Enercare Inc.

Consolidated Financial Statements

Year Ended December 31, 2015

Dated March 7, 2016

March 7, 2016

Independent Auditor's Report

To the Shareholders of Enercare Inc.

We have audited the accompanying consolidated financial statements of Enercare Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Enercare Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

Enercare Inc.

Consolidated Statements of Financial Position

(in thousands of Cdn $) As at December 31,	2015	2014
Assets		
Current assets		
Cash and cash equivalents (note 4)	**$ 28,413**	$ 68,055
Accounts and other receivables (note 5)	**98,414**	74,997
Inventory (note 6)	**7,852**	5,649
Prepaid expenses	**3,653**	2,734
	138,332	151,435
Capital assets (note 9)	**542,591**	499,500
Intangible assets (note 10)	**527,463**	590,195
Reimbursement right - pension (note 14)	**11,107**	11,107
Goodwill (note 11)	**147,564**	145,497
Deferred tax asset (note 15)	**7,652**	8,327
Other assets	**1,538**	-
	$ 1,376,247	$ 1,406,061
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	**$ 66,536**	$ 67,430
Current portion of long-term debt (note 13)	**992**	1,258
Obligations under finance leases (note 12)	**2,061**	1,981
Provisions (note 24)	**1,191**	1,150
Interest payable	**4,694**	4,540
Deferred revenue and service obligation	**8,193**	6,953
Dividends payable	**6,156**	5,550
	89,823	88,862
Long-term debt (note 13)	**733,540**	683,691
Convertible debentures (note 13)	**2,680**	3,162
Long-term obligations under finance leases (note 12)	**4,634**	5,151
Employee benefit plans (note 14)	**27,848**	25,560
Deferred tax liability (note 15)	**127,925**	121,750
	986,450	928,176
Shareholders' equity		
Share capital (note 16)	**914,074**	956,281
Treasury shares (note 16)	**(815)**	-
Contributed surplus	**1,215**	989
Accumulated other comprehensive gain (loss)	**103**	(251)
Deficit	**(524,780)**	(479,134)
	389,797	477,885
	$ 1,376,247	$ 1,406,061

Commitments and contingent liabilities are found in notes 19 and 20 respectively.

Subsequent events are found in notes 14 and 33.

The accompanying notes are an integral part of these consolidated financial statements.

Enercare Inc.
Consolidated Statements of Income

(in thousands of Cdn $, except per share amounts) For the years ended December 31,		**2015**		2014
Revenues				
Contracted revenue	**$**	**524,161**	$	350,586
Sales and other services		**39,460**		11,361
Investment income		**205**		806
Total revenues		**563,826**		362,753
Expenses				
Cost of goods sold and services provided				
Commodity charges		**106,203**		97,673
Maintenance and servicing costs		**61,164**		10,600
Sales and other services		**27,538**		8,121
Selling, general & administrative (note 23)		**144,311**		70,978
Amortization				
Capital assets (note 9)		**58,497**		54,242
Intangible assets (note 10)		**66,919**		50,639
Net loss on disposal of equipment		**3,017**		9,874
Gain on retirement of finance lease obligations		**(147)**		(15)
Interest expense (note 13)		**28,075**		28,891
Total expenses		**495,577**		331,003
Other income (note 31)		**580**		408
Earnings for the year before income taxes		**68,829**		32,158
Tax expense				
Current tax expense (note 15)		**10,197**		27,287
Deferred income tax expense / (recovery) (note 15)		**7,677**		(17,405)
Total tax expense		**17,874**		9,882
Net earnings for the year	**$**	**50,955**	$	22,276
Weighted average number of basic shares outstanding (note 17)		**91,299**		65,077
Weighted average number of diluted shares outstanding (note 17)		**91,998**		65,909
Basic and diluted earnings per share (note 17)	**$**	**0.56**	$	0.34

Enercare Inc.
Consolidated Statements of Comprehensive Income

(in thousands of Cdn $) For the years ended December 31,		**2015**		2014
Net earnings for the year	**$**	**50,955**	$	22,276
Items that will not be reclassified to earnings				
Remeasurements of defined benefit plans (note 14)		**481**		(341)
Tax effect of remeasurements of defined benefit plans		**(127)**		90
Comprehensive income for the year	**$**	**51,309**	$	22,025

The accompanying notes are an integral part of these consolidated financial statements.

Enercare Inc.
Consolidated Statements of Changes in Equity

(in thousands of Cdn $) For the years ended December 31,		2015		2014
Share Capital				
Balance - beginning of year	**$**	**956,281**	$	523,676
Shares issued, net of transaction costs - OHCS (note 16)		**(30)**		431,781
Repurchase of shares (note 16)		**(45,763)**		-
Shares issued on debenture conversion (net of issue costs) (notes 13, 16)		**529**		824
Shares issued from treasury upon exercise of share options		**3,057**		-
Share Capital - end of year		**914,074**		956,281
Treasury Shares				
Balance - beginning of year		**-**		-
Shares repurchased on account of stock purchase plan (note 16)		**(815)**		-
Treasury Shares - end of year		**(815)**		-
Contributed Surplus				
Balance - beginning of year		**989**		863
Shares issued on debenture conversion (net of issue costs) (notes 13, 16)		**(14)**		(31)
Employee share options and stock purchase plan:				
Value of services recognized		**512**		157
Shares issued from treasury upon exercise of share options		**(272)**		-
Contributed Surplus - end of year		**1,215**		989
Accumulated Other Comprehensive Gain (Loss)				
Balance - beginning of year		**(251)**		-
Remeasurements of defined benefit plans		**481**		(341)
Tax effect of remeasurements of defined benefit plans		**(127)**		90
Accumulated Other Comprehensive Gain - end of year		**103**		(251)
Deficit				
Balance - beginning of year		**(479,134)**		(453,243)
Net earnings for the year		**50,955**		22,276
Repurchase of shares		**(21,838)**		**-**
Dividends		**(74,763)**		(48,167)
Deficit - end of year		**(524,780)**		(479,134)
Shareholders' equity - end of year	**$**	**389,797**	$	477,885

The accompanying notes are an integral part of these consolidated financial statements.

Enercare Inc.

Consolidated Statements of Cash Flows

(in thousands of Cdn $) For the years ended December 31,		2015		2014
Cash provided by/(used in):				
Operating activities				
Net earnings for the year	**$**	**50,955**	$	22,276
Items not affecting cash				
Amortization				
Capital assets (note 9)		**58,497**		54,242
Intangible assets (note 10)		**66,919**		50,639
Net loss on disposal of equipment		**3,017**		9,874
Gain on retirement of finance lease obligations		**(147)**		(15)
Non-cash interest expense		**1,970**		954
Defined benefit plan expense		**4,256**		809
Employee share options and stock purchase plan		**512**		157
Deferred income tax expense / (recovery) (note 15)		**7,677**		(17,405)
Deferred customer inducements		**(1,538)**		-
Contributions to defined benefit pension plan		**(2,584)**		(517)
		189,534		121,014
Net change in non-cash working capital (note 25)		**(25,648)**		24,615
Cash provided by operating activities		**163,886**		145,629
Investing activities				
Purchase of capital assets (note 9)		**(116,923)**		(85,573)
Acquisition of Triacta - net of cash received (note 32)		**(7,105)**		-
Acquisition of OHCS - net of cash received (note 30)		**-**		(440,113)
Acquisition of CNI (note 29)		**(863)**		-
Acquisition of ESN		**-**		(3,035)
Proceeds from disposal of vehicle leases		**313**		7
Proceeds from disposal of equipment - warranty recoveries		**2,118**		2,138
Proceeds from disposal of equipment - buyout receipts		**10,297**		3,281
Cash used in investing activities		**(112,163)**		(523,295)
Financing activities				
Dividends to shareholders		**(74,157)**		(46,006)
Purchase of treasury shares		**(815)**		-
Repurchase of shares		**(67,601)**		-
Share issuance, net of transaction costs - OHCS (note 16)		**(30)**		318,243
Proceeds from exercise of employee share options		**2,785**		-
Proceeds from revolving credit facility (note 13)		**50,000**		-
Proceeds from issuance of long-term debt		**-**		210,000
Repayment of obligations under finance leases		**(290)**		(340)
Repayment of long-term debt		**(1,257)**		(61,214)
Financing costs on long-term debt		**-**		(902)
Cash (used in) / provided by financing activities		**(91,365)**		419,781
(Decrease) / increase in cash and cash equivalents		**(39,642)**		42,115
Cash and cash equivalents - beginning of year		**68,055**		25,940
Cash and cash equivalents - end of year (note 4)	**$**	**28,413**	$	68,055
Supplementary information				
Interest paid	**$**	**25,951**	$	28,441
Income taxes paid	**$**	**19,417**	$	29,624

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

Enercare Inc. (“Enercare”) holds all of the issued and outstanding shares of Enercare Solutions Inc. (“Enercare Solutions”), which through its wholly-owned subsidiaries owns a portfolio of water heaters and other assets which are primarily rented to customers in Ontario. Enercare also owns Enercare Connections Inc. (“Enercare Connections”), which operates in the sub-metering (“Sub-metering”) business primarily in Ontario.

Enercare Connections was formed through the amalgamation on January 1, 2012 of Stratacon Inc. and Enercare Connections. On July 15, 2015, Enercare Connections purchased and amalgamated with Triacta Power Technologies Inc. (“Triacta”), a company in the design and manufacturing of advanced, utility-grade energy management meters for multi-unit residential, commercial and institutional applications. Triacta's primary markets are Canada and the U.S.

Enercare Solutions is the successor to The Consumers’ Waterheater Operating Trust (the “Trust”). On October 20, 2014, Enercare, through a subsidiary of Enercare Solutions, acquired the Ontario home and small commercial services business (“OHCS”) of Direct Energy Marketing Limited (“DE”) (the “Acquisition”). The assets acquired and liabilities assumed included components of working capital, capital assets, intangible assets, goodwill, finance leases and employee future benefits (note 30).

