modelling from 2021 onwards.

In 2018, the first year of commercial operation for the CSA 4 projects, Project Revenue results were approximately 20% lower than expected and as a result budgeted Project Revenue for 2019 was reduced by 15% from original energy modeling. It is not unusual for revenue and operational expenses to vary from expectations in the first years of a project's operation; upon analysis several contributing factors were identified including poor weather conditions and related heavy snow soiling, higher than expected tracker energy consumption, and tracker misalignment. To improve Project Revenue generation, a used snow groomer machine was purchased to improve snow management at the Sundance sites located in Timiskaming. In addition, part-time staff were hired in Timiskaming and Kingston to improve system operation.

Also in 2018, Sundance 8 project experienced a transformer failure. As a result, the transformers located at each CSA 4 site has been or will soon be 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.

#### 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 the 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, 2019 and 2020*

	CSA 1 DSCR	CSA 2 DSCR
Q2 2019	1.35	1.27
Q3 2019	1.57	1.37
Q4 2019	1.45	1.36
Q1 2020	1.45	1.36
Q2 2020	1.64	1.48
Q3 2020	1.64	1.49

The DSCR for the 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 in 2018, safety and system improvements implemented in 2019 (such as new racking and panel optimizers), as well as operational issues related to the panel optimizers caused variances to revenue and expense budgets in 2018. By Q3 2019, the Goodmark project was once again operating as expected and the DSCR for CSA 1 began to recover and now exceeds 1.50. To further improve the resiliency of the CSA 1 and CSA 2 portfolios, SolarShare purchased an

inventory of challenging to obtain central inverter parts, to avoid revenue losses due to the time required to source and obtain replacement parts.

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 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, string inverters at the Orenda site were 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 have been replaced. The central inverter inventory as described above also supports projects in the CSA 2 portfolio.

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 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 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 weather conditions. Operating expenses, including rent, insurance, repairs and maintenance, are typically very predictable. When considering potential project acquisitions, the board 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 \$2.5 million in 2038, down from \$5.1 million as the models were adjusted based on operating experience. Revenues from the CSA 4 portfolio were reduced by 12.8% from engineering models based on performance to date. Repair and maintenance and interest expenses were forecast with greater accuracy, and the average balance of short term operating debt was reduced.





*Figure 6: 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. **Project 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 (PVSystem), and include reductions to account for panel degradation, system downtime and transformer losses. The revenue from CSA 4 has been reduced by 12.8% from 2021 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 electricity is generated each year. The financial projections assume a 0.6% reduction of electricity 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% of electricity 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** – Project 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 Project Expenses for CSA 4 include snow removal during the winter and grass maintenance during the summer to improve revenue generation.
8. **SolarShare and SPV Management** – It is assumed that there will be a cost to administer SolarShare and the SPVs over the life of the FIT Contracts. The financial projections assume that SolarShare 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 Project Expenses. 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 project 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 Project Revenue 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 terms of the issued bonds. For this offering, Solar Bonds are

issued for terms of five years earning 4% annual interest; bonds issued in the past accrue 5% or 6% interest.

- 14. Solar Bond Refinancing** – Solar 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 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. The interest rate of Solar Bonds are set according to operating needs and market conditions and are projected to be:

- a. Years 2020-2022 = 4.0% per year
- b. Years 2023-2025 = 4.5% per year
- c. Years 2026-2028 = 5.0% per year
- d. Years 2029-2031 = 5.5% per year
- e. Years 2032-2040 = 6.0% per year

For all 5-Year Solar Bonds other than those held in a registered account with the Canadian Workers Co-operative Federation, interest is calculated annually and paid biannually. For those 5-Year Solar Bonds held in a registered account with the Canadian Workers Co-operative Federation, interest is compounded annually and paid at maturity. All 15-Year Solar Bonds are repaid by mixed payments of interest and principal, calculated annually and paid biannually.

- 15. Financing** – Private 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) Lines** – 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 in revenue to SolarShare (or any SPV) 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 SolarShare 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 SolarShare 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 Renewable Energy Fund 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 (and each of the SPVs) is a registrant for Harmonized Sales Tax purposes, and therefore it is anticipated that the impact of HST on their respective finances will 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:**                                 \$8,000,000

**Maximum Offering:**                                \$16,000,000

SolarShare is seeking to raise up \$16 million in Solar Bonds under this Offering Statement. The funds raised will be used to refinance Solar Bonds (approximately \$11 million), repay debt obligations (approximately \$2 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 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 private lenders.

### **6.4      227118 Holdings Ltd. 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 and Solar Bonds. 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 16.9 and 16.10 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 under this Offering Statement expires (that is, 31 December, 2021) then SolarShare will seek other suitable financing arrangements with private lenders, financial institutions, or other sources.

If suitable financing were not able to be obtained, SolarShare would seek to sell assets in the existing market for Ontario solar FIT projects to repay Solar Bonds and commercial debts as required.

## 6.7 Debt Ranking

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

*Table 3: Ranking of Debt Obligations*

	First Rank	Second Rank
CSA 1	Debt Financing	Holders of Solar Bonds
CSA 2	Debt Financing	Holders of Solar Bonds
CSA 4	Holders of Solar Bonds	Unsecured lenders, such as 227118 Holdings Ltd., Morgan Solar and Solera Loans
SolarShare	Holders of Solar Bonds	Unsecured lenders, such as 227118 Holdings Ltd., Morgan Solar and Solera Loans

## 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.

COVID-19 has not and is not expected to prevent SolarShare from conducting business as usual.

SolarShare maintains a register to identify, monitor and plan for risks that it and its SPVs face. The failure to prevent, minimize or mitigate any of the following risks could jeopardize investors' financial returns and possibly their investment in Solar Bonds:

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 Co-operative Corporations 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 SolarShare's portfolio of projects and/or its expected returns.
4. Defaults on Project Debt: The CSA 1 and CSA 2 Debt Financing 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 and poor weather 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 Debt Financing loan would be in default and the lender may recall the loan using any specified remedy. As of September 2020, the DSCR for CSA 1 is again above 1.5 and for CSA 2 is just below 1.5.
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, Project 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 of electricity.

6. Operations and Maintenance: The ongoing maintenance of solar facilities and general administration of SolarShare and its SPVs 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 and the Solar Bonds Security will be subordinate to the indebtedness under and security for Debt Financing, 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, the indebtedness under the Debt Financing will be repaid ahead of the repayment of interest and principal under the Solar Bonds then outstanding.
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% in 2023 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 other secured lenders (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 its (and the SPVs') businesses, including repayment by SolarShare 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 a future offering statement, SolarShare would meet its



financial obligations by soliciting financing from other sources (for example, private lenders 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 an adverse 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 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 electricity 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 SolarShare's board 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 such structuring and operation 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: There is no market into which these securities may be sold. Solar Bonds should be considered long-term investments and are not suitable for investors who may desire or need a more liquid investment.
16. Major Contracts: SolarShare and its SPVs have entered into contracts with others to operate parts of their respective projects. Non-compliance by such 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. Solar Bonds are an illiquid security. No membership may be transferred without the express consent of the board. Management will use reasonable efforts to match buyers and sellers, but no guarantee is offered that holders of Bonds will be able to sell them if they need to, regardless of the need, or if they want to.
19. New Project Performance: While SolarShare does not plan to acquire solar energy 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 are fully secured by mortgages on real property at the time the Solar 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 SolarShare sells more bonds than it has (directly or through its SPVs or joint ventures in which it is participating) completed projects to secure them, or if SolarShare is not diligent in buying back Solar Bonds to match the decreasing value of the mortgages that back them.
22. Regulatory Risks: The IESO 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 FIT 3 and later). SolarShare must, for the duration of each FIT 1 Contract and FIT 2 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 it deems 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 (and the SPVs’) 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. Sinking Fund: No sinking fund or reserve has been established to redeem maturing Solar Bonds. SolarShare plans to redeem maturing Solar Bonds out of its operating income, the sale of new Solar Bonds or by using its revolving demand facility. There is no guarantee that these funds will be sufficient to redeem all Solar Bonds as they come due. In the event that SolarShare is unable to redeem Solar Bonds, holders of Solar Bonds may not receive payments of principal and/or interest.
25. 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. In particular, the Waterview project uses Satcon inverters and Uni-Solar panels and both of these companies are now bankrupt and unable to service the warranties.

26. 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 operating (credit), debt financing for CSA 1 and CSA 2, and project loans.



*Figure 7: 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:	\$8,000,000
Maximum Offering:	\$16,000,000
Minimum Single Purchase:	\$1,000
Maximum Single Purchase:	No maximum
Solar Bonds Security	<p><u>General Overview of Security</u></p> <p>SolarShare's repayment of the Solar Bonds, together with all interest and any other amounts owing under the Solar Bonds, are secured by a security interest in certain assets, undertaking and property, both real property and personal property, used in connection with the projects (that is, the projects owned and operated by SolarShare and the SPVs).</p> <p>Where a project has been acquired by or transferred to a SPV, such as CSA 1 or CSA 2, SolarShare has taken steps to ensure that the Bondholders maintain security over these projects in the form of the Solar Bonds Security. The Solar Bonds Security is held by the Trustee pursuant to the Trust Agreement.</p> <p>Since SolarShare is the sole shareholder of the SPVs, the Solar Bonds Security given by the SPVs secures SolarShare's obligations to the Bondholders. The fact that SolarShare is the only shareholder of each SPV allows SolarShare to have complete control over</p>