OHCS serviced and supported more than 90% of Enercare’s rentals business installed asset base at the time of closing of the Acquisition through origination and co-ownership agreements. Prior to the Acquisition, under the co-ownership agreement, Enercare was entitled to 65% of the revenue and other payments and OHCS was entitled to the remaining 35% of the revenue. For OHCS’ portion of the revenue, it was primarily responsible for servicing and maintaining Enercare’s rentals business capital assets subject to certain exceptions and limitations. In addition, OHCS independently sold protection and maintenance plans for furnaces, air conditioners, boilers and other equipment, sold and financed HVAC equipment and other on demand residential and small commercial equipment and provided maintenance and repair services. The combined business unit is now referred to as “Home Services”.

The head office of Enercare is located at 4000 Victoria Park Avenue, Toronto, Ontario, M2H 3P4.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Enercare has consistently applied the same accounting policies and methods of computation throughout all periods presented, as if these policies had always been in effect.

The consolidated statement of financial position as at December 31, 2014 has been revised by the measurement period adjustments related to the Acquisition as disclosed in note 30.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 7, 2016, the date the board of directors approved the consolidated financial statements.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of Measurement

The consolidated financial statements have been prepared under a historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments, employee benefit plans and the reimbursement right - pension as described in note 14.

Consolidation

The consolidated financial statements of Enercare consolidate the accounts of its subsidiaries. All inter-company transactions and balances from inter-company transactions are eliminated on consolidation.

Subsidiaries are those entities which Enercare controls. Enercare controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by Enercare and are de-consolidated from the date that control ceases. As of the date of these consolidated financial statements, 100% of the operating results and equity of the subsidiaries is attributable to Enercare.

Business Combinations

Business combinations are presented in accordance with IFRS 3R. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any excess purchase price over the identifiable net assets will be recorded as goodwill. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and short-term investments with maturities of less than 90 days after the date of purchase.

Financial Instruments

Financial assets and financial liabilities are recognized when Enercare becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Enercare has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is eliminated or Enercare is no longer required to transfer economic resources to a third party in respect of the obligation.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, Enercare classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and financial liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within other gains and losses in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond 12-months of the consolidated statement of financial position, which is classified as non-current.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Enercare's loans and receivables are comprised primarily of accounts receivable and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, provisions, interest payable, dividends payable, deferred revenue, obligations under finance leases and long-term debt. Amounts are initially recognized at the amount required to be paid less, when material, a discount to reduce the amount to fair value. Subsequently, amounts are recognized at amortized cost using the effective interest rate method. Long-term debt is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Financial liabilities are classified as current liabilities if payment is due within 12-months. Otherwise, they are presented as non-current liabilities.

Impairment of Financial Assets

At each reporting date, Enercare assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, Enercare recognizes an impairment loss on financial assets carried at amortized cost as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Accounts Receivable

Accounts receivable are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When an accounts receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the consolidated statement of income.

Subsequent recoveries of amounts previously provided for are credited to the consolidated statement of income.

Inventory

Inventory consists of residential furnaces, boilers, air conditioners held for sale or parts used in servicing equipment. Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average cost basis.

Inventory is considered for obsolescence based on current estimates of future sales and use.

Provisions

Provisions for legal claims, where applicable, are recognized when Enercare has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The discount rate, if applied, would be the risk free rate at the measurement date. Enercare performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Capital Assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset, including installation costs, labour and direct overhead. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Enercare and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred.

The major categories of capital assets are depreciated over the estimated useful lives of the assets on a straight-line basis as follows:

Rental equipment	16 years
Furniture and fixtures	3-5 years
Computer equipment	3-5 years
Computer software	2-10 years
Installed meters	10 years
Installed meters – other	length of the contract, typically 10-25 years
Vehicles	over the term of the lease
Leasehold improvements	over the term of the lease

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of loss on disposal of equipment in the consolidated statement of income.

Leases

Leasing agreements which transfer to Enercare substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. Assets held under finance leases are depreciated on a basis consistent with similar owned assets or the lease term if shorter. The interest element of the finance leases is included in the consolidated statement of income. All other leases are operating leases and the rental costs are charged to the consolidated statement of income on a straight-line basis over the lease term.

Intangible Assets

Intangible assets are predominantly related to contractual customer relationships, customer contracts and proprietary technology acquired in business combinations that are recognized at fair value at the acquisition date. The contractual customer relationships, customer contracts and proprietary technology have a finite useful life and are carried at cost less accumulated amortization and impairment charges. Amortization is calculated using the straight-line method over the expected life of 10 to 20 years.

Impairment of Non-financial Assets

Intangible assets and capital assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. When there are indications of a potential decrease in a prior period impairment loss, a reversal may be recognized through the consolidated statements of income. A change in amortization may be required based upon the estimated remaining service life.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Enercare's share of the identifiable net assets of the acquired business at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

For the purposes of impairment testing, goodwill is allocated to a CGU or group of CGUs which corresponds to the level at which goodwill is internally monitored by the Chief Operating Decision Maker.

The recoverable amount is the higher of value in use and fair value less costs of disposal. A goodwill impairment is recognized for any excess of the carrying amount of the CGU or groups of CGUs over its recoverable amount. Goodwill impairments are not reversible.

Convertible Debentures

The convertible debentures, issued in June and July 2010, have been recorded as a liability. The value of the debentures has been reduced at issuance to reflect the fair value of the conversion feature of these debentures. The reduction is accreted to earnings over the expected term of the debentures using the effective interest rate method.

Long Term Compensation

Cash Based Payment Plans

Enercare has a Performance Share Unit Plan ("PSUP") for eligible employees as described in note 27. Awards are made in the form of phantom shares, which vest at the end of a three year period.

Enercare has also adopted the Deferred Share Unit Plan ("DSUP") for non-employee directors as described in note 27. In addition to annual grants, pursuant to the DSUP, directors will receive

50% of their fees in the form of deferred share units until the director has met the director's share ownership requirements. Directors may also elect to have vested performance share units settled in deferred share units on a one-for-one basis and may elect once each calendar year to receive any portion of their fees in the form of deferred share units for the year. Such fee election can be changed on a quarterly basis. The vesting period is estimated to be three years.

The PSUP and DSUP plan liabilities are based upon the product of the number of share units, the vesting period, the average volume weighted share price for the five days preceding the last trading day of the period and performance criteria established for each grant and plan at each consolidated statement of financial position date. Enercare's obligation for each plan is recorded in accounts payable and paid in cash, unless a director elects to have vested performance share units settled in deferred share units.

Share Based Plan

Enercare has a stock option plan for officers of Enercare as described in note 27. At the date of grant, options are valued using the Black-Scholes option pricing model giving consideration to the terms of the plan and Enercare's performance. Recorded amounts are reflected in contributed surplus and the consolidated statement of income for the period over the vesting period. The number of options expected to vest is reviewed at least annually, with any impact being recognized immediately.

Employee Share Purchase Plan

Effective November 1, 2014, Enercare implemented an Employee Share Purchase Plan ("ESPP") for all eligible employees of Enercare. Under the plan, employees can purchase shares of Enercare, up to a maximum of $10 per year or 5% of base salary. Enercare will award one matching share for every two shares purchased by an employee over a two year vesting period during which Enercare will recognize an expense over the vesting period. Employee contributions held by Enercare at the end of a period are classified as restricted cash until such time the funds are transferred to the administrative agent for the purchase of Enercare shares.

Income Tax

Enercare uses the liability method and determines deferred income tax assets and liabilities based on differences between the accounting and tax value of assets and liabilities. These are measured using the currently enacted, or substantially enacted, tax rates that will be in effect when the differences are anticipated to reverse. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the end of the reporting period, and any adjustment to tax payable in respect to previous years.

Deferred income tax assets and liabilities are presented as non-current.

Relationship with Franchisees

In certain regions of Ontario, Enercare outsources the sale of air conditioners, boilers, furnaces and other services and protection plans to seven third party franchisees and earns royalties based on the revenue earned by the franchisees. As part of the arrangement, which expires in 2034, Enercare facilitates the invoicing and collection of receivable balances from the franchisees' customers and remits the franchisees' portion of the collected amounts, thereby recognizing as revenue the royalty earned. Royalty revenue of $14,354 (2014 - $4,006) was recognized during the year.

Enercare also manages an advertising fund ("Ad Fund"), established to collect and administer funds contributed by the franchisees for use in advertising programs. Contributions to the Ad Fund are based on a percentage of each franchisee's revenue. In accordance with IAS 18 "Revenue", these contributions are not recorded as revenue but are netted against the advertising expenses incurred by Enercare as it is acting in substance, as an agent for the franchisees with regard to these contributions.

Revenue

General

Revenue is recognized when it is probable that the economic benefits will flow to Enercare and delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. These criteria are met at the time the service is provided or equipment is installed and depending on the delivery condition, title and risk have been passed to the customer and acceptance of the product, when contractually required, has been obtained. Revenue is measured based on the contract price, net of discounts at the time of sale.

Amounts invoiced in advance of revenue recognition are recorded as deferred revenue. Revenue recognized prior to invoicing is recorded as unbilled accounts receivable and is included in accounts receivable.

Enercare assesses the revenue recognition for principal versus agent considerations, where a principle relationship is recognized as 100% of these revenues while an agent relationship is recognized on a net revenue basis.

Contract Revenues

Rental and Sub-metering Revenue

Prior to October 20, 2014, rental revenue was based on the rental agreements that were managed under: (a) the co-ownership agreement with DE as well as (b) other third party arrangements. Under the co-ownership agreement with DE, Enercare earned 65% of gross revenues, and the remaining 35% was earned by DE for installing and servicing the equipment. Subsequent to the Acquisition, Enercare recognizes 100% of these revenues together with related operating and service costs in non-franchised regions. In certain areas of Ontario, franchisees service the equipment.