	<p>each SPV's affairs. The by-law of each of CSA 1 and CSA 2 provides that all assets are prevented from being transferred to a business.</p> <p>The shares, or beneficial interest in shares, in the capital of the SPVs may only be transferred to a non-profit corporation whose objects include the promotion and development of renewable energy resources. The by-law of each of CSA 1 and CSA 2 also prohibits each from amalgamating with a corporation unless it is a non-profit corporation whose objects include the promotion and development of renewable energy resources. It is a requirement imposed by the Debt Financing lenders, however, that the shares in the capital of CSA 1 and CSA 2 be transferable to the lender that has made the Debt Financing loan in the event of a default under the terms of the loan. In that event, amendments to the bylaws may be made to eliminate the transfer constraints.</p> <p><b>The scope of the Solar Bonds Security is set out in the security agreements and other charges / mortgages that create the security interest in, and encumber, the assets, undertaking and property used in connection with the projects, and is described in general terms below.</b></p> <p>No changes in the Solar Bonds Security can be made without sufficient Bondholders' consent by vote as set out in the Trust Agreement.</p> <p><u>Scope of Solar Bonds Security</u></p> <p>The Solar Bonds Security consists of the following:</p> <ul style="list-style-type: none"> <li>• a mortgage of each lease of property where a project is located, which mortgage is registered in the Land Registry Office in Ontario where the project is located (each such mortgage is called a <b>"Project Leasehold Mortgage"</b>, and collectively called the <b>"Project Leasehold Mortgages"</b>, and a reference to a Project Leasehold Mortgage includes as it may be amended from time to time);</li> <li>• a mortgage of a parcel of land in Timiskaming, Ontario (the <b>"Timiskaming Mortgage"</b>);</li> <li>• with respect to the FIT projects owned by each of the SPVs, by a general security agreement made by each SPV in favour of the Trustee, being a security interest in all of the assets, undertaking and property of each of the SPVs <u>related to the applicable SPV's projects only</u>, which security interest is perfected pursuant to the Personal Property Security Act of Ontario (each such security interest is referred to as a <b>"SPV FIT Project Security Interest"</b> and collectively referred to as the <b>"SPV FIT Projects Security Interests"</b>);</li> <li>• by a general security agreement made by SolarShare in favour of the Trustee, a security interest granted by SolarShare in each SolarShare Joint Venture Interest (a <b>"Joint Venture Security Interest"</b> , and collectively called the <b>"Joint Venture Security Interests"</b>);</li> </ul>
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	<ul style="list-style-type: none"> <li>• with respect to the FIT projects that SolarShare owns and operates directly, by a general security agreement made by SolarShare in favour of the Trustee, being a security interest in all of the assets and property of SolarShare related to its FIT projects, which security interest is perfected pursuant to the Personal Property Security Act of Ontario (each such security interest is referred to as a “<b>SolarShare FIT Project Security Interest</b>” and collectively referred to as the “<b>SolarShare FIT Projects Security Interests</b>”); and</li> <li>• with respect to the MicroFIT projects owned by SolarShare, by a general security agreement made by SolarShare in favour of the Trustee, being a security interest in all of the assets and personal property of SolarShare related only to the MicroFIT projects (and not related to any of the FIT projects), save the MicroFIT contracts themselves, which are not assignable, which security interest is perfected pursuant to the Personal Property Security Act of Ontario (each such security interest is referred to as a “<b>MicroFIT Project Security Interest</b>” and collectively referred to as the “<b>MicroFIT Projects Security Interests</b>”).</li> </ul> <p>In each project that has been financed by Debt Financing, the Solar Bonds Security <u><b>ranks second</b></u> behind the leasehold mortgage / charge granted as security for the Debt Financing. This means that the Project Leasehold Mortgages and other security for the FIT projects owned and operated by CSA 1 and CSA 2 <u><b>rank second</b></u> behind the charges / mortgages of leases and other security granted by CSA 1 and CSA 2 to, respectively, Equitable Life Insurance (for the CSA 1 Debt Financing) and CorpFinance International (for the CSA 2 Debt Financing).</p> <p>The Project Leasehold Mortgages 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 SolarShare becomes more important as the source of security for the repayment of the principal.</p> <p>The Project Leasehold Mortgages do <u><b>not</b></u> include a charge / mortgage of lease in favour of the Trustee for FIT projects that SolarShare operates through a joint venture. As noted above, the Solar Bonds Security does include a security interest granted by SolarShare in each SolarShare Joint Venture Interest.</p> <p>The Solar Bonds Security is held by the Trustee, in trust for all Bondholders, pursuant to the Trust Agreement (see Schedule B – Terms of Trust Agreement).</p>
Interest Rate	<p>All 5-Year, 4% Solar Bonds earn interest at the rate of 4% per year (the “<b>Interest Rate</b>”), calculated and payable as outlined below. Members/investors can choose to hold Solar Bonds either directly and personally, in a non-registered investment account, or in a registered account.</p>



	<ul style="list-style-type: none"> <li>• Solar Bonds that are held directly by Bondholders earn simple interest, calculated and paid semi-annually.</li> <li>• Solar Bonds that are held in a registered account (RRSP or TFSA) with the Canadian Workers Cooperative Federation earn interest at the Interest Rate, calculated and compounded annually, and paid upon maturity or the earlier redemption of the Solar Bond.</li> <li>• Solar Bonds held in investment accounts or otherwise than outlined above earn simple interest at the Interest Rate, calculated and paid semi-annually.</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 issue.</p> <p>The principal invested by bondholders 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.</p> <p>To address concerns that Debt Financing lenders may raise in light of possible future market interest rate fluctuations, principal repayment on maturity of the principal of the Solar Bonds may not occur until some later date (after maturity) when SolarShare is able to do so or SolarShare has obtained replacement capital which will enable it to make such repayment. Such a decision would be made by the board 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: Debt Financing (CSA 1 &amp; CSA 2)</p> <p>Second: Solar Bonds</p> <p>Third: Secured lenders (if any)</p> <p>Fourth: Other Unsecured Lenders</p> <p>The Solar Bonds will rank equally with each other but will rank second (including the Solar Bonds Security) to the indebtedness under, and the security for, all Debt Financing made to CSA 1 and CSA 2.</p> <p>Solar Bonds rank ahead of other obligations as described in Section 6.7 above, including private lenders, the operating (credit) line, project debtors and the contribution of surplus to TREC's Renewable Energy Fund.</p>
<b>Transfer</b>	<p>Subject to a \$50 administration fee and approval from the board. Such approval shall not unreasonably be withheld, provided the transfer is to another member of SolarShare.</p>
<b>Dissolution</b>	<p>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</p>

	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 of SolarShare have a right to one vote per member at all meetings of SolarShare members, irrespective of the Solar Bond amount held.

### Private Lenders

SolarShare has previously borrowed, and may continue to borrow from private lenders such as Community Power Capital or 227118 Holdings Ltd. for operations, construction, acquisitions or for any other reason. This debt is not offered to members but to a specific lender.

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

The Solar Bonds being offered and sold pursuant to this Offering Statement will be sold exclusively by agents of SolarShare.



*Figure 8: 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. 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 9: 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 \$8,000,000. If unable to raise sufficient funds under this Offering Statement, SolarShare would meet its financial obligations by soliciting financing from other sources (for example, private lenders and/or other commercial lenders), and/or selling parts of its portfolio into the robust existing market for Ontario FIT projects.

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

*Table 5: Minimum and Maximum Single Purchase*

	5-YEAR SOLAR BONDS
Minimum Single Purchase	\$1,000
Maximum Single 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, 2019.

*Table 6: Debt Obligations*

CREDITOR	AMOUNT	DESCRIPTION
CSA 1 Debt Financing	\$3,017,106	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. Blended payments of principal and interest are made monthly.
CSA 2 Debt Financing	\$11,270,595	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. Blended payments of principal and interest are made monthly.
Solar Bondholders	\$35,712,398	These existing Solar Bonds are for 5 year terms, carrying 4% or 5% interest rates, and 15-year (self-amortizing) terms, carrying an interest rate of 6%..
227118 Holdings Ltd.	\$3,520,473	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, calculated daily, not compounded, and payable semi-annually. 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	\$340,212	As described in Section 16.9 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	\$88,916	As described in Section 16.10 below, this loan 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.

CREDITOR	AMOUNT	DESCRIPTION
Claremont	\$220,905	A non-revolving term loan was made available to the Claremont Solar Joint Venture effective September 2, 2016. The loan is for working capital purposes in connection with the Claremont project. The loan was for an aggregate amount of up to \$263,760 and bears an interest rate of 5% per annum on the unpaid principal amount.
TOTAL	\$54,170,605	

A schedule listing projected principal debt repayments by year and instrument is provided in Table 7 below. The operating line does not have a fixed repayment schedule and so is not included in the table, but the loan balance as of September 30, 2020 was \$1.5 million.

*Table 7: Schedule of Projected Debt Repayments (in thousands)*

(\$000)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Solar Bonds</b>	10,502	5,611	6,000	1,073	11,928	358	380	403	428	453	376	207	38	5
<b>CSA 1 Debt Financing</b>	244	252	260	269	278	288	298	309	320	331	85	0	0	0
<b>CSA 2 Debt Financing</b>	705	731	758	786	817	848	882	917	968	1,044	1,088	1,134	193	0
<b>Solera Loan</b>	17	24	30	34	39	42	46	48	49	0	0	0	0	0
<b>Morgan Solar Loan</b>	11	11	11	11	11	11	11	0	0	0	0	0	0	0
<b>Claremont Loan</b>	15	16	17	17	18	19	20	21	22	24	16	0	0	0



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

SolarShare is not party to any material legal proceedings.



*Figure 10: 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 and the SPVs. Please see Table 8 below for more information.

### **15.2     In the Securities Offered under this Offering Statement**

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 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 SolarShare achieves its mission. Table 8 below profiles board members' affiliations and related party transactions.

Table 8: Material Interests of Directors and Officers

SolarShare Director Name	SolarShare Bonds Owned (September 30, 2020)	Professional Services	Association with Contracted Services & Related Party Transactions <sup>1</sup> (for 2019)	Other	Spousal Investment
Mike Brigham	\$500,000	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>2</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>3</sup>	\$589,989	Provides occasional paid professional services related to legal and regulatory matters	Partner with Iler Campbell LLP which provides legal counsel for SolarShare and the SPVs; including project development for all SolarShare projects. Legal fees paid to Iler Campbell LLP in 2019: \$10,085	Is Trustee for the Bondholders.	\$100,000 in Solar Bonds
Shama Ahmed	\$12,000	N/A	N/A	N/A	N/A
Pieter de Koning	\$10,500	N/A	N/A	N/A	N/A
Glen Campbell	\$500,000	N/A	N/A	N/A	N/A

<sup>1</sup> Related Party Transactions – Source – SolarShare Audited Financial Statements 2019

<sup>2</sup> Mike Brigham – Company owner (227118 Holdings Limited), charitable foundation (M.H. Brigham Foundation).

<sup>3</sup> Brian Iler is also a director of TREC.

SolarShare Director Name	SolarShare Bonds Owned (September 30, 2020)	Professional Services	Association with Contracted Services & Related Party Transactions <sup>1</sup> (for 2019)	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	\$242,775	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 a 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. All projects presently held by SolarShare (directly and through the SPVs and the joint ventures are in the third stage.

### **16.2    Land Leases**

Each of SolarShare's projects has a 20-year lease with the landowner of the lands on which project generating facilities are located, 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 Solar Inc.

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 the quality of their work, as well as engineering and design expertise.