For all other portfolio assets that were not under the co-ownership agreement, including the Sub-metering assets, Enercare recognizes 100% of the revenues, together with related operating and service costs.

Protection Plans

Within this product offering, Enercare provides both maintenance service contracts and full service protection plans. Under maintenance service contracts, Enercare is obligated to perform one annual maintenance service on the customer's equipment when requested by the customer. Maintenance service revenue is recognized when the service is performed, or when the performance period has expired.

Enercare offers certain arrangements where multiple-element arrangements may exist. The amount of revenue allocated to each element is based upon the relative fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

Full service protection plans consist of fixed-fee service contracts for residential air conditioners and furnaces directly with the end customer. These fixed-fee service contracts are for a 12 month term and are billed annually, quarterly or monthly in advance. Amounts billed are initially recorded as deferred revenue and recognized as revenue on a straight-line basis over the term of the service period, which represents an estimate of the incidence of risk over the contract term. For protection plan sales originated by franchisees, Enercare earns royalties when the service contract is sold to the customer as the franchisee retains the service obligation.

These full service protection plan arrangements are considered insurance contracts under IFRS 4. In the event that the estimated future costs of full service protection plan contracts exceed the associated revenue to be recognized, a loss is recognized in net income immediately.

Sales and Other Services

Sale and Installation of Equipment

Sale and installation of equipment in the Home Services segment is primarily comprised of residential furnaces, boilers, air conditioners through both the corporate and franchised regions. For Sub-metering, revenue related to the sale and installation of water conservation products in apartments and condominiums sales is recognized when installation is complete.

Other Services

Other services include chargeable services such as on demand repairs and maintenance and duct cleaning, and royalties thereon when the services are performed by third party franchisees. Revenue from other services is recognized when the services are provided.

Interest Expense and Financing Charges

Interest charges on debt are classified as an operating expense. Costs associated with the arrangement of long-term financing are netted against the carrying value of the debt and amortized on an effective interest rate method over the expected term of the debt.

Dividends

Dividends on shares are recognized in Enercare's consolidated financial statements in the period in which the dividends are approved by Enercare's board of directors.

Critical Accounting Estimates and Judgments

Enercare makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following items are of significance for the period.

Revenue Accruals

At December 31, 2015, the Home Services business recorded a revenue accrual of approximately

$47,200 (2014 - $45,800) reflecting accrued service periods. Unbilled protection plans comprise approximately $28,700 (2014 - $27,800) of this balance which is predominantly made up of protection plans sold in franchisee service areas which are recognized as royalty revenue at inception but are invoiced over a period of 12-months. The remaining unbilled revenues reflect accrued service periods for rental water heaters and other products.

At December 31, 2015, the Sub-metering business recorded a revenue accrual of approximately $9,800 (2014 - $10,850), reflecting accrued service periods, increases in Billable units, reductions in the backlog of non-billing customers and pass through commodity charges.

Bad Debt Provisions

The Home Services business is exposed to credit risk in the normal course of business for customers who are billed directly by Enbridge Gas Distribution Inc. ("EGD") within its service territory and secondarily when billed by Enercare or are billed by EGD outside of its service territory. For billing within the EGD service territory, Enercare was guaranteed payment by EGD for 99.49% in 2015 and 99.56% in 2014 of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued.

For all other customers, management evaluates a number of factors and assumptions in the determination of the bad debt provision. The total bad debt provision was approximately $11,405 at December 31, 2015, compared to approximately $8,711 at the end of 2014. Changes in any of the variables or assumptions may result in a materially different amount.

Leases

Management applies judgment in its assessment of Enercare's arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership resides with the company or the customer.

Impairment of Non-Financial Assets and Goodwill

Impairment tests are conducted at least annually, or when events or circumstances indicate an impairment may exist. The recoverable amount is based upon a number of assumptions, including but not limited to: discount rates, billable units, cash flows and expenses. Changes in any of these assumptions may result in a materially different recoverable amount.

Employee Benefit Plans

Employee defined benefit plan balances, as described in note 14, are subject to a number of assumptions. The actuarial valuations rely on estimates and assumptions including those for wage escalation, mortality, health care and dental costs inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have a material impact on the employee benefit plans liability and employee benefit plan costs.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized to the extent that realization is considered probable. Judgments regarding projected future income and tax planning strategies are considered in making this assessment.

Business Combination

With respect to the fair value of acquired assets and assumed liabilities and other adjustments related to the Acquisition (note 30), these consolidated financial statements have been prepared using the acquisition method of accounting, in accordance with IFRS 3R, Business Combinations, under which, the total fair value of the consideration transferred has been assigned to the assets acquired and liabilities assumed based on their estimated fair values at the date of the respective acquisitions, with any excess purchase price allocated to goodwill.

With respect to the preliminary estimates related to the acquisition of Triacta (note 32), these consolidated financial statements have been prepared using the acquisition method of accounting, in accordance with IFRS 3R, Business Combinations. Changes may be expected as additional information becomes available following the closing date of the acquisition of Triacta on July 15, 2015. Accordingly, the final fair value determinations may differ from those set forth in these consolidated financial statements and such differences may be material.

Accounting Standards Issued But Not Yet Applied

The following are accounting policy changes to be implemented by Enercare in future periods:

Revenue Recognition

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Financial Instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Financial Instruments Disclosures

IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7"), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Presentation of Financial Statements

IAS 1, "Presentation of Financial Statements" ("IAS 1") was amended by the IASB to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment gives guidance that information within the consolidated statements of financial position and consolidated statements of income should not be aggregated or disaggregated in a manner that obscures useful information, and that disaggregation may be required in the consolidated statements of income in the form of additional subtotals as they are relevant to understanding the entity's financial position or performance. The amendments to IAS 1 are effective for periods beginning on or after January 1, 2016. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Leases

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

4. Cash and Cash Equivalents

As at December 31,	**2015**	2014
Cash at bank	**$28,413**	$67,779
Restricted cash	**-**	276
Ending balance	**$28,413**	$68,055

Restricted cash consists of employee contributions to the ESPP which were held by Enercare at the end of the year and were used, on behalf of employees, to purchase Enercare shares in the following period.

5. Accounts and Other Receivables

As at December 31,	**2015**	2014
Billed accounts receivable	**$ 47,221**	$ 27,041
Unbilled accounts receivable	**56,977**	56,667
Current taxes receivable	**5,621**	-
Bad and doubtful debt provision	**(11,405)**	(8,711)
Accounts and other receivables (net of provision)	**$ 98,414**	$ 74,997

Bad and doubtful debt provision:		
Opening balance	**$ 8,711**	$ 7,025
Charge for the year	**2,694**	1,686
Provision ending balance	**$ 11,405**	$ 8,711

Unbilled accounts receivable of $28,656 (2014 - $27,839), primarily relate to protection plans sold in franchisee service areas which are recognized as royalty revenue at inception but are invoiced over a period of 12-months. The remaining unbilled accounts receivable reflect the unbilled service periods for residential water heaters and other products.

6. Inventory

As at December 31,	**2015**	2014
Inventory	**$8,633**	$5,728
Less: inventory obsolescence	**(781)**	(79)
Inventory (net of provision)	**$7,852**	$5,649

Inventory obsolescence provision:		
Opening balance	**$ 79**	$ -
Charge for the year	**702**	79
Provision ending balance	**$ 781**	$ 79

During the year ended December 31, 2015, $15,785 (2014 - $3,850) of inventory was recognized as part of cost of goods sold and services provided in the consolidated statement of income.

7. Accounts Payable and Accrued Liabilities

As at December 31,	**2015**	2014
Accounts payable	**$13,887**	$12,224
Accruals	**39,804**	37,049
Compensation payable	**7,189**	7,163
Current taxes payable	**173**	3,772
Other payables	**5,483**	7,222
Ending balance	**$66,536**	$67,430

8. Protection Plan Contracts

Full service protection plans are fixed-fee service contracts for residential air conditioners and furnaces. The contracts protect the customer against the risk of breakdowns, resulting in the transfer of an element of risk to Enercare. Benefits provided to the customer vary in accordance with the terms and conditions of the contract entered into however, they generally include maintenance, repair and/or replacement of items affected. A provision for anticipated claims is not recognized due to the short elapsed time between an incident and settlement.

The levels of risk exposure and service provision to customers are dependent on the occurrence of uncertain future events, in particular the nature and frequency of faults and the cost of repair or replacement of the items affected. Accordingly, the timing and amount of future cash outflows associated with the contracts is uncertain. The key terms and conditions that affect future cash flows are as follows:

The provision of parts and labour for repairs, dependent on the agreement and associated level of service; and

There is no limit to the number of call-outs to carry out repair work and limits on certain servicing and repair costs.

When the estimated future costs of protection plan contracts exceed the associated revenue to be recognized, a loss is recognized in net earnings immediately. The future costs of the protection plan contracts are dependent on the number and nature of service requests for the associated equipment. Management estimates the future costs of protection plan contracts based on its historical experience of service requests for similar equipment and manages risk by monitoring the cost of service requests, product reliability and limiting the contract term to one year.