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

SolarShare has entered into a Trust Agreement with the Trustee pursuant to which the Trustee holds the Solar Bonds Security in trust for the Bondholders. The Trustee as of the date of this Offering Statement is Brian Iler, a lawyer, a former founding director and the current Secretary of SolarShare.

The Bondholders, as beneficiaries under the Trust Agreement may, by a vote, instruct the Trustee to realize on the Solar Bonds Security in the event of a default by SolarShare of its obligations. The Trustee is obliged to implement the decision of the beneficiaries.

The Trust Agreement acknowledges that the current Trustee, Mr. Iler, is a director of TREC and is 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 Mr. Iler's financial interests in SolarShare must be approved by the board and recorded in the minutes of the board meeting.

The choice of Mr. Iler as Trustee had these factors:

- As an investor in 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 the Trust 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 SolarShare in complying with the provisions of the Trust Agreement or the Solar Bonds, including an Event of Default (as defined in the Trust Agreement).

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 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 and Solar Bonds. The operating line may be cancelled or withdrawn at any time by the lender. As of September 30, 2020, the loan balance was \$1.5 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.

## **16.7 Debt Financing for CSA 1**

SolarShare has arranged Debt Financing for 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 4.8 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. As of September 30, 2020, 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.

#### **16.8 Debt Financing for CSA 2**

SolarShare has arranged Debt Financing for 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 4.8 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.

#### **16.9 Solera Loan**

SolarShare purchased the Orenda project from Solera Sustainable Energies Company, a solar project development firm. Payment of a portion of the purchase price for the Orenda project was deferred, which deferred amount 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 on October 27, 2015.

#### **16.10 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 are 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.

#### **16.11 Claremont Joint Venture Loan**

Elexicon Energy Inc., one of the joint venturers in the Claremont Joint Venture, offered a non-revolving term loan to the Joint Venture. The loan was effective as of September 2, 2016, and provides an aggregate amount of up to \$263,760. The loan is to be used for working capital purposes in connection with the Claremont project, and bears an interest rate of 5% per annum on the unpaid principal amount.

## **16.12 TREC and Tapestry Capital 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 is required at all times to remain a non-profit incorporated under the Co-operative Corporations Act, whose membership is comprised primarily of those persons who have purchased Solar Bonds from SolarShare.
5. SolarShare is required to 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 FIT Contract for these projects.

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

SolarShare owns a 51% interest in the Claremont project, a 100 kW system 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 service region.

#### **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 systems 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 in person 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**

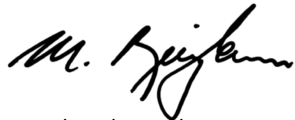
A copy of this Offering Statement must be given to each member/investor before SolarShare may legally accept any payment. None of the securities issued by SolarShare pursuant to this Offering Statement will be in bearer form.

This Offering Statement will expire on December 31, 2021, 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 27<sup>th</sup> day of November, 2020

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

Michael Brigham

President

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

Ron Seftel

Treasurer

A handwritten signature in black ink, appearing to read "K Grant".

Khalid Grant

Chair of the board

## SCHEDULE A – PRO FORMA FINANCIAL STATEMENTS

*Table 9: Pro Forma Statement of Financial Position (in thousands)*

<u>Income Statement</u>	2021	2022	2023	2024	2034	2035	2036	2037	2038
<u>Revenues</u>									
SolarShare (incl. 100% of Van Kirk JV)	1,578	1,568	1,558	1,547	968	313	131	59	0
CSA 1	748	743	739	734	69	0	0	0	0
CSA 2	2,348	2,333	2,318	2,303	2,046	427	29	0	0
CSA 4	2,454	2,438	2,423	2,407	2,248	2,232	2,217	1,316	0
<b>TOTAL REVENUES</b>	<b>7,200</b>	<b>7,154</b>	<b>7,109</b>	<b>7,064</b>	<b>5,385</b>	<b>2,982</b>	<b>2,376</b>	<b>1,375</b>	<b>0</b>
<u>Operating Expenses</u>									
Coop-held Projects	525	385	374	387	275	75	27	9	(0)
CSA 1	104	134	220	150	9	(0)	(0)	(0)	(0)
CSA 2	276	350	336	366	373	86	8	(0)	(0)
CSA 4	303	337	319	329	459	458	443	225	8
<b>TOTAL OPERATING EXPENSES</b>	<b>1,218</b>	<b>1,215</b>	<b>1,260</b>	<b>1,241</b>	<b>1,125</b>	<b>621</b>	<b>477</b>	<b>233</b>	<b>8</b>
JV Minority Interest Expenses	293	268	268	264	238	26	(2)	0	0
<b>Total Income Before Interest Expenses</b>	<b>5,688</b>	<b>5,671</b>	<b>5,580</b>	<b>5,558</b>	<b>4,022</b>	<b>2,336</b>	<b>1,901</b>	<b>1,141</b>	<b>(8)</b>
Interest, Developer Loans	9	7	6	4	0	0	0	0	0
Interest, Solar Bonds	1,751	1,504	1,338	1,255	583	385	159	66	(0)
Interest, Debt Financing	707	657	605	551	0	0	0	0	0
Interest, Operating Line	9	33	51	35	0	0	0	0	0
Amortization	2,969	2,969	2,969	2,969	2,439	1,516	1,474	774	203
Co-op Expenses	467	443	419	420	261	253	236	212	0
<b>TOTAL EXPENSES</b>	<b>7,424</b>	<b>7,097</b>	<b>6,915</b>	<b>6,739</b>	<b>4,646</b>	<b>2,800</b>	<b>2,345</b>	<b>1,285</b>	<b>211</b>
<b>NET INCOME</b>	<b>(224)</b>	<b>57</b>	<b>193</b>	<b>325</b>	<b>739</b>	<b>183</b>	<b>31</b>	<b>89</b>	<b>(211)</b>

Table 10: Pro Forma Statement of Operations and Changes in Net Assets

<u>Balance Sheet</u>	2021	2022	2023	2024	2034	2035	2036	2037	2038
<u>Assets</u>									
<u>Current Assets</u>									
Cash	49	47	4	27	8,831	3,346	3,868	2,544	2,536
Other Current Assets	944	927	911	894	726	709	693	680	680
Total Current Assets	993	974	915	921	9,557	4,056	4,561	3,225	3,216
<u>Capital Assets</u>									
Coop-held Projects	5,123	4,693	4,262	3,831	242	140	95	51	23
CSA 1	3,771	3,452	3,134	2,815	6	(0)	(0)	(0)	(0)
CSA 2	12,627	11,686	10,744	9,803	386	208	0	0	0
CSA 4	19,225	18,004	16,782	15,561	3,347	2,125	904	174	0
Total Capital Assets	40,969	38,040	35,112	32,183	3,989	2,473	999	225	22
Claremont JV	2	2	2	2	2	2	2	2	2
Debt Service Reserve Fund	1,250	1,262	1,275	1,288	0	0	0	0	0
Major Maintenance Reserve Fund	58	71	96	145	0	0	0	0	0
TOTAL ASSETS	43,273	40,350	37,400	34,539	13,548	6,531	5,563	3,452	3,241
<u>Liabilities</u>									
Current Liabilities	376	376	376	376	376	376	376	376	376
Current Portion of Long Term Debt	999	1,035	1,073	1,113	0	0	0	0	0
Developer Loans	312	259	202	143	0	0	0	0	0
Solar Bonds	34,822	32,004	29,762	28,689	10,400	3,200	2,200	0	0
Construction Loan	0	0	0	0	0	0	0	0	0
Debt Finance Loan	11,694	10,699	9,666	8,593	(0)	(0)	(0)	(0)	(0)
Operating Loan	520	1,370	1,520	500	0	0	0	0	0
TOTAL LIABILITIES	48,724	45,744	42,600	39,414	10,776	3,576	2,576	376	376
Non-controlling interest in Van Kirk JV	78	78	78	78	78	78	78	78	78
Cumulative Retained Earnings	(5,530)	(5,472)	(5,279)	(4,954)	2,694	2,876	2,908	2,997	2,787
LIABILITIES & RETAINED EARNINGS	43,273	40,350	37,400	34,539	13,548	6,531	5,563	3,452	3,241

Table 11: Pro Forma Statement of Cash Flow

<u>Cash Flow</u>	2021	2022	2023	2024	2034	2035	2036	2037	2038
<u>Cash from Operations</u>									
Net Income (Loss)	(224)	57	193	325	739	183	31	89	(211)
Amortization	2,969	2,969	2,969	2,969	2,439	1,516	1,474	774	203
Other	16	17	17	17	17	17	17	13	0
TOTAL FROM OPERATIONS	3,280	3,893	3,329	2,290	3,194	1,715	1,522	876	(8)
<u>Cash from Investing &amp; Financing</u>									
<u>CAPEX</u>									
Expenditure on Capital Costs	0	0	0	0	0	0	0	0	0
Developer Loan Advance (Repayment)	(50)	(53)	(57)	(59)	0	0	0	0	0
Operating Line Advance (Repayment)	0	0	0	0	0	0	0	0	0
<u>Debt Financing</u>									
Debt Financing Advances (Repayment)	(974)	(1,009)	(1,045)	(1,083)	0	0	0	0	0
<u>Solar Bonds</u>									
Received (Repaid)	(4,495)	(2,818)	(2,242)	(1,073)	(8)	(7,200)	(1,000)	(2,200)	0
<u>Major Maintenance Reserve Fund</u>									
MMRF Receipts (Contributions)	(8)	(15)	(27)	(52)	0	0	0	0	0
TOTAL FROM INVESTING & FINANCING	(5,528)	(3,896)	(3,371)	(2,267)	(8)	(7,200)	(1,000)	(2,200)	0
TOTAL CHANGES IN CASH	(2,247)	(3)	(42)	23	3,187	(5,485)	522	(1,324)	(8)
Cash, beginning of period	2,297	49	47	4	5,644	8,831	3,346	3,868	2,544
Cash, end of period	49	47	4	27	8,831	3,346	3,868	2,544	2,536

## 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,
  - o Could be prejudicial to the interests of the Co-operative,
  - o Could place the Co-operative at a competitive disadvantage with respect to existing or potential competitors, or
  - o 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 – 2019 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**



**TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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.

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**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 17, 2020