Amounts recognized in these consolidated financial statements related to protection plan contracts are as follows:

	2015	2014
Revenue	**$77,940**	$11,128
Deferred revenue and service obligation	**$ 2,142**	$ 1,472

9. Capital Assets

2015 and 2014	Rental Equipment	Metering Equipment	Leased Vehicles	Other	Total
At December 31, 2013:					
Cost	$813,787	$61,179	$ -	$10,073	$885,039
Accumulated depreciation	(397,919)	(15,840)	-	(3,241)	(417,000)
Net book value	**$415,868**	**$45,339**	**$ -**	**$ 6,832**	**$468,039**
Additions	$ 77,558	$ 7,471	$ -	$ 544	$ 85,573
Loss on disposal before proceeds	(15,285)	-	(15)	-	(15,300)
Acquisition – Niagara portfolio	1,230	-	-	-	1,230
Acquisition – OHCS (note 30)	3,441	-	7,557	3,202	14,200
Depreciation for the year	(46,730)	(4,800)	(419)	(2,293)	(54,242)
At December 31, 2014	$436,082	$48,010	$7,123	$ 8,285	$499,500
At December 31, 2014:					
Cost	$849,474	$68,650	$7,242	$13,799	$939,165
Accumulated depreciation	(413,392)	(20,640)	(119)	(5,514)	(439,665)
Net book value	**$436,082**	**$48,010**	**$7,123**	**$ 8,285**	**$499,500**
Additions	$ 96,505	$10,203	$1,930	$ 8,285	$ 116,923
Loss on disposal before proceeds	(13,221)	(2,378)	(146)	-	(15,745)
Acquisition - Cobourg portfolio (note 29)	372	-	-	-	372
Acquisition - Triacta (note 32)	-	-	-	38	38
Depreciation for the year	(47,368)	(5,509)	(2,212)	(3,408)	(58,497)
At December 31, 2015	$472,370	$50,326	$6,695	$ 13,200	$542,591
At December 31, 2015:					
Cost	$905,742	$74,970	$9,226	$22,162	$1,012,100
Accumulated depreciation	(433,372)	(24,644)	(2,531)	(8,962)	(469,509)
Net book value	**$472,370**	**$50,326**	**$6,695**	**$ 13,200**	**$542,591**

During the fourth quarter of 2015, a sub-metering customer exercised its buy-out option on metering equipment. This resulted in a gain on disposal of equipment of $2,484.

10. Intangible Assets

2015 and 2014	Customer Relationships	Customer Contracts	Proprietary Technology	Total
At December 31, 2013:				
Cost	$ 743,336	$33,270	$ -	$ 776,606
Accumulated depreciation	(506,500)	(32,077)	-	(538,577)
Net book value	**$ 236,836**	**$ 1,193**	**$ -**	**$ 238,029**
Acquisition – Niagara portfolio	$ 1,805	$ -	$ -	$ 1,805
Acquisition – OHCS (note 30)	401,000	-	-	401,000
Amortization for the year	(50,547)	(92)	-	(50,639)
At December 31, 2014	$ 589,094	$ 1,101	$ -	$ 590,195
At December 31, 2014:				
Cost	$1,146,141	$33,270	$ -	$1,179,411
Accumulated depreciation	(557,047)	(32,169)	-	(589,216)
Net book value	**$ 589,094**	**$ 1,101**	**$ -**	**$ 590,195**
Acquisition - Cobourg portfolio (note 29)	$ 387	$ -	$ -	$ 387
Acquisition - Triacta (note 32)	-	-	3,800	3,800
Amortization for the period	(66,652)	(93)	(174)	(66,919)
At December 31, 2015	$ 522,829	$ 1,008	$3,626	$ 527,463
At December 31, 2015:				
Cost	$1,146,528	$33,270	$3,800	$1,183,598
Accumulated depreciation	(623,699)	(32,262)	(174)	(656,135)
Net book value	**$ 522,829**	**$ 1,008**	**$3,626**	**$ 527,463**

11. Goodwill

The following table provides details by reporting segment about the changes in the carrying amounts of goodwill for the years ended December 31, 2015 and 2014.

	Home Services	Sub-metering	Total
Balance at December 31, 2013	$ -	$2,962	$ 2,962
Acquisition – OHCS (note 30)	142,535	-	142,535
At December 31, 2014	**$142,535**	**$2,962**	**$145,497**
Acquisition – Cobourg portfolio (note 29)	131	-	131
Acquisition – Triacta (note 32)	-	1,936	1,936
At December 31, 2015	**$142,666**	**$4,898**	**$147,564**

As described in note 3, Significant Accounting Policies, goodwill is reviewed for impairment annually, or at any time if an indicator of impairment exists.

For the annual impairment tests, recoverable amounts are determined based on value in use using discounted cash flows. The five-year cash flow projections relating to the goodwill arising from the Acquisition were established using an EBITDA growth rate of 6.9% and a 5% terminal growth factor, discounted at a pre-tax rate of 10.5%. Similarly, the five-year cash flow projections relating to the goodwill arising from the Sub-metering acquisition were established using an EBITDA growth rate of 23.1% and a 3% terminal growth factor, discounted at a pre-tax rate of 14.5%.

Management has concluded that no impairment charge was required for the year ended December 31, 2015.

12. Obligations Under Finance Leases

Obligations under finance leases are secured by the leased vehicles. Enercare has a Master Lease Agreement with the lessor, where the lessor will acquire vehicles and lease them to Enercare.

The obligations under finance leases bear floating interest rates that are 2.5% above the one month banker's acceptance rate, per annum. The finance leases mature at dates ranging between January 2016 and November 2021. During the year ended December 31, 2015, Enercare recognized $248 (2014 - $71) of interest expense related to the obligations under finance leases.

As at December 31,	**2015**	2014
Obligations under finance leases	**$ 6,695**	$ 7,132
Less: current portion	**(2,061)**	(1,981)
	$ 4,634	$ 5,151

Future minimum lease payments under finance leases are as follows:

As at December 31,	Principal	Interest	Lease Payments
Due in 2016	$2,061	$206	$2,267
Due in 2017	1,766	138	1,904
Due in 2018	1,363	81	1,444
Due in 2019	903	40	943
Due in 2020	455	14	469
Thereafter	147	2	149
	$6,695	$481	$7,176

13. Debt

Bank indebtedness, current and long term debts:

As at December 31,	**2015**	2014
Current portion of long term debt:		
Opening balance January 1	**$ 1,258**	$ 1,213
Repayment of debt	**(1,257)**	(1,214)
Current portion of Stratacon debt	**991**	1,259
Total current portion of long term debt	**$ 992**	$ 1,258
Non-current portion of long term debt:		
Senior debt principal amount	**$685,000**	$535,000
Stratacon debt principal amount	**1,813**	3,072
Unamortized financing costs and interest accretion	**(3,122)**	(2,879)
Opening balance January 1	**$683,691**	$535,193
Current portion of Stratacon debt	**$ (991)**	(1,259)
Draw from revolving credit facility	**50,000**	-
Repayment of debt	**-**	(60,000)
Issuance of debt	**-**	210,000
Financing costs	**-**	(902)
Amortization of financing costs	**840**	659
Total non-current portion	**$733,540**	$683,691
Senior debt principal amount	**$685,000**	$685,000
Revolving credit facility	**50,000**	-
Stratacon debt principal amount	**822**	1,813
Unamortized financing costs and interest accretion	**(2,282)**	(3,122)
Total non-current portion of long term debt	**$733,540**	$683,691

On October 20, 2014, Enercare Solutions entered into a $100,000, five-year revolving, non-amortizing variable rate credit facility (the “Revolver”), replacing the former $35,000 facility. The Revolver has a standby fee of 0.20% and at December 31, 2015, $50,000 was drawn bearing interest at a variable rate based upon the banker’s acceptance rate plus 1%, which was 1.866% at December 31, 2015. Enercare Solutions is subject to two principal financial covenants as defined in the Revolver and term loan credit facility (the “Term Loan”) documents. The covenants address interest and debt coverage. At December 31, 2015, Enercare Solutions complied with these covenants.

The long term debt balance includes the following items:

The senior debt consists of the $250,000 4.30% 2012-1 Senior Unsecured Notes (the “2012 Notes”) maturing on November 30, 2017 and the $225,000 4.60% 2013-1 Senior Unsecured Notes (the “2013 Notes”) maturing on February 3, 2020, with semi-annual interest payments due on May 30 and November 30 and February 3 and August 3 in each year, respectively.

On January 28, 2013, Enercare Solutions entered into a $60,000 variable rate, single draw, term loan maturing on January 28, 2016 (“Previous Term Loan”). On October 20, 2014, the Previous Term Loan was repaid through the proceeds of the $210,000 non-revolving, non-amortizing variable rate Term Loan, maturing on October 20, 2018, which bears interest at a variable rate based upon the banker’s acceptance rate plus 1%, which was 1.821% at December 31, 2015. Deferred financing costs of $902 were incurred in relation to the issuance of the $210,000 Term Loan.

Debt was assumed in connection with the Stratacon acquisition in 2008. The secured debt of $1,814 as at December 31, 2015 was arranged in a series of advances bearing interest at rates between 7.50% and 8.75% with repayment terms ranging from 4 to 14 years ending in 2022.

Enercare was in compliance with all covenants under the 2012 Notes, 2013 Notes, Stratacon Debt, Revolver and Term Loan as at December 31, 2015.

Convertible Debentures:

On June 8, 2010 and July 6, 2010, Enercare issued a total of $27,883 of 6.25% convertible unsecured subordinated debentures, $24,774 net of issue costs, with interest payable semi-annually on June 30 and December 31, commencing December 31, 2010, until maturity in June 2017. Each convertible debenture is convertible into common shares of Enercare at the option of the holder at a conversion price of $6.48 per share (or 154.3210 shares per $1,000 principal amount of convertible debentures). The convertible debentures were not redeemable by Enercare prior to June 30, 2013. On and after June 30, 2013, and prior to June 30, 2015, Enercare could have redeemed with proper notice the convertible debentures provided that the volume weighted average trading price of the shares for the 20 trading days prior to the 5th trading day before the redemption notification date was not less than 125% of the conversion price. On or after June 30, 2015, Enercare may redeem with proper notice the convertible debentures for the principal amount plus accrued and unpaid interest.