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2019

Page 4

	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	663,108	240,931
Accounts receivable	249,365	230,693
Government remittances receivable	-	9,477
Prepaid expenses	684,229	698,406
Inventory	61,656	61,166
Due from QSS (Note 4)	-	32,022
Investment in Claremont	-	2,280
	1,658,358	1,274,975
Goodwill (Note 10)	2,486	-
Debt service reserve fund (Note 2)	1,225,017	791,278
Maintenance reserve fund (Note 2)	48,585	20,784
Projects, land and equipment (Note 3)	46,826,621	49,281,135
	48,102,709	50,093,197
	49,761,067	51,368,172

See accompanying notes to the financial statements

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2019

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	2019 \$	2018 \$ (Note 16)
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	336,730	508,723
Debt financing (Note 6)	1,676,850	1,714,106
Community solar bonds (Note 8)	11,094,679	2,453,982
Operational loans (Note 5)	3,520,473	891,880
Developer loans (Note 9)	21,094	12,667
Deferred revenue (Note 7)	4,116	-
Government remittances payable	10,409	-
	16,664,351	5,581,358
<b>LONG-TERM DEBT</b>		
Debt financing (Note 6)	12,831,756	13,455,465
Community solar bonds (Note 8)	24,617,719	35,712,398
Developer loans (Note 9)	408,034	435,309
Deferred revenue (Note 7)	20,578	-
	37,878,087	49,603,172
	54,542,438	55,184,530
<b>NET ASSETS (DEFICIENCY)</b>		
<b>CONTRIBUTED SURPLUS</b>	39,260	39,140
<b>NON-CONTROLLING INTEREST</b> (Note 10)	73,213	51,828
<b>UNRESTRICTED NET ASSETS (DEFICIENCY)</b>	(4,893,844)	(3,907,326)
	(4,781,371)	(3,816,358)
	49,761,067	51,368,172

APPROVED ON BEHALF OF THE BOARD:

*Ron Seftel*, Director \_\_\_\_\_, Director

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
	\$	\$
<b>REVENUES</b>		
Generation revenues	6,415,256	6,472,323
Reimbursement for lost revenue	26,852	-
Insurance settlement	24,041	75,730
Interest	19,354	16,399
Miscellaneous	7,357	3,287
Membership fees	120	8,920
	6,492,980	6,576,659
<b>EXPENSES</b>		
Amortization	2,940,268	2,889,784
Bond interest	1,896,799	1,878,011
Operations and maintenance	1,175,358	1,171,437
Debt financing interest	796,868	839,748
Salaries and wages	313,348	327,023
Project management	164,561	176,883
Interest on notes payable	78,290	195,788
Professional fees	62,858	45,873
Insurance	18,798	18,297
Office and general	15,644	23,361
Marketing	11,080	44,350
Travel	3,195	11,394
Bank charges	2,311	12,036
	7,479,378	7,633,985
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>(986,398)</b>	<b>(1,057,326)</b>
<b>NET ASSETS (DEFICIENCY), beginning of year</b>	<b>(3,868,186)</b>	<b>(2,810,860)</b>
<b>NET ASSETS (DEFICIENCY) , end of year</b>	<b>(4,854,584)</b>	<b>(3,868,186)</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, 2019

Page 7

	2019 \$	2018 \$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from generation revenues	6,396,584	6,675,538
Cash receipts from membership fees and other revenue	59,023	12,207
Cash receipts from Insurance settlement	24,041	75,730
Interest received	19,354	16,399
Cash paid to suppliers	(4,656,145)	(6,546,831)
	1,842,857	233,043
<b>CASH FROM FINANCING ACTIVITIES</b>		
Debt financing	1,506,088	8,355
Bonds payable	(2,453,982)	4,185,791
Advances from QSS	32,022	55,285
Advances from (to) developers	(18,848)	(5,084)
Advances from limited partnerships	-	1,713,525
Notes payable	-	(4,613,341)
	(934,720)	1,344,531
<b>CASH FROM INVESTING ACTIVITIES</b>		
(Purchase) of equipment	(407,898)	(3,121,284)
(Purchase) of land	(77,856)	-
(Purchase) of investments	(206)	(2,280)
	(485,960)	(3,123,564)
Change in cash	422,177	(1,545,990)
Cash, beginning of year	240,931	1,786,921
Cash, end of year	663,108	240,931

See accompanying notes to the financial statements



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## STATUS AND NATURE OF ACTIVITIES

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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 renewable 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 by offering the opportunity to invest in locally owned 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 - CSA4
- Community Solar Assets 5 Limited - CSA5
- TREC SolarShare and 1477400 Ontario Ltd Joint Venture
- EEDI and TREC SolarShare No 1 LP
- Claremont Solar Joint Venture

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Investments in Jointly Controlled Activities***

The Co-operative has entered into partnership and joint venture agreements to own and operate renewable energy projects 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%
Claremont Solar Joint Venture	51.0%

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

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

***Revenue Recognition***

***Power Production***

The Co-operative has executed 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, FIT 3 and Micro FIT.

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 Ventures, hosting for an internet provider, from other small services rendered to industry partners, reimbursement for lost revenue and fees charged on early redemptions on bonds.

Continued...

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

---

***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 on capital spare inverters is charged using the straight line method over 10 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. Spare inverters are capitalized if they are considered standby equipment, are only used in connection with the projects, and expect to be used during more than one period.

***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...

**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 energy 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. Accrued audit and 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. DEBT SERVICE AND MAINTENANCE RESERVE FUNDS**

---

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 # 6.

If CSA1 or CSA2 are unable to meet the debt service coverage ratio of 1.5:1 as outlined in Note # 6, the Lender will be empowered to access the funds and withdraw a sufficient amount to meet debt payments, operating costs and working capital requirements.

Continued...

**2. DEBT SERVICE AND MAINTENANCE RESERVE FUNDS (Continued)**

Funds in the maintenance reserve fund may be used for major maintenance replacement with the approval of the Lender. CSA1 and CSA2 have begun making contributions to the maintenance fund as per the the borrowing agreement.

	<b>CSA1</b>	<b>CSA2</b>	<b>Total 2019</b>	<b>Total 2018</b>
Debt Service Reserve	240,886	984,131	1,225,017	791,278
Maintenance Reserve	26,474	22,111	48,585	20,784

CSA1 has not used any portion of its Maintenance Reserve Fund. CSA2 has used its Maintenance Reserve Fund to finance the purchase of new inverters for one of the projects. These inverters were purchased prior to the end of the useful life of the initial inverters. The inverters have been capitalized and are used as rotating stock on the CSA2 sites to reduce downtime as inverters need to be swapped out for repair.

<b>CSA2 Major Maintenance Reserve Accounting</b>	<b>2019</b>	<b>2018</b>
Opening balance	-	-
Contributions to the Reserve	74,090	-
Interest earned in the Reserve	12	-
Major maintenance costs incurred	(51,991)	-
Closing balance	22,111	-

**3. PROJECTS, LAND 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.

Capital Assets are described in Appendix 1.

Continued...

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

On May 29, 2019, the Co-operative closed on the 51% purchase of the Claremont Solar Joint Venture which was previously owned by Queen Street Solar Co-operative (QSS). In fiscal year 2018, the Co-operative advanced amounts towards this purchase. Refer to Appendix 1 for details on the Claremont Project.

**5. OPERATIONAL LOANS**

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

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

	2019	2018
Principal at year end	-	885,000
Interest in the year	43,993	6,880
<b>Balanced owed at year end</b>	-	891,880

The loan was repaid in full in the 2019 fiscal year and the promissory note was cancelled.

**Community Solar Assets 4**

Date October 25, 2019  
Limit \$5,000,000  
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 CSA4 may repay the loan at any time without notice or penalty.  
Security None

	2019	2018
Principal at year end	3,500,000	-
Interest in the year	20,473	-
<b>Balanced owed at year end</b>	3,520,473	-

Continued...

**6. 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:	Monthly and sculpted over the life of the loan as per the amortization schedule.	Monthly, sculpted and declining rate changing June/December each year for the term of the loan as per the amortization schedule.
Security:	A first fixed charge and floating charge against all assets of CSA1	A first fixed charge and floating charge against all assets of CSA2.
Debt Service Coverage Ratio (DSCR)	2019 1.45:1 2018 1.43:1 2017 1.64:1 2016 1.73:1	2019 1.36:1 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, 2019, 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 months (CSA1) or 12 months (CSA2) worth of scheduled payments (CSA1: \$192,050 and CSA2: \$1,279,415) or the DSCR is back in compliance.

CSA1	2018	2019	2020	2021	2022	2023	2024
Loan Balance	3,399,705	3,170,488	2,934,034	2,689,991	2,437,989	2,177,644	1,908,549
Less: Amortized Financing Costs	(167,210)	(153,382)	(139,555)	(125,728)	(111,900)	(98,073)	(84,246)
	3,232,495	3,017,106	2,794,479	2,564,253	2,326,089	2,079,571	1,824,303
Current Portion	387,023	383,126	379,226	375,324	371,418	367,509	363,595
Long Term Portion	2,845,472	2,633,980	2,415,253	2,188,939	1,954,671	1,712,062	1,460,708

Continued...

**6. DEBT FINANCING (Continued)**

<b>CSA2</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Loan Balance	12,307,951	11,615,594	10,934,828	10,229,665	9,498,793	8,740,835	7,954,340
Less: Amortized Financing Costs	(370,875)	(344,999)	(319,124)	(293,250)	(267,375)	(241,500)	(215,625)
	11,937,076	11,270,595	10,616,167	9,936,840	9,231,806	8,499,686	7,738,715
Current Portion	1,327,083	1,279,415	1,267,373	1,255,325	1,243,271	1,231,207	1,219,133
Long Term Portion	10,609,993	9,991,180	9,348,794	8,681,515	7,988,536	7,268,479	6,519,582

A non-revolving term loan was made available to the Claremont Solar Joint Venture, effective September 2, 2016 in the aggregate amount of up to \$263,760. The loan is to be used for working capital purposes in connection with the Project of the Joint Venture Agreement. The loan shall bear interest a rate equal to 5% per annum on the unpaid principal amount of the Loan and accrues daily.

<b>Claremont JV</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Loan Balance	-	220,905	206,596	191,555	175,743	159,124	141,653
Current Portion	-	14,309	15,041	15,812	16,619	17,471	18,364
Long Term Portion	-	206,596	191,555	175,743	159,124	141,653	123,289

**7. DEFERRED REVENUE**

The deferred revenue balance relates to a hosting agreement paid by an internet provider as a result of the Dane Tower that exists on the purchased land. The term of the agreement is 7 years of which the revenue was paid upfront. The revenue to be earned in the next 12 months is presented as current. The revenue will be recognized on a straight line basis as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Revenue	\$4,116	\$4,116	\$4,116	\$4,116	\$4,116	\$4,116	\$4,114
Deferred	\$24,694	\$20,578	\$16,462	\$12,346	\$8,230	\$4,114	\$0

Continued...