The following table summarizes the movement of the convertible debentures:

As at December 31,	**2015**	2014
Convertible Debentures:		
Opening principal	**$3,257**	$4,081
Financing costs	**(95)**	(167)
Opening balance at January 1:	**$3,162**	$3,914
Principal conversions	**$ (529)**	$ (824)
Transfer of financing costs to equity upon conversion	**14**	31
Amortization of financing costs to expense	**33**	41
Ending balance	**$2,680**	$3,162
Principal balance	**$2,728**	$3,257
Financing costs	**(48)**	(95)
Ending balance	**$2,680**	$3,162

From January 1, 2016 to March 6, 2016, approximately $120 principal amount of additional convertible debentures were converted to shares.

Interest Expense:

(000s)	**2015**	2014
Interest expense payable in cash	**$26,105**	$24,065
Interest paid on subscription receipts	**-**	3,097
Equity bridge financing fees	**-**	775
Non-cash items:		
Notional interest on employee benefit plans	**1,096**	254
Amortization of financing costs	**874**	700
Interest expense	**$28,075**	$28,891

Interest expense payable in cash is primarily associated with debt and convertible debenture activity in 2015 and 2014. Notional interest relates to the employee benefits plan acquired as part of the Acquisition. Amortization of financing costs include previously unamortized costs associated with debt.

As part of the Acquisition, subscription receipts were issued and subsequently converted to Shares upon the closing of the Acquisition on October 20, 2014. While the subscription receipts were outstanding, they were classified as a financial liability, resulting in interest expense of $3,097, which was equivalent to the dividend payments on such subscription receipts had they been Shares. Equity bridge financing fees of $775 were incurred as part of the Acquisition.

14. Employee Benefit Plans

Defined Benefit Plans

In connection with the Acquisition (note 30), DE established a mirror pension plan (“RPP”) to their current registered pension plan (“DE Plan”). The RPP has both defined benefit and defined contribution components. The defined benefits provide for partially indexed pensions based on years of service and the final 5 years’ average earnings for contributory service and final 3 years’ average earning for non-contributory service.

Regulatory approval was received in December of 2015 and the pension assets and liabilities of DE employees who transferred to Enercare at the closing of the Acquisition (“Transferred Employees”) were transferred from the DE Plan to the RPP on January 28, 2016 at which time Enercare assumed sponsorship and administration of the RPP.

Prior to this transfer, in accordance with the asset purchase agreement ("Asset Purchase Agreement"), DE funded the solvency deficit relating to these employees and remained responsible for the sponsorship and administration of the pension plan, including exposure to the return on any plan assets. The RPP was fully funded, on a solvency basis, prior to being transferred to Enercare. Accordingly, Enercare has recognized a receivable, identified as a "Reimbursement Right - Pension" in the consolidated statement of financial position as at December 31, 2015 in the amount of $11,107. Any changes that occurred through to the final transfer of the plan were recognized as a measurement period adjustment under purchase accounting.

On January 28, 2016, the Reimbursement Right – Pension was settled through a $11,107 payment received from DE representing $84,360 of pension liabilities (solvency basis), net of $73,453 of pension assets and $200 of wind up expenses.

Enercare was only responsible for current service cost contributions relating to Transferred Employees until Enercare assumed sponsorship and administration of the RPP. The defined benefit component of the RPP is closed to new members.

Enercare also provides other post-employment benefits other than pensions to qualifying employees ("OPEB"), these include medical, dental and insurance benefits. The OPEB is closed to new members.

The cost of employee benefit plans is recognized as the Transferred Employees provide service to Enercare and the obligation for these plans were measured individually at December 31, 2015 and 2014, as the present value of the benefit obligation less the fair value of plan assets. The cost of the defined benefit plan is actuarially determined using the projected unit credit method and the use of best estimates of compensation level increase, retirement ages of workers, mortality rates, health costs and other factors. Remeasurements, which include actuarial gains and losses, are recognized in other comprehensive income, with the exception of any changes to the reimbursement amount prior to the transfer of the plan, as described above.

Regulatory Framework

The RPP is a registered pension plan under the Ontario Pension Benefits Act ("PBA"), which requires certain minimum benefit standards and funding levels. Minimum funding requirements under the PBA are determined based on actuarial valuations on both a going concern and solvency basis that are required at a minimum of every three years. The last actuarial valuation for funding purposes was as at August 1, 2014 and the next valuation will be prepared as of August 1, 2017. Deficits under the going concern basis may be funded over a period up to 15 years, beginning one year from the valuation date. In addition, solvency valuations must be performed which simulate a plan wind-up. Deficiencies established on a solvency basis may be funded over a period of up to five years, beginning one year from the valuation date (post-retirement cost of living adjustments are not required to be included in the solvency liabilities).

The OPEB is not funded in advance.

Funding of the RPP

Enercare's practice is to contribute to the RPP the minimum required under the PBA, but additional contributions may be made at Enercare's discretion. The employees do not make contributions to the RPP.

Governance of Defined Benefit Pension Plans

Prior to Enercare assuming the sponsorship and administration of the RPP on January 28, 2016, DE continued as the sponsor and administrator for the RPP. As a result, DE's pension committee oversaw the administration of the pension plans, on Enercare's behalf, in accordance with applicable legislation and approved the governance structure, including the mandates of those to whom administrative duties and responsibilities were delegated.

Risks

Enercare is responsible for current service cost contributions and accordingly, the most significant risks related to the RPP is if Enercare does not make such contributions in a timely manner. Enercare will only bear the risk for factors such as market returns and inflation related to the RPP. Sources of risks for Enercare's defined benefit plans as at December 31, 2015 include:

Corporate Bond Yields

The discount rate used when reporting the liability for balance sheet purposes is determined in reference to corporate bond yields. When yields decrease the liabilities in the plans rise, and conversely when yields increase the liabilities in the plans decrease. While some of the assets for the funded plan are invested in corporate bonds, this represents a small portion of the overall liabilities in the plans. This mismatch means that the overall deficit position is subject to the movements in corporate bond yields. This risk is a significant source of variation in the employee benefit plans liability from year to year.

Government Bond Yields

The discount rate used when determining the RPP's solvency position for funding purposes is determined in reference to government bond yields. When yields decrease the liabilities in the plan rise, and conversely when yields increase the liabilities in the plan decrease. While some of the assets are invested in government bonds, the weighting is less than the overall liabilities in the plan. This mismatch means that the funded status of the plan for cash contribution purposes is subject to movements in government bond yields. Government bond yields represent a significant risk associated with the cash funding requirements of the RPP.

Longevity

The benefits payable to members are generally provided for the life of the member as well as the member's spouse. The life expectancy of members is a significant assumption used in the determination of the plans' liabilities, and increases in life expectancy, or the survival experience of members being higher than expected, will lead to increases in the plans' liability. This risk is particularly significant because the cost of benefits in all plans is linked to inflation, further increasing the cost of benefits if members live longer than expected.

Inflation

The benefits payable to members in the RPP are increased by a proportion of the increase of the Consumer Price Index each year. In addition, active member's benefits are linked to final average earnings, and earnings increases are typically seen to increase in high inflationary environments. The benefits payable to members in the post-retirement benefits plan generally increase with increases in medical costs. All of these assumptions are linked to inflation. An increase in the inflation assumption, or a period of high inflation, will generally increase the liabilities. Given the strong link the benefits have to inflation this is a significant source of risk. The medical trend rate, while linked with inflation, has traditionally been higher than inflation and represents an additional, and significant, source of inflation risk for the post-retirement benefits plan.

Risk Controls

Enercare manages the risks through plan design reviews, as appropriate, and regular valuations of the plan.

The total cost of the employee benefit plans recognized in selling, general and administrative and interest expense are as follows:

As at December 31,	**2015**	2014
Pension		
Current service cost	**$3,328**	$636
Interest	**324**	103
	$3,652	$739
OPEB		
Current service cost	**$ 928**	$173
Net interest cost	**773**	151
	$1,701	$324

Remeasurements of the employee benefit plans recognized in other comprehensive income are as follows:

As at December 31,	**2015**	2014
Pension		
Actuarial losses	**$(362)**	$ -
OPEB		
Actuarial gains and losses arising from changes in financial assumptions	**$ 809**	$(434)
Actuarial gains and losses arising from demographic and other experience	**34**	93
	$ 843	$(341)
	$ 481	$(341)

Employee Benefit Plan Liability

The liability for the employee benefit plans is comprised of the following:

As at December 31,	**2015**	2014
Pension		
Present value of defined benefit obligations	**$(87,690)**	$(74,928)
Fair value of plan assets	**79,586**	68,254
	$ (8,104)	$ (6,674)
OPEB		
Present value of unfunded defined benefit obligations	**$(19,744)**	$(18,886)
	$(27,848)	$(25,560)

Defined Benefit Obligations

The movements in the total present value of defined benefit obligations are as follows:

As at December 31,	**2015**	2014
Pension		
Obligation, beginning of year	**$74,928**	$ -
Acquisition of OHCS	**-**	73,691
Transfers of employees after acquisition date	**4,764**	-
Current service cost	**3,328**	636
Interest expense on the defined benefit obligations	**3,072**	601
Gains and losses arising from demographic and other experiences	**306**	-
Gains and losses arising from changes in financial assumptions	**1,378**	-
Benefits paid	**(86)**	-
Obligation, end of year	**$87,690**	$74,928
OPEB		
Obligation, beginning of year	**$18,886**	$ -
Acquisition of OHCS	**-**	18,221
Current service cost	**928**	173
Interest expense	**773**	151
Actuarial loss (gain)	**(843)**	341
Obligation, end of year	**$19,744**	$18,886

Fair Value of the Plan Assets

The movement in the total fair value of plan assets is as follows:

As at December 31,	**2015**	2014
Pension		
Fair value, beginning of year	**$68,254**	$ -
Acquisition of OHCS	**-**	61,025
Transfers of employees after acquisition date	**4,764**	-
Interest income	**2,748**	498
Actuarial gains	**1,322**	2,037
Contributions	**2,584**	517
Benefits paid	**(86)**	-
	79,586	64,077
Measurement period adjustments (note 30)	**-**	4,177
Fair value, end of year	**$79,586**	$68,254