## 8. COMMUNITY SOLAR BONDS

Description:	The Co-operative is currently issuing one type of bonds
Security:	Floating charge against all assets of the Co-operative. Solar bonds stand in first position ahead of Community Power Capital financing, but behind Long Term Debt in the case of CSA1 and CSA2.
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, 2019 exceeds outstanding bonds.

Bond Type	Interest Rate	Conditions	Maturity	Outstanding balance, net of redemption	
				2019	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	21,041,000	27,110,000
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	5,375,472	6,246,631
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	4,637,054	4,783,749
Original Bond	5%	Paid semi-annually	Oct 31, 2019 extended to Jan 31, 2020	3,556,000	-
CWCF	5%	Compounded annually	Oct 31, 2019 extended to Jan 31, 2020	1,102,872	-
			Holding Accounts	-	26,000
				35,712,398	38,166,380

The Co-operative has been authorized by the Ontario Co-operative regulator, formerly the Financial Services Commission of Ontario (FSCO), now the Financial Services Regulatory Authority (FSRA), to offer Solar Bonds to the public under a series of sequential Offering statements as follows:

Continued...

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

The maximum amount of Community Solar Bonds to be redeemed or reinvested are as follows:

	2018	2019	2020	2021	2022	2023	2024
Long Bond	234,678	251,104	266,426	282,644	299,855	317,229	337,540
Other	2,219,304	10,843,575	7,997,654	5,717,215	5,760,900	756,000	-
Current Portion	2,453,982	11,094,679	8,264,080	5,999,859	6,060,755	1,073,229	337,540
Long Term Portion	35,712,398	24,617,719	16,353,639	10,353,780	4,293,025	3,219,796	2,882,256
<b>Total</b>	<b>38,166,380</b>	<b>35,712,398</b>	<b>24,617,719</b>	<b>16,353,639</b>	<b>10,353,780</b>	<b>4,293,025</b>	<b>3,219,796</b>

Date of Offering Statement	Expiry	Total Bonds Issued by Offering (to December, 31 2019)
As of July 2019: Regulated by the Financial Services Regulatory Authority		
Nov 22 2019	Nov 21 2020	0
Prior to 2019: Regulated by the Financial Services Commission of Ontario		
May 17 2018	May 17 2019	3,393,000
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...

**9. 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 commencing 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.

<b>Solera Sustainable Energies Company Ltd.</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening balance	341,915	341,915	340,212	330,082	312,584	288,649	259,096
Principal payments	-	1,703	10,130	17,498	23,935	29,553	34,452
Interest (2.5% per annum)	8,548	8,548	8,505	8,252	7,815	7,216	6,477
Interest payments	8,548	8,548	8,505	8,252	7,815	7,216	6,477
Closing balance	341,915	340,212	330,082	312,584	288,649	259,096	224,644
Current portion	1,703	10,130	17,498	23,935	29,553	34,452	38,720
Long term portion	340,212	330,082	322,714	306,147	283,031	254,197	220,376

Continued...

**9. DEVELOPER LOANS (Continued)**

<b>Morgan Solar</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening balance	111,145	106,061	88,916	77,802	66,687	55,573	44,458
Principal payments	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Interest (5.5% per annum)	5,880	5,276	4,673	4,070	3,467	2,864	2,261
Interest payments	-	11,457	4,824	4,221	3,618	3,015	2,412
Closing balance	106,061	88,916	77,802	66,687	55,573	44,458	33,343
Current portion	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Long term portion	95,097	77,952	66,838	55,723	44,609	33,494	22,379

**10. NON-CONTROLLING INTEREST**

The Co-operative has entered into two Joint Venture agreements to operate projects located on commercial rooftops in Brampton and a Community Centre roof in Durham Region. The investment in the Vankirk Joint Venture (50.9%) and Claremont Solar Joint Venture (51.0%) are accounted for as follows:

<b>Joint Venture Accounting</b>	<b>2019</b>	<b>2018</b>
Total Assets	\$388,671	\$104,268
Total Liabilities	\$239,457	(\$1,288)
Net Assets	\$149,214	\$105,556
SolarShare Interest in JV	\$76,001	\$53,728
<b>Partner Interest In JV</b>	<b>\$73,213</b>	<b>\$51,828</b>

The 51% acquisition of the Claremont Solar Joint Venture on May 29, 2019 resulted in \$2,486 of goodwill upon consolidation based on the Co-operative's investment in the Project. Goodwill is not amortized and is tested for impairment when events or changes in circumstances indicate the carrying amount may exceed the fair value. There has been no impairment loss tested to date.

**11. 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, 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.

Continued...

11. FINANCIAL INSTRUMENTS (Continued)

**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 Reserve Fund
Invested with	HSBC
Investment	GIC
Term	March 11, 2019 to March 11, 2020
Rate	2.22% per annum
Principal	\$690,545
Maturity Value	\$705,917

Note: The remaining balance of the Debt Service Coverage Reserve 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 loans at 3.5%, short term private loans at 6% 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.

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.

Continued...

## 12. 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-operative 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 dated 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.

## 13. 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 Actual</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Future</b>
Operational Projects	598,821	514,325	514,325	514,325	514,325	514,325	4,961,524

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, while some projects have prepaid 20-year leases. These amounts are not included in the future lease obligations above.

Continued...

**14. 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.

**15. SUBSEQUENT EVENTS**

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Subsequent to the 2019 fiscal year, the following events occurred:

1. The Co-operative resumed selling bonds under the FSRA receipted Offering Statement dated November 22, 2019.
2. The bonds with a maturity extended from October 31, 2019 to January 31, 2020 reached maturity, and bond holders were offered either a redemption of their principal plus interest to the maturity date or reinvestment of their principal under the terms for the FSRA approved Offering Statement dated November 22, 2019.
3. The Co-operative secured a \$2,000,000 short-term loan from a private investor to manage cashflow through the January 31, 2020 bond maturity process. This loan carries an interest rate of 6% and is anticipated to be repaid through the proceeds of bond sales in the 2020 fiscal year.

**16. COMPARATIVE FIGURES**

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Certain comparative figures have been reclassified by those previously presented to conform to the presentation of the 2019 financial statements.

Continued...

**17. RELATED PARTY TRANSACTIONS**

Related Party Transactions	Relationship	Transaction	2019	2018
TREC Renewable Energy Co-operative	Under the terms of an Agency Agreement, TREC was engaged to provide the following services	Services fees for:	\$168,453	\$181,473
		Co-op Mgmnt	\$0	\$0
		Mgmnt of CPC	\$188	\$4,670
		Asset Mgmnt	\$0	\$291
		Finance Mgmnt	\$79,458	\$77,204
		Investment Mgmnt	\$52,447	\$56,326
		Hr Mgmnt	\$8,506	\$7,847
		Sublet	\$27,854	\$35,135
Community Power Capital	One individual is a an officer and Finance Committee member of SolarShare and officer of/investor in CPC. One individual is a former officer and Director of both SolarShare and CPC and an investor in CPC. One individual is a Finance Committee member of SolarShare and an officer of CPC. One individual is a former officer of SolarShare, a current officer of CPC but no longer an investor.	Interest Paid		\$195,847
Iler Campbell LLP	One of the partners of the legal firm is the Secretary and a former SolarShare Director.	Legal Fees Paid	\$10,065	\$40,693
Ambrose Raftis	Former SolarShare Director, currently on the Operations and Maintenance Committee.	Snow removal, site maintenance, landlord and member relations for the Timiskaming area	\$8,327	\$2,861
DLS Robertson Professional Corporation	The owner of the accounting consulting firm is a former SolarShare Director and current member of the Finance Committee.	Accounting Services	\$3,393	\$3,048
227118 Holdings Ltd.	The owner of this company is the president of SolarShare.	Interest paid	\$64,466	\$6,880
		Amount due	\$3,520,473	\$891,880

Related party transactions are measured at the exchange amount. Related party transactions that result in a financial liability are recorded using undiscounted cashflows, excluding interest.

Continued...



TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**NOTES TO THE FINANCIAL STATEMENTS - APPENDIX 1**  
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Operational Projects								
Description	Total Capital Assets	TREC SolarShare Co-op (No.1) Inc.						Joint Venture 111 Vankirk 153 Vankirk Rooftop Arrays
		Sunfields	Waterview	Panjetan	Earlton	Dewey		Joint Venture Claremont
17 Groundmount PV Trackers			Rooftop Array	Rooftop Array	Rooftop Array	Groundmount		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		Mar 6 - Sept 30 2011	Nov 19 2011	Aug 24 2015	Aug 2 2016	Aug 23 2018	May 28-2015, Apr 13-2015	June 15, 2015
Contract End Date		Mar 6 - Sept 30 2031	Nov 18 2031	Feb 25 2035	Feb 28 2036	Aug 27 2037	Feb 20 2035	Feb 25 2035
Local Distribution Company		HydroONE	Alectra	PowerStream	Hydro One	Hydro One	Alectra	Elxicon
Pre-COD Interest	293,434	57,674	159,799	4,861	366	13,470	57,264	-
Equipment Costs	7,910,699	1,726,840	1,899,686	653,381	657,151.00	725,627.00	1,918,415	329,599
Project Costs	699,015	141,232	225,099	39,531	11,411	168,011	109,010	4,721
Amortization to Dec 31 2019	(2,662,856)	(834,490)	(923,353)	(155,061)	(120,528.00)	(63,657.00)	(490,515)	(75,252)
Balance as at Dec 31 2019	6,240,292	1,091,256	1,361,231	542,712	548,400	843,451	1,594,174	259,068

Operational projects						
Description	Total	Community Solar Assets I Ltd				
		Ontario St	Champion	Michael Street	GoodMark	Vanastra
Rooftop Array		Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array	Rooftop Array
Size (DC)		140kW	249kW	150kW	134kW	366kW
Location		St Catherines	Moose Creek	Ottawa	GTA	Vanastra
Commercial Operation Date		Nov 14 2012	July 15 2013	Sept 24 2013	Nov 20 2013	April 14 2014
Contract End Date		Nov 13 2032	July 14 2033	Sept 23 2033	Nov 19 2033	April 13 2034
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	5,819,469	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 2019	(1,963,675)	(283,276)	(498,617)	(308,080)	(214,871)	(658,831)
Balance as at Dec 31 2019	4,407,863	516,561	1,055,515	677,776	491,555	1,666,456

Continued...