Reimbursement Right – Pension

The movement in the total fair value of the Reimbursement Right - Pension is as follows:

As at December 31,	**2015**	2014
Pension		
Balance, beginning of year	**$ 11,107**	$ -
Acquisition of OHCS adjustments	**-**	13,473
Interest income	**-**	110
Actuarial gains and losses	**-**	1,701
	11,107	15,284
Measurement period adjustments (note 30)	**-**	(4,177)
Balance, end of year	**$11,107**	$11,107

Actuarial Assumptions

The significant actuarial assumptions used in the determination of the present value of the defined benefit obligation are as follows:

As at December 31,		**2015**	2014
Pensions			
Discount rate (RPP)		**4.00%**	4.10%
Salary growth rate - Union	Until 2014	**0.00%**	0.00%
	From 2015	**3.00%**	3.00%
Salary growth rate - Non-Union	Until 2015	**3.75%**	3.75%
	From 2016	**4.25%**	4.25%
Inflation		**2.00%**	2.00%
Increase in maximum pension limit		**3.00%**	3.00%
Mortality table		**CPM Private using projection scale CPM-B**	CPM Private using projection scale CPM-B
Male life expectancy, age 60		**26.0 years**	25.9 years
Male life expectancy, age 65		**21.6 years**	21.5 years
Female life expectancy, age 60		**28.7 years**	28.7 years
Female life expectancy, age 65		**24.0 years**	24.0 years
OPEB			
Weighted average assumptions to determine defined benefit obligations:			
Discount rate		**4.27%**	4.10%
Mortality table		**Final CPM 2014 Private Mortality Table with scale CPM-B**	Final CPM 2014 Private Mortality Table with scale CPM-B
Immediate health care cost trend rate		**5.75%**	5.86%
Ultimate health care cost trend rate		**4.00%**	4.00%
Year reached ultimate health care cost trend rate		**2029**	2029
Weighted average assumptions to determine defined benefit costs:			
Discount rate		**4.10%**	4.20%
Mortality table		**Final CPM 2014 Private Mortality Table with scale CPM-B**	Final CPM 2014 Private Mortality Table with scale CPM-B
Immediate health care cost trend rate		**5.86%**	5.90%
Ultimate health care cost trend rate		**4.00%**	4.00%
Year reached ultimate health care cost trend rate		**2029**	2029

Sensitivity Analysis

	Increase in Liability December 31, 2015	Increase
Pensions		
100 basis point decrease in the discount rate	**$19,388**	22.1%
100 basis point increase in the long term salary rate	**7,035**	8.0%
Impact on the cost of living adjustments of a 100 basis point increase in inflation	**5,657**	6.5%
90% of mortality rates	**1,478**	1.7%
100% basis point increase in the prior year pensionable earnings	**903**	1.0%
OPEB		
100 basis point decrease in the discount rate	**$ 5,167**	26.2%
Impact of a 1 year increase in life expectancy	**636**	3.2%
100 basis point increase in health care cost trend rates	**4,604**	23.3%

Maturity Analysis

The approximate duration of the pension plans is 22.1 years while the approximate duration of the other long-term benefits plan is 22.4 years. The undiscounted liabilities of the plan can be broken into the following durations:

As at December 31, 2015	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Pension	**$895**	**$1,173**	**$5,579**	**$198,959**	**$206,606**
OPEB	**80**	**140**	**890**	**60,007**	**61,117**
Total	**$975**	**$1,313**	**$6,469**	**$258,966**	**$267,723**

15. Income Taxes

Income tax expense is recognized based on management's best estimates of the weighted average annual income tax rate for the full financial year. The estimated average annual rate used for each of the years ended December 31, 2015 and 2014 was 26.50%. The provisions for income taxes in the consolidated statements of earnings reflect an effective rate that differs from the combined Canadian federal and provincial rates, as follows:

For the year ended December 31,	2015	2014
Tax expense at statutory rate of 26.50%	**$18,240**	$ 8,522
Tax effects of:		
Non-deductible expenses	**500**	1,330
Book to return differences	**(827)**	-
Other	**(39)**	30
Total	**17,874**	$ 9,882
Current tax expense	**10,197**	27,287
Deferred income tax expense / (recovery)	**7,677**	(17,405)
Total tax expense	**$17,874**	$ 9,882

The provision for income taxes in 2015 reflects both a provision for temporary difference expected to be reversed in the future and the impact of future changes in tax rates applicable to Enercare.

Deferred income tax asset and liability

The deferred income tax asset and liability on Enercare's consolidated statement of financial position reflect the estimated tax on temporary and other differences. The movement of the deferred income tax accounts are as follows:

As at December 31,	2015	2014
As at January 1:	**$(113,423)**	$(112,652)
Step up of deferred income tax on Acquisition (note 30)	**-**	(22,342)
Step up of deferred income tax on Triacta acquisition (note 32)	**981**	-
Deferred tax liability on Cobourg Network Inc. acquisition (note 29)	**(27)**	-
Deferred tax related to share issuance costs	**-**	4,076
Deferred tax on remeasurements of defined benefit plan	**(127)**	90
Deferred income tax (expense) / recovery	**(7,677)**	17,405
Total	**$(120,273)**	$(113,423)

Enercare's management expects that the deferred tax assets will be recoverable based on the expected growth and profitability of the Home Services and Sub-metering businesses.

The balance of the deferred income tax asset and liability classified by temporary differences is as follow:

As at December 31,	2015	2014
Deferred tax asset		
Loss carry forwards	**$4,353**	$ 4,566
Research and development	**739**	-
Allowances and provisions	**6,858**	5,519
Financing fees	**2,397**	3,472
Employee future benefit obligations	**4,437**	3,830
	18,784	17,387
Deferred tax liability		
Equipment and intangible assets	**(112,626)**	(120,485)
Temporary difference – subsidiary tax year end	**(26,248)**	(9,934)
Other	**(183)**	(391)
	(139,057)	(130,810)
Total	**$(120,273)**	$(113,423)

Classification

As at December 31,	2015	2014
Deferred tax asset	**7,652**	$ 8,327
Deferred tax liability	**(127,925)**	(121,750)
Total	**(120,273)**	$(113,423)

Tax loss carry forward expiry schedule

As at December 31,	2015	2014
Expire in 2022	**-**	$ 109
Expire in 2023	**-**	914
Expire in 2024	**-**	2,902
Expire in 2025	**-**	3,055
Thereafter	**16,361**	10,249
Total loss carry forwards	**$16,361**	$17,229

16. Share Capital and Treasury Shares

As at December 31,	2015		2014	
Shares Issued and Outstanding	**Shares**	**Dollars**	Shares	Dollars
Opening balance at January 1:	**91,880**	**$956,281**	58,425	$523,676
Issued:				
New share issuance – (note 30)	**-**	**(30)**	33,328	431,781
Shares issued from treasury upon exercise of share options	**388**	**3,057**	-	-
Shares repurchased and cancelled	**(4,400)**	**(45,763)**	-	-
Principal conversion of debentures	**81**	**529**	127	824
Transfer of financing costs to equity	**-**	**(14)**	-	(31)
Transfer from contributed surplus	**-**	**14**	-	31
Totals(1)	**87,949**	**$914,074**	91,880	$956,281

(1) Excludes the impact of Treasury Shares.

Enercare's articles of incorporation provide for the issuance of an unlimited number of common shares and 10,000,000 preferred shares. At December 31, 2015, there were no preferred shares outstanding. Each series of preferred shares will have such rights, privileges, restrictions and conditions as may be determined by the board of directors prior to the issuance thereof. Holders of preferred shares, except as required by law, will not be entitled to vote at meetings of shareholders of

Enercare. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Enercare, whether voluntary or involuntary, the preferred shares are entitled to preference over the common shares and any other shares ranking junior to the preferred shares.

In conjunction with the Acquisition, Enercare completed an offering of 25,635,525 subscription receipts at a price of $13.00 per subscription receipt. Upon closing of the Acquisition on October 20, 2014, each outstanding subscription receipt was exchanged for one common share of Enercare, resulting in the issuance of 25,635,525 shares. In addition to the offering of Subscription Receipts, the Acquisition was partially financed through a private placement of 7,692,308 common shares of Enercare to DE, with a fair value of the common shares at closing of $109,462. The common shares issued to DE were subject to a 12-month lock-up and thereafter, one-half of such shares are subject to a further 6-month lock-up.

On July 16, 2015, Enercare announced that it had filed with the TSX a Notice of Intention to make a normal course issuer bid (“NCIB”), as approved by Enercare's board of directors, pursuant to which Enercare may purchase for cancellation up to 9,161,779 of its common shares, representing approximately 10% of its public float of issued and outstanding common shares as of July 3, 2015. The purchases commenced on July 20, 2015, and the NCIB will terminate on July 19, 2016, or on such earlier date as Enercare may complete its purchases under its NCIB. The purchases made by Enercare are implemented through the facilities of the TSX or other Canadian marketplaces and are in accordance with applicable rules at market prices prevailing at the time of purchase. The actual amount of common shares that may be purchased under the NCIB is subject to, and cannot exceed, limits referred to above and the timing of such purchases will be determined by Enercare. All common shares purchased under the normal course issuer bid will be cancelled. In addition to purchases under the NCIB, Enercare may from time to time make other purchases of its common shares in accordance with applicable securities laws and rules of the applicable stock exchange.

On November 20, 2015, Enercare purchased for cancellation 3,846,154 shares under its NCIB at a price of $15.61 per share for an aggregate price of approximately $60,000. The shares were purchased from DE by way of a block trade and were cancelled. The shares were originally issued to DE as partial consideration for the Acquisition. The purchase price for the shares was funded from cash on hand and a drawdown under Enercare's revolving credit facility (see note 13).