TREC SOLARSHARE CO-OPERATIVE (NO.1) INC.  
**NOTES TO THE FINANCIAL STATEMENTS - APPENDIX 1**  
 DECEMBER 31, 2019

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Operational Projects												
Community Solar Assets 2 Ltd												
	Total	Summerville	Holtby	80 VanKirk	Midair	Keele	Basaltic	Abeline	Stronach	Orenda	Orenda General	
Description		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												
Operating Date		Oct 6 2014	Oct 2 2014	March 27-2015	April 20 2015	May 22 2015	Feb 20 2015	July 13 2015	Sept 2 2016	Oct 22 2015		
Contract End Date		Oct 5 2034	Oct 1 2034	Feb 20 2035	Feb 20 2035	Feb 25 2035	Feb 19 2035	Feb 25 2035	Mar 1 2036	April 22 2035		
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	897,088	25,212	49,818	44,465	55,684	533,135	110,709	23,006	16,431	32,155	6,473	
Inverters	51,991	-	-	-	-	-	-	-	-	-	51,991	
Amortization to Dec 31, 2019	(4,385,129)	(321,318)	(662,104)	(695,900)	(805,274)	(390,550)	(292,949)	(712,381)	(228,031)	(275,649)	(973)	
Balance as at Dec 31, 2019	14,510,731	917,312	1,890,199	2,221,994	2,617,137	1,292,366	919,248	2,446,288	1,134,308	1,014,388	57,491	

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	Sundance General
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	
Commercial													
Operating Date		Jun 7 2017	Jun 8 2017	Jun 19 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	
Contract End Date		Jun 7 2037	Jun 7 2037	Jun 18 2037	Aug 27 2037	Aug 27 2037	Aug 27 2037	Aug 26 2037	Aug 26 2037	Aug 27 2037	Aug 26 2037	Aug 26 2037	
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)	(13,927)	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	2,283,588	2,283,488	-
Project Costs	245,700	36,161	55,122	34,744	13,865	15,065	14,658	15,858	14,658	14,658	15,858	15,053	-
Land	77,856	-	-	-	-	-	-	-	-	-	-	-	77,856
Snow Machinery	49,983	-	-	-	-	-	-	-	-	-	-	-	49,983
Amortization to Dec 31, 2019	(2,777,853)	(297,363)	(285,053)	(151,979)	(230,685)	(224,587)	(254,331)	(259,831)	(274,610)	(260,019)	(269,283)	(269,178)	(934)
Balance at Dec 31, 2019	21,667,735	2,071,630	1,985,871	1,063,861	2,037,717	2,070,105	2,073,768	2,040,146	2,079,184	2,041,628	2,038,860	2,038,060	126,905

Consolidated	Operational	Assets within JVs	Consolidated Total
Pre-COD Interest	634,958	57,264	692,222
Equipment Costs	53,167,206	2,248,014	55,415,220
Project Costs	2,215,131	113,731	2,328,862
Inverters	51,991	-	51,991
Land	77,856	-	77,856
Snow Machinery	49,983	-	49,983
Amortization to Dec 31 2019	(11,223,746)	(565,767)	(11,789,513)
Balance of Capital Assets Dec 31 2019	44,973,379	1,853,242	46,826,621

SCHEDULE F – INTERIM FINANCIAL STATEMENTS, SEPTEMBER 2020

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

	<u>As at Sep 30, 2020</u>	<u>As at Sep 30, 2019</u>
<b>ASSET</b>		
<b>Current Assets</b>		
Cash and Equivalents	1,048,665	1,300,415
Accounts Receivable	1,193,752	821,313
Prepaid expenses and deposits	673,316	714,453
Inventory	246,349	64,545
<b>Total Current Assets</b>	<u>3,162,082</u>	<u>2,900,726</u>
<b>Long Term Assets</b>		
Debt Service Reserve Fund	1,503,479	944,686
Maintenance reserve fund	48,495	20,784
Loan Receivable	20,568	-
Claremont Project Goodwill	2,486	2,486
Projects, land and equipment	44,622,942	47,470,012
<b>Total Long Term Assets</b>	<u>46,197,970</u>	<u>48,437,968</u>
<b>TOTAL ASSET</b>	<u>49,360,052</u>	<u>51,338,694</u>

# TREC SolarShare Co-operative (No.1) Inc. Consolidated Balance Sheet

	As at Sep 30, 2020	As at Sep 30, 2019
<b>LIABILITY</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	804,161	1,263,607
SolarShare Operational Loan	-	1,810,044
Community Solar Assets 4 Loan	1,500,000	-
Deferred Revenue	20,578	-
Government remittances payable	14,544	2,050
Current portion of long term debt	941,400	909,819
Claremont JV LTD Current	14,672	14,132
<b>Total Current Liabilities</b>	<u>3,295,355</u>	<u>3,999,652</u>
<b>Long Term Liabilities</b>		
Total Bonds Payable	36,902,950	36,664,183
Developer Loans	435,657	432,536
Long Term Portion CSA1/CSA2 LTD	12,726,375	13,628,101
Claremont JV LTD Long Term Portion	199,168	210,240
<b>Total Long Term Liabilities</b>	<u>50,264,150</u>	<u>50,935,060</u>
<b>TOTAL LIABILITY</b>	<u>53,559,505</u>	<u>54,934,712</u>
<b>EQUITY</b>		
<b>Interest in Joint Ventures</b>		
Non Controlling Interest in VK JV	99,352	120,208
Partner Interest in Claremont JV	30,949	26,250
JV Interest	<u>130,301</u>	<u>146,458</u>
<b>Surplus (Deficit)</b>		
Earnings (Deficit) - Previous Years	(4,854,581)	(3,868,186)
Current Surplus (Deficit)	524,827	125,709
<b>Total Retained Earnings</b>	<u>(4,329,754)</u>	<u>(3,742,477)</u>
<b>TOTAL EQUITY</b>	<u>(4,199,453)</u>	<u>(3,596,019)</u>
<b>LIABILITIES AND EQUITY</b>	<u>49,360,052</u>	<u>51,338,693</u>

**TREC SolarShare Co-operative (No.1) Inc.**  
**Consolidated Statement of Income and Expense**  
**Jan 01, 2020 to Sep 30, 2020**

	<u>Actual Jan 01, 2020 to Sep 30, 2020</u>	<u>Actual Jan 01, 2019 to Sep 30, 2019</u>
<b>REVENUE</b>		
<b>Power Revenue</b>		
Power Revenue	6,075,073	5,665,111
Grants	9,761	-
Other Revenue	23,055	14,991
<b>TOTAL REVENUE</b>	<u>6,107,889</u>	<u>5,680,102</u>
<b>EXPENSE</b>		
Operating Expenses	846,866	803,063
Wages and Employment Related Costs	242,357	225,445
General & Admin. Expenses	244,581	189,644
Interest	2,008,657	2,104,033
Amortization	2,240,601	2,232,208
<b>TOTAL EXPENSE</b>	<u>5,583,062</u>	<u>5,554,393</u>
<b>NET INCOME</b>	<u>524,827</u>	<u>125,709</u>

**TREC SolarShare Co-operative (No.1) Inc.**  
**Consolidated Statement of Cash Flows**  
**Jan 01, 2020 to Sep 30, 2020**

**Cash Flows from (used in) Operating Activities**

Net income	524,827
Non-cash amortization	2,240,601
Change in Receivables	(944,387)
Change to Prepaids	10,913
Change to Inventory	(184,693)
Change in Loan Receivable	(20,568)
Change to Investments in Joint Operations	-
Change in Payables	471,566
Change in Deferred Revenue	(4,116)
Change in Partner Interest in JV	57,091
<b>Net Cash provided by (used in) Operating Activities</b>	<b>2,151,234</b>

**Cash Flows from (used in) Investing Activities**

Purchase of Projects, equipment and land	(36,922)
Goodwill	-

**Cash Flows from (used in) Financing Activities**

Change in Interest Payable	-
Change in Notes Payable	(1,450,383)
Change in Security Accounts	(278,372)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(1,728,755)</b>

<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>385,557</b>
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<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>663,108</b>
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<b>Cash and Cash Equivalents at End of Period</b>	<b>1,048,665</b>
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## TREC SolarShare Co-op (No.1) Inc.

### Consolidated Financial Statement Notes: 9 months in Fiscal Year 2020

#### 1. Status and Nature of Activities

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

SolarShare's objective is to promote the development of renewable energy resources in the Province of Ontario.

SolarShare allows Ontarians to invest in renewable energy and help to promote its acceptance. Using the co-operative enterprise model, SolarShare provides triple-bottom line benefits to members by offering the opportunity to invest in a democratically controlled, locally owned organization that owns renewable energy projects and promotes further development of renewable energy resources.

#### 2. Summary of Significant Accounting Policies

##### *Basis of Accounting*

SolarShare 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 the following significant accounting policies.

##### *Consolidation*

These financial statements consolidate the records of:

- TREC SolarShare Co-operative (No.1) Inc. - SolarShare
- Community Solar Assets 1 Limited – CSA 1
- Community Solar Assets 2 Limited – CSA 2
- Community Solar Assets 4 Limited – CSA 4
- Community Solar Assets 5 Limited – CSA 5
- TREC SolarShare and 1477400 Ontario Ltd Joint Venture
- Claremont Solar Joint Venture

##### *Investments in Jointly Controlled Activities*

SolarShare has entered into partnership and joint venture agreements to own and operate renewable energy projects as follows:

Name of Joint Arrangement	SolarShare % Ownership
TREC SolarShare and 1477400 Ontario Ltd Joint Venture	50.9%
Claremont Solar Joint Venture	51%

SolarShare uses the equity method for the joint arrangement limited partnership and the consolidation method for the Joint Venture.

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

#### *Revenue Recognition*

##### *Power Production:*

SolarShare holds FIT 1 Contracts, FIT 2 Contracts, FIT3 Contracts and MicroFIT Contracts with the Independent Electricity System Operator (formerly Ontario Power Authority) under Ontario's Feed-In Tariff (FIT) program, which specify fixed tariffs per kilowatt hour.

Electricity revenue is recognized based on the electricity produced and delivered to the grid. Revenue is recognized based on electricity measured by the Local Distribution Companies (LDCs) as determined by the LDC meters at periodic dates through the year. Electricity produced from the LDC's last meter reading date to the year end is recognized based on SolarShare'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 SolarShare.

##### *Membership Fees:*

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

##### *Miscellaneous Revenue:*

Miscellaneous Revenue consists of revenue generated from servicing the administrative needs of the Joint Ventures hosting for an internet provider, from other small services rendered to industry partners, reimbursement for lost revenue and fees charged 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 assets is charged using the straight line method over 20 years. Amortization on capital spare inverters is charged using straight line method over 10 years. Amortization commences only after the asset reaches Commercial Operation.

### *Capital Assets*

SolarShare 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. Spare inverters are capitalized if they are considered standby equipment, are only used in connection with the projects, and expect to be used during more than one period.

### *Financial Instruments*

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

SolarShare initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. SolarShare 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*

SolarShare 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 SolarShare uses are:

1. Accrued electricity revenue based on SolarShare'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. Accrued audit and insurance recorded based on contracts in place

Actual results could differ from these estimates.

### 3. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation. September 30, 2019 financials as presented last year did not include a consolidation with the Claremont Joint Venture. Figures presented for comparison here do contain a consolidation with the Claremont Joint Venture.

### 4. 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 CSA 1 and CSA 2 respectively. Interest earned is recorded as an addition to the reserve fund principal on the CSA 1 and CSA 2 statements.

The funds are held as security for the financing provided by the Lenders, as described in Note #7.

If CSA 1 or CSA 2 are unable to meet the debt service coverage ratio of 1.5:1 as outlined in Note #9, 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. CSA 1 and CSA 2 have begun making contributions to the maintenance fund as per the borrowing agreement.

Company	Account	Sep 30, 2020	Sep 30, 2019
CSA 1	Debt Service Reserve	\$240,886	\$180,743
	Maintenance Reserve	\$26,473	\$20,784

Company	Account	Sep 30, 2020	Sep 30, 2019
CSA 2	Debt Service Reserve	\$1,262,593	\$763,943
	Maintenance Reserve	\$22,022	\$0

CSA 1 has not used any portion of its Maintenance Reserve Fund. CSA 2 has used its Maintenance Reserve Fund to finance the purchase of new inverters for one of the projects. These inverters were purchased prior to the end of life of the initial inverters. The inverters have been capitalized and are used as rotating stock on other CSA 2 sites to reduce downtime as inverters need to be swapped out for repair.

## 5. Loan Receivable

SolarShare has provided a loan was made to an individual who supplies grass maintenance services to SolarShare for the purpose of expanding the individual's business.

Date	May 29, 2020
Limit	\$26,500
Type	Limited Recourse Grid Note
Description	This note is payable to TREC SolarShare Co-operative (No.1) Inc. by Gerald Gemmill
Interest rate	This loan earns an interest rate of 4% annually, calculated on a daily basis.
Repayment terms	3 equal payments per year
Security	Claim against sheep purchased with loan

## 6. Projects, Land 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 Commercial Operation Interest: Interest accrued on financing prior to Commercial Operation Date.

- c. Project Costs: Costs relating to project development to Commercial Operation including loan interest expenses, legal fees, banking fees, staff time, development fees and engineering studies and reports.

Projects, Land and Equipment	Balance of Capital Assets, net of Amortization – Sept 30, 2020	Balance of Capital Assets, net of Amortization – Sep 30, 2019
SolarShare	\$5,658,382	\$6,081,515
CSA 1	\$4,168,930	\$4,487,507
CSA 2	\$13,787,334	\$14,691,451
CSA 4	\$20,716,106	\$22,209,539
<b>Total</b>	<b>\$44,622,942</b>	<b>\$47,470,012</b>

## 7. Operational Loans

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

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

Interest	Sep 30, 2020	Aug 31, 2019
Principal at period end	\$0	\$1,810,044
Interest in the period	\$0	\$38,613
<b>Balance owed at period end</b>	<b>\$0</b>	<b>\$1,827,492</b>

This loan was repaid in full in the 2019 fiscal year and the promissory note cancelled.

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

Date	January 29, 2020
Limit	\$2,000,000
Type	Limited Recourse Grid Note
Description	This note is payable to Glen Estill
Interest rate	This loan carries an interest rate of 6% annually, calculated on a daily basis.
Repayment terms	Loan is to be repaid through the confirmation of reinvestment of bonds, and new bond sales. SolarShare may repay the loan at any time without notice or penalty.
Security	None

Interest	Sep 30, 2020	Sep 30, 2019
Principal at period end	\$0	n/a
Interest in the period	\$59,038	n/a
<b>Balance owed at period end</b>	<b>\$0</b>	<b>n/a</b>

This loan was repaid in full on August 20, 2020 and the promissory note cancelled.

### Community Solar Assets 4

Date	October 25, 2019
Limit	\$5,000,000
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	CSA 4 may repay the loan at any time without notice or penalty.
Security	None

Interest	Sep 30, 2020	Sep 30, 2019
Principal at period end	\$1,500,000	n/a
Interest in the period	\$86,282	n/a
Interest prior year	\$20,473	n/a
Balance owed at period end	\$1,606,755	n/a

## 8. Deferred Revenue

The deferred revenue balance relates to a hosting agreement paid by an internet provider as a result of the Dane Tower that exists on the purchased land. The term of the agreement is 7 years of which the revenue was paid upfront. The revenue to be earned in the next 12 months is presented as current. The revenue will be recognized on a straight-line basis.

## 9. Debt Financing

Both CSA 1 and CSA 2 have secured Debt Financing against their respective assets.

Loan	CSA 1	CSA 2
Type	Term Loan	Term Loan
Lender	Equitable Life Insurance Company of Canada	CorpFinance International Ltd
Interest Rate	4.789% compounded 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 first-ranking charge and perfected security interest against all assets of CSA 1	A first-ranking charge and perfected security interest against all assets of CSA 2

Debt Service Coverage Ratio (DSCR)	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 Debt Service Coverage Ratio (DSCR) (calculated on the latest four quarters' results) falls below 1.50, the level of cash reserves must be increased; if the DSCR falls below 1.20, the loan is in default. The following table shows the DSCR ratios for CSA 1 and CSA 2.			
	2020 – Sep 30	1.64:1	2020 – Sep 30	1.49:1
	2019 – Dec 31	1.45:1	2019 – Dec 31	1.36:1
	2018 – Dec 31	1.43:1	2018 – Dec 31	1.43:1
	2017 – Dec 31	1.64:1	2017 – Dec 31	5.27:1
	2016 – Dec 31	1.73:1	2016 – Dec 31	N/A
<p>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 CSA 1's DSCR falls below 1.50 (but is still above 1.20), funds are deposited into the reserve account to cover six months principal and interest payments.</p> <p>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 CSA 2's DSCR falls below 1.50 (but is still above 1.20), funds are deposited into the reserve account to cover twelve months principal and interest payments.</p>				

A non-revolving term loan was made available to the Claremont Solar Joint Venture, effective September 2, 2016 in the aggregate amount of up to \$263,760. The loan is to be used for working capital purposes in connection with the Project of the Joint Venture Agreement. The loan shall bear interest at a rate equal to 5% per annum on the unpaid principal amount of the loan and accrues daily.

## 10. Community Solar Bonds

Description:

SolarShare is currently issuing one type of Solar Bond.

Security:

Solar Bonds are secured by mortgages of the leases of the properties where the Solar projects are located and by security interests in certain assets of SolarShare. The security for the Solar Bonds stand in first position, but behind Debt Financing in the case of CSA 1 and CSA 2.

Fair Value of Security:

Based on internal valuation, SolarShare is obliged to maintain the net present value of future cashflows net of Debt Financing, in excess of the face value of the outstanding Solar Bonds. Based on internal valuation, estimated net present value of future cash flows net of Debt Financing at September 30, 2020 exceeds outstanding Solar Bonds.

Bond Type	Interest Rate	Conditions	Maturity	Outstanding Balance, net of redemptions	
				Sep 30, 2020	Sep 30, 2019
5-Year Solar 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 Offering 201805: 5 years after issue date Offering 201911: 5 years after issue date	26,025,000	25,314,000
5-Year Solar Bonds held in registered accounts	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:	6,449,605	6,661,555



			5 years after issue date Offering 201805: 5 years after issue date Offering 201911: 5 years after issue date		
15-Year Solar Bond	6%	Principal and Interest payments paid semi-annually commencing 6 months after issue	Offering 201505: April 30, 2030 Offering 201605: April 30, 2031 Offering 201705: 5 years after issue date Offering 201805: 5 years after issue date Not currently offered	4,428,345	4,688,628
Holding Account				4,000	0
Total				36,902,950	36,664,183

The maximum amount of Solar Bonds to be redeemed or reinvested are as follows:

	2018	2019	2020	2021	2022	2023	2024
Long Bond	234,678	251,104	266,426	282,644	299,855	317,229	337,540
Other	2,219,304	10,843,575	7,997,654	5,717,215	5,760,900	756,000	-
Current Portion	2,453,982	11,094,679	8,264,080	5,999,859	6,060,755	1,073,229	337,540
Long Term Portion	35,712,398	24,617,719	16,353,639	10,353,780	4,293,025	3,219,796	2,882,256
<b>Total</b>	38,166,380	35,712,398	24,617,719	16,353,639	10,353,780	4,293,025	3,219,796

SolarShare has been authorized by the Financial Services Regulatory Authority of Ontario (formerly the Financial Services Commission of Ontario), to offer Solar Bonds to the public under a series of sequential Offering Statements as follows:

Date of Offering Statement	Expiry	Total Bonds Issued by Offering
<i>As of July 2019: Regulated by the Financial Services Regulatory Authority of Ontario</i>		
Nov 22 2019	Nov 21 2020	12,082,496 (to Sept. 30)
<i>Prior to 2019: Regulated by the Financial Services Commission of Ontario</i>		
May 17 2018	May 17 2019	3,393,000
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
<i>Prior to Oct 2012: SolarShare was issuing bonds without a receipted offering statement, under the Co-operative exemption (limit of \$1,000/member/year)</i>		
Aug 2011-Oct 2012	Not receipted, co-op exemption	156,000

## 11. Developer Loans

Developer Loan	Solera Sustainable Energies Company Ltd.	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

Developer Loan	Solera Sustainable Energies Company Ltd.	Morgan Solar
		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