During 2015, including the above, Enercare purchased for cancellation a total of 4,400,154 shares under its NCIB at an average price $15.36.

As at December 31, 2015, there were 55,909 shares (2014 – 0) that were purchased and held as treasury shares. These shares related to the employer portion of the employee share purchase plan and were purchased during the year for $815 (2014 - $0).

17. Earnings per Share

Basic earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the period. Dilutive computations are based upon: (i) an if converted approach where interest expense attributable to the convertible debentures on an after tax basis is added back to net earnings as part of the numerator and the impact of additional shares as a result of the conversion feature of 154.3210 shares per $1,000 principal amount is added to the denominator, and (ii) stock options whereby the number of dilutive shares is calculated as the difference between the number of shares issued and the number of shares that would have been issued at the average market price during the period based upon the assumed initial proceeds. Options are not dilutive if the average price is below the strike price.

The computations of basic and diluted earnings per share are shown below:

For the year ended December 31, (in thousands – except per share amounts)	**2015**	2014
Net earnings for the year	**$50,955**	$22,276
After tax impact of options and convertible debentures	**327**	193
Fully diluted net earnings	**51,282**	22,469
Weighted average number of basic shares outstanding	**91,299**	65,077
Dilutive impact of options	**278**	329
Dilutive impact of convertible debentures	**421**	503
Weighted average number of diluted shares outstanding	**91,998**	65,909
Basic and diluted earnings per share	**$ 0.56**	$ 0.34

18. Dividends

The following table outlines the dividend declarations as approved by the board of directors and the related per share amounts.

For the year ended December 31,	**2015**	2014
Dividends declared per share during the year	**$ 0.82**	$ 0.72
Dividends declared after December 31,		
January		
Dollars	**$ 6,157**	$ 5,551
Shares	**87,954**	91,910
Per share/unit amount	**$ 0.07**	$ 0.06
February		
Dollars	**$ 6,158**	$ 5,553
Shares	**87,967**	91,930
Per share/unit amount	**$ 0.07**	$ 0.06

The total amount of dividends declared after December 31, 2015 are estimated above and are subject to change dependent upon the actual convertible debenture conversions prior to the record date, if any.

19. Commitments

Under operating lease agreements for office premises and office equipment and sponsorship agreements, Enercare is required to make annual minimum payments. The aggregate amount of future minimum payments is as follows:

As at December 31,	**2015**	2014
Due in 2016	**$ 2,292**	$1,705
Due in 2017	**1,548**	606
Due in 2018	**919**	-
Due in 2019	**865**	-
Due in 2020	**865**	-
Thereafter	**3,779**	-
Total commitments under non-cancellable operating leases	**$10,268**	$2,311

The operating lease and sponsorship payments recognized in the consolidated statement of income for the year ended December 31, 2015 were $3,744, (2014 - $1,671).

20. Contingent Liabilities

Enercare and a subsidiary of Enercare Solutions have been named in legal proceedings commenced by certain competitors seeking specified and unspecified damages based on allegations that

Enercare, its service provider, EcoSmart Home Services Inc., and others engaged in unlawful surveillance and other unlawful activities aimed at the door to door sales efforts of the competitors.

Enercare is also a party to a number of product liability claims and lawsuits in the ordinary course of business.

Management is of the opinion that any liabilities that may arise from these lawsuits have been adequately provided for in these consolidated financial statements.

21. Financial Instruments

The main risks Enercare's financial instruments are exposed to include credit risk, liquidity risk and market risk.

Credit Risk

Enercare is exposed to credit risk on accounts receivable from customers. Enercare's credit risk is considered to be low for Home Services and moderate for Sub-metering.

Enercare's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. The majority of Home Services' contracted revenues are subject to a guaranteed payment by EGD for 99.49% of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued. Enercare is exposed to credit risk in the normal course of business for customers who are billed directly by Enercare or are billed by EGD outside its service territory. For accounts receivable from customers billed on EGD invoices within its service territory a related trust agreement also serves to mitigate Enercare's credit exposure on receivables owing from EGD.

Enercare is exposed to credit risk in the normal course of business associated with the billing of Sub-metering customers and landlords. Since Enercare employs various billing models with Sub-metering, credit risk exposure fluctuates based on the type of customer. In the case where a landlord is responsible for commodity expenses, credit risk is low. On accounts where Enercare is responsible for commodity expenses, credit risk is higher. This credit risk tends to be lower where customers own their unit as opposed to renting them. Enercare has the ability to lower this risk through various contractual protections with landlords, as well as Enercare's ability to disconnect electricity for non-payment.

For accounts receivable as at December 31, 2015, a provision for all amounts at risk of collection and impaired has been made in these consolidated financial statements based upon a number of factors which include, but are not limited to, the type of account and credit characteristics, aging, and net future cash flows.

Liquidity Risk

Enercare believes it has low liquidity risks given the makeup of its accounts payable and accrued liabilities, provisions, interest payable, dividends payable and debt. Enercare monitors liquidity risk through comparisons of current financial ratios with the financial covenants contained in its Revolver and Term Loan agreements and its senior unsecured trust indenture, as supplemented, as applicable. Enercare has maintained financial ratios which comply with the financial covenants applicable to the borrowings and has staggered its senior debt maturity dates through to February 3, 2020.

The covenants under the 2012 Notes and 2013 Notes are contained in the senior unsecured trust indenture, as supplemented. Under the terms of this indenture, Enercare may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the incurrence test is less than 3.8 to 1. The incurrence test is the ratio of defined EBITDA over defined interest expense calculated 12-months in arrears. Enercare exceeded this threshold requirement at December 31, 2015.

The covenants under the Revolver and Term Loan are an amendment and restatement of the Previous Revolver. The principal covenant tests measure the ratio of total debt to adjusted EBITDA and the ratio of adjusted EBITDA to cash interest expense. Total debt, Adjusted EBITDA and cash interest expense are defined in the agreements and may not be the same as terms used in the MD&A. Enercare was in compliance with these covenants at December 31, 2015.

The summary of financial obligations and contractual maturities related to undiscounted non-derivative financial liabilities excluding accounts payable was as follows:

	Debt		Finance Lease Obligations		Total	
Period	Principal	Interest	Principal	Interest	Principal	Interest
Due in 2016	$ 992	$26,146	$2,061	$206	$ 3,053	$26,352
Due in 2017	253,343	25,990	1,766	138	255,109	26,128
Due in 2018	210,126	14,373	1,363	81	211,489	14,454
Due in 2019	50,025	11,108	903	40	50,928	11,148
Due in 2020	225,027	5,179	455	14	225,482	5,193
Thereafter	29	-	147	2	176	2
Total	$739,542	$82,796	$6,695	$481	$746,237	$83,277

Market Risk

Fair Value

The carrying values of cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, deferred revenue, obligations under finance leases and other payables approximate their fair values due to their relatively short periods to maturity.

Fair value measurements are determined in accordance with the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

The following table presents the carrying amounts and the fair values of Enercare's financial assets and liabilities at December 31, 2015 and 2014. The estimated fair values of the financial instruments are at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at December 31,	**2015 Carrying Value**	**2015 Fair Value**	2014 Carrying Value	2014 Fair Value
Cash and cash equivalents	**$ 28,413**	**$ 28,413**	$ 68,055	$ 68,055
Accounts and other receivables	**98,414**	**98,414**	74,997	74,997
Total financial assets	**$126,827**	**$126,827**	$143,052	$143,052
Financial liabilities measured at amortized cost:				
Gross senior borrowings	**$685,000**	**$705,118**	$685,000	$700,418
Revolving credit facility	**50,000**	**50,000**	-	-
Gross convertible debentures	**2,728**	**7,111**	3,257	7,263
Stratacon debt	**1,814**	**1,814**	3,071	3,071
Obligations under finance lease	**6,695**	**6,695**	7,132	7,132
Total borrowings	**$746,237**	**$770,738**	$698,460	$717,884
Other obligations and payables	**86,770**	**86,770**	85,623	85,623
Total financial liabilities	**$833,007**	**$857,508**	$784,083	$803,507

Fair values of all financial assets and liabilities are classified as Level 3 financial instruments, except cash and cash equivalents, revolving credit facility and obligations under finance lease which are classified as Level 2 financial instruments and gross senior borrowings and gross convertible debentures which are classified as Level 1.

Enercare is subject to variable interest rate risk on its revolving credit facility and a portion of its gross senior borrowings. A 0.5% change in interest rates will have approximately a $1,300 impact on earnings. Enercare is also subject to interest rate risk on its cash on hand where a 0.5% change in interest rates will have approximately a $140 impact on earnings.

22. Capital Risk Management

Enercare's capital management strategy is designed to maintain financial strength and flexibility to support profitable growth in all business environments. Enercare considers capital to be primarily cash and cash equivalents, long-term debt and shareholder's equity and makes adjustments as appropriate to such variables as cash on hand, additional capital expenditures, debt capacity, available credit facilities, covenant restrictions, and equity leverage. As a result of the Acquisition certain targets and evaluation measures were modified, however, Enercare's capital management strategy, objectives, and definitions have not materially changed during 2015.

Enercare was in compliance with all covenants under the 2012 Notes, 2013 Notes, Revolver and Term Loan as at December 31, 2015.

23. Selling, General and Administrative

For the year ended December 31,	**2015**	2014
Employee compensation and benefits	**$ 64,545**	$27,660
Professional fees	**12,122**	11,534
Selling, office and other	**28,175**	8,234
Billing and servicing	**29,998**	17,109
Claims and bad debt	**9,471**	6,441
Total	**$144,311**	$70,978

24. Provisions

On a regular basis, Enercare evaluates key accounting estimates based upon historical information, internal and external factors and probability factors to measure provisions. The key provision is on account of claims as a result of water damage caused by faulty water heaters. The claims provision is a current liability estimated as the product of the average anticipated dollar loss and the current incidents as at December 31, 2015.