<b>Solera Sustainable Energies Company Ltd.</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening balance	341,915	341,915	340,212	330,082	312,584	288,649	259,096
Principal payments	-	1,703	10,130	17,498	23,935	29,553	34,452
Interest (2.5% per annum)	8,548	8,548	8,505	8,252	7,815	7,216	6,477
Interest payments	8,548	8,548	8,505	8,252	7,815	7,216	6,477
Closing balance	341,915	340,212	330,082	312,584	288,649	259,096	224,644
Current portion	1,703	10,130	17,498	23,935	29,553	34,452	38,720
Long term portion	340,212	330,082	322,714	306,147	283,031	254,197	220,376

<b>Morgan Solar</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening balance	111,145	106,061	88,916	77,802	66,687	55,573	44,458
Principal payments	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Interest (5.5% per annum)	5,880	5,276	4,673	4,070	3,467	2,864	2,261
Interest payments	-	11,457	4,824	4,221	3,618	3,015	2,412
Closing balance	106,061	88,916	77,802	66,687	55,573	44,458	33,343
Current portion	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Long term portion	95,097	77,952	66,838	55,723	44,609	33,494	22,379

## 12. Non-controlling Interest

SolarShare has entered into a two Joint Venture agreements to operate projects located on commercial rooftops in Brampton and a Community Centre roof in Durham Region. The investment in the Van Kirk Joint Venture (50.9%) and Claremont Joint Venture (51.0%) are accounted for as follows:

Joint Venture Accounting	Sep 30, 2020	Sep 30, 2019
Total Assets	520,820	555,153
Total Liabilities	255,480	258,846
Net Assets	265,340	296,307
<b>SolarShare Interest in JV</b>	<b>135,039</b>	<b>149,849</b>
Partner Interest in JV	130,301	146,458

The 51% acquisition of the Claremont Solar Joint Venture on May 29, 2019 resulted in \$2,486 of goodwill upon consolidation based on the Co-operative's investment in the project. Goodwill is not amortized and tested for impairment when events or changes in the circumstances indicate the carrying amount may exceed the fair value. There has been no impairment loss tested to date.

## 13. Financial Instruments

SolarShare is exposed to various risks through its financial instruments. The following presents the Co-operative's exposures to risk at September 30, 2020.

### *Risk Management*

SolarShare 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 SolarShare 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 SolarShare not being able to liquidate assets in a timely manner at a reasonable price.

SolarShare 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*

SolarShare's credit risk exists with the local distribution companies.

### *Interest Rate Risk*

SolarShare has the following investments that earn interest:

Item	Community Solar Assets 2
Description	Debt Service Coverage Reserve Fund
Invested with	HSBC
Investment	GIC
Term	180 days (11/09/2020 – 10/03/2021)
Rate	0.5% per annum non-compounding calculated daily
Principal	\$708,799.60
Maturity Value	\$710,547.33

Note: The remaining balance of the Debt Service Coverage Reserve Fund is held in a bank account controlled by the lender on behalf of CSA 2.

SolarShare also has loan obligations that carry interest including developer loans at 2.5% and 5%, operational loans at 3.5%, short term private loan at 6% and Solar Bonds payable carry an interest rate of 4%, 5% or 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 SolarShare's risk exposure from the prior year.

## **14. Contractual Obligation**

### *TREC Renewable Energy Fund*

SolarShare 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 of director'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*

SolarShare has entered into an agreement where TREC will provide some back-office services for SolarShare according to agreed upon schedules. This Agency Agreement is effective April 1<sup>st</sup> 2020 for a term of 12 months, updated from an agreement in April 1<sup>st</sup> 2019.

#### *Community Wealth Co-operative*

SolarShare 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 FIT Contracts on these projects.

### **15. Lease Commitments**

SolarShare is committed to 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>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025-2038</b>
Set Lease Amounts	\$514,325	\$514,325	\$514,325	\$514,325	\$514,325	\$4,961,524

A portion of lease payments are based on a percentage 3.3% - 10% of gross revenue earned by those projects. Future amounts cannot be estimated at this point and are not included above, while some projects have pre-paid 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 SolarShare 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)

November 27, 2020

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

Dear Sirs / Mesdames:

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

We refer to the offering statement of TREC Solarshare Co-operative (No.1) dated January 1, 2021 relating to the sale and issue of Solar Bonds.

We consent to being named and to the use in the above-mentioned Offering Statement, of our report dated March 17, 2020, to the members of the Co-operative on the following financial statements:

Statements of financial position as at December 31, 2019 and 2018;

Statements of operations and changes in net assets (deficiency) and cash flows for the years ended December 31, 2019 and 2018 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

## 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

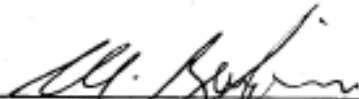
be required to give effect to the amalgamation under the Act.

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 Tier  
POSITION: Secretary

We have the authority to bind the corporation.

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

NAME: \_\_\_\_\_

Michael Brighant

POSITION:

President

NAME: \_\_\_\_\_

POSITION:

We have the authority to bind the corporation.

## 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 12: 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 Brigham (President), Ron Seftel (Treasurer), Shama Ahmed, Pieter de Koning, Glen Campbell, Patrick Collie, Khalid Grant (Chair), 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 13: Committee Roles and Responsibilities*

SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Finance and Planning 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 New Business and Operations and Maintenance Committees to assess and recommend purchase of new solar or other significant assets; and</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; and</p> <p>Advises on overall direction and long-term decisions of the organization</p>	<p><b>Chair:</b> Graysanne Bedell</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>Guides marketing strategy;</p> <p>Oversees member communication and engagement;</p> <p>Provides advice for content, member activities and events; and</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</p>	<p>Monthly, and as required</p> <p>2 hours per month</p>

SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>New Business Committee (Standing)</b></p> <p>Identifies new business opportunities for investigation;</p> <p>Guides research into options for new business models;</p> <p>Assesses business partnerships, amalgamation and purchase opportunities;</p> <p>Reviews and vets potential investments; and</p> <p>Works with the Finance and Planning and Operations and Maintenance Committees to assess and recommend the purchase of new assets.</p>	<p><b>Chair:</b> Khalid Grant</p> <p><b>Members:</b> Khalid Grant, Alison Goudy, Richard Sung, Graysanne Bedell, Newton Chan</p>	<p>Monthly, and as required</p> <p>3 hours per month</p>
<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>Maintains a register of risks to SolarShare's business; and,</p> <p>Reviews and updates SolarShare's financial systems and internal controls.</p>	<p><b>Chair:</b> Ashley Reid</p> <p><b>Members:</b> Ashley Reid, Thomas Haubenreisser, Ron Seftel</p>	<p>As required</p> <p>3 hours per meeting</p>



SCOPE	MEMBERS	MEETING FREQUENCY
<p><b>Operations and Maintenance Committee (Standing)</b></p> <p>Oversees negotiation of and approves final contracts with third party service providers;</p> <p>Monitors expenditures and oversees annual budgeting for maintenance;</p> <p>Reports to the board on monthly generation figures and maintenance expenditures against budget;</p> <p>Provides guidance to O&amp;M staff and oversight over maintenance, service calls, warranty work, insurance claims, purchasing and inventory,</p> <p>Seeks ways of improving revenues via system performance and reducing maintenance costs; and,</p> <p>Works with the Finance Committee to project long term revenues and operating and maintenance expenses.</p>	<p><b>Chair:</b> Mike Brigham</p> <p><b>Members:</b> Mike Brigham, David Crockett, Patrick Collie, Pieter de Koning</p>	<p>Weekly, and as required</p> <p>3 hours per month</p>
<p><b>Human Resources Committee (Ad Hoc)</b></p> <p>Oversees annual employee performance review;</p> <p>Conducts the performance review of General Manager;</p> <p>Provides input to human resources materials such as policies, performance review and work plan templates as necessary;</p> <p>Recommends employee hiring, discipline and termination;</p> <p>Recommends employee compensation and benefits; and</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

SolarShare has a diverse membership comprised of more than 1,900 individuals and institutions who have invested \$55 million in Solar Bonds, earning \$7.9 million in interest.



Figure 11: 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:

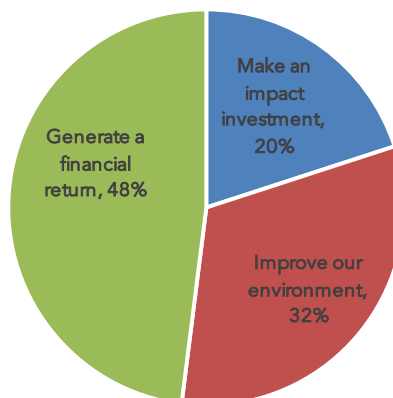










Figure 12: Reasons SolarShare members choose to invest.




## SCHEDULE O – PROJECT DESCRIPTIONS



*Table 14: 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%	




PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
VAN KIRK AND CLAREMONT JOINT VENTURES							
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%	

PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
CSA 1							
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%	

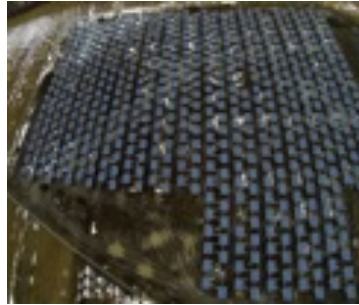


PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Champion Mushroom	249	2033-07-14	Moose Creek	0.713	FIT 1	100%	
Vanastra	366	2034-04-13	Clinton	0.713	FIT 1	100%	
CSA 2							
Summerville	300	2034-10-05	Mississauga	0.539	FIT 2	100%	

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%	

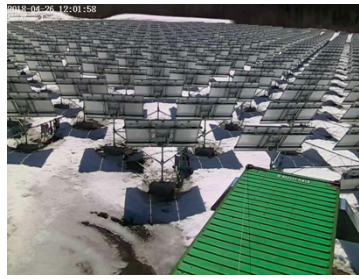
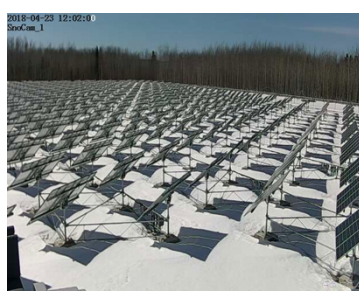



PROJECT NAME	CAPACITY (kW DC)	FIT CONTRACT END DATE	LOCATION	RATE (\$/kWh)	FIT CONTRACT ROUND	OWNERSHIP SHARE	IMAGE
Keele	300	2035-02-25	Vaughan	0.539	FIT 2	100%	
Basaltic	300	2035-02-19	Vaughan	0.539	FIT 2	100%	
Orenda	300	2035-04-22	Brampton	0.539	FIT 2	100%	

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%	