For the year ended December 31,	**2015**	2014
Opening balance:	**$ 1,150**	$ 1,187
Charged/(credited) to the consolidated statement of income:		
Additional provision	**3,363**	2,804
Claims spending during the year	**(3,322)**	(2,841)
Ending balance	**$ 1,191**	$ 1,150

All claims generated during the periods ended are typically paid out within 12-months, therefore the provisions have not been discounted.

25. Changes in Non-cash Working Capital

The following table reconciles the changes in non-cash working capital during the comparative periods as presented in these consolidated statement of cash flows.

For the year ended December 31,	**2015**	2014
Accounts receivable	**$(22,122)**	$21,185
Inventory	**(1,183)**	(4)
Prepaid expenses	**(869)**	(992)
Deferred revenue	**858**	1,340
Accounts payable and accrued liabilities	**(2,527)**	3,627
Provisions	**41**	(37)
Interest payable	**154**	(504)
Total	**$(25,648)**	$24,615

26. Related Parties

Key Management

Key management includes Enercare's officers and directors. External director's fees are included in professional fees as part of total selling, general and administrative expenses. Total compensation and benefits earned by key management for services are shown below:

For the year ended December 31,	**2015**	2014
Salaries and short-term benefits	**$3,285**	$3,032
Other employment benefits	**119**	78
Long term benefits	**3,438**	4,194
Total	**$6,842**	$7,304

Transactions with DE

Prior to October 20, 2014, Enercare's relationship with DE was significant, as DE serviced and supported approximately 90% of Enercare's rentals customers and rentals installed asset base. The following agreements governed the principal affairs between Enercare and DE prior to October 20, 2014. These agreements were assigned to a subsidiary of Enercare on October 20, 2014. See note 30 – "Acquisition of Direct Energy's Home and Small Commercial Services Business in Ontario".

Co-ownership Agreement:

Under this agreement, DE received, subject to certain exceptions, 35% of the gross revenue generated by the co-owned portfolio of assets and was obligated to service that asset portfolio, effectively operating the day to day activities of that portion of Enercare's business. Pursuant to an agreement between DE and Enercare, DE was entitled to put forth one individual for consideration by Enercare's board for inclusion in Enercare's annual management information circular for election as a director of Enercare for as long as it was servicer under the co-ownership agreement.

Origination Agreement:

Under this agreement, subject to certain exceptions, DE was required to offer to sell all rental water heaters to Enercare at prescribed prices, essentially at DE's cost plus an inventory service fee and a set installation fee. Enercare had no obligation to purchase any water heaters. The agreement also established an incentive fee payable to DE had certain growth targets been achieved.

Other Agreements with DE:

In addition to the above agreements, Enercare and DE were parties to an agreement for the servicing of Toronto Hydro Energy Services Inc. units, as these units were not subject to the co-ownership agreement. This agreement provided for the administration and servicing of the portfolio on a fee-for-service basis.

Enercare and DE were also parties to an agreement for the origination and servicing of HVAC rental units, whereby DE originated HVAC rental customers and provided servicing to these HVAC rental customers. Enercare had the right to originate HVAC rental customers outside of this arrangement with DE.

Details of amounts paid or payable under these agreements to DE are as follows:

For the year ended December 31,	**2015**	2014
Origination agreement:		
Capital expenditures	**$ -**	$42,474
Inventory service fee	**-**	2,713
Other capital expenditures	**-**	17,846
Other expenses, including billing and servicing costs	**-**	2,925
Total	**$ -**	$65,958

27. Compensation Plans

Enercare operates the following share based compensation plans: the PSUP, DSUP, ESPP and the Share Option Plan ("SOP").

Cash Based Payment Plans

The PSUP awards phantom shares to management in consideration for past services provided to support achievement of Enercare's performance objectives, align interests of key persons with the success of Enercare, and retain management. These phantom shares vest equally over a 3 year period, and are based on the achievement of certain service and/or performance criteria, and are non-forfeitable. Dividends on the phantom shares accrue at the same rates as dividends on the shares.

Enercare has a DSUP for non-employee directors to assist Enercare to promote a greater alignment of interests between the directors and the shareholders, provide a compensation system for the directors that is reflective of the responsibility, commitment and risk accompanying board membership, assist Enercare in attracting and retaining individuals with experience and ability to serve as members of the board, and allow the directors to participate in the long-term success of Enercare. Pursuant to the DSUP, directors will receive 50% of their fees in the form of deferred share units until the director has met the director's share ownership requirements. Directors may also elect once each calendar year to receive any portion of their fees in the form of deferred share units for the year, such election can be changed on a quarterly basis. A director's entitlement under the DSUP may be redeemed only when the director ceases to be a director and must be redeemed no later than the end of the calendar year following the date the director ceases to be a director. Dividends on these deferred shares accrue at the same rates as dividends on the shares.

Share Based Plans

Enercare has a stock option plan for officers of Enercare. The purpose of the plan is to support the achievement of the corporation's objectives, align officer interests with the success of the corporation and provide compensation opportunities to attract, retain and motivate key management employees. Options must be exercised within 8 years after the grant date with vesting equally over the first 3 years. All vested options must be exercised within 2 years, 1 year or 90 days of the termination date in respect of retirement/disability, death and termination, respectively. Options are settled through the issuance of treasury shares for the strike price consideration.

The fair value of the options at the date of grant was determined using the Black-Scholes option pricing model giving consideration to the terms of the plan and Enercare's performance. The significant variables included in the model were as follows:

- An expected option life of approximately 5.5 years;
- A risk free rate based upon Government of Canada bonds corresponding to the expected option life;
- Stock prices based upon the daily close for the past 36-months resulting in a 33% volatility measure; and
- Dividend yield was based on historical levels preceding the date of grant.

The weighted average remaining contractual life is approximately 6.12 years.

Employee Share Purchase Plan

Effective November 1, 2014, Enercare implemented the ESPP for all eligible employees of Enercare. Under the plan, employees can purchase shares of Enercare, up to a maximum of $10 per year or 5% of base salary. Enercare will award one matching share for every two shares purchased and held by an employee for at least two years. Shares related to both the employee and employer portions are purchased in the month following the employee contributions. Expenses related to the company match portion are recorded equally over the 2 year vesting period and are reflected in the consolidated statement of income. Employee contributions held by Enercare at the end of a period are classified as restricted cash which will be used to purchase Enercare shares in the following period. As at December 31, 2015, there were 55,909 shares (2014 – 0) that were purchased and held as treasury shares. These shares related to the employer portion of the employee share purchase plan and were purchased during the year for $815 (2014 - $0).

In 2015, no share matching was required under the ESPP, except regarding the grant of 421 Shares at a market value of $16.20 per Share in connection with employee retirements. The amount expensed during the year was $231 with no liabilities payable. In December 2014, liabilities payable on account of unremitted employee contributions amounted to $276.

Changes in the number of long term compensation plan awards outstanding and their related weighted average prices are as follows:

(in thousands except price)	PSUP #	PSUP $	DSUP #	DSUP $	SOP #	SOP $
At January 1, 2015	379	14.59	251	14.59	1,138	8.85
Granted	187	14.59	29	14.59	359	14.65
Director's optional purchases	-	-	12	14.70	-	-
Phantom dividends	22	-	17	-	-	-
Performance objective modifier	67	-	-	-	-	-
Forfeited	(2)	-	-	-	-	-
Exercised	(296)	15.23	-	-	(388)	7.19
Expired	-	-	-	-	-	-
At December 31, 2015	357	16.02	309	16.02	1,109	11.31
Expensed in the period	-	3,196	-	1,235	-	281
Liabilities payable	-	4,790	-	4,406	-	-

(in thousands except price)	PSUP #	PSUP $	DSUP #	DSUP $	SOP #	SOP $
At January 1, 2014	325	9.94	188	9.94	817	8.06
Granted	86	9.94	35	9.94	379	10.71
Director's optional purchases	-	-	14	12.69	-	-
Phantom dividends	18	-	14	-	-	-
Performance objective modifier	44	-	-	-	-	-
Forfeited	(8)	-	-	-	(58)	-
Exercised	(86)	9.94	-	-	-	-
Expired	-	-	-	-	-	-
At December 31, 2014	379	14.59	251	14.59	1,138	8.85
Expensed in the period	-	2,730	-	1,577	-	157
Liabilities payable	-	3,991	-	3,172	-	-

Price per share is the average price per share at the close of market on the day preceding the last trading day of the month or the five day volume weighted average immediately preceding the last trading day of the month as applicable to the terms of the plans.

28. Segment Information

Management has determined the operating segments based on the reports reviewed by the President and CEO that are used to make strategic decisions.

The President and CEO evaluates and makes decisions on operating performance by business segment. The reportable operating segments derive their revenue primarily from (a) the rental of water heaters, HVAC and other equipment, protection plans, HVAC sales and other chargeable service offerings, and (b) the sub-metering of multi-unit residential and commercial properties.

The Home Services segment consists mainly of a portfolio of rental water heaters, HVAC and other assets, and contracted protection plans offered primarily to residential customers in Ontario. The Sub-metering segment is engaged principally in providing the equipment and services to allow sub-metering and remote measurement of electricity and water consumption in individual units in condominiums, apartment buildings and commercial properties primarily in Ontario. The Corporate segment reports the costs for management oversight of the combined business, public reporting and filings, financing activities, corporate governance and related expenses.

Enercare assessed its performance of the operating segments on a measure of EBITDA as follows:

Segment Data	Home Services	Sub-Metering	Corporate	Total (December 31, 2015)	Home Services	Sub-Metering	Corporate	Total (December 31, 2014)
Revenues:								
Contracted sales	**$ 390,509**	**$133,652**	**$ -**	**$ 524,161**	$ 231,454	$119,132	$ -	$350,586
Sales and other services	**35,962**	**3,498**	**-**	**39,460**	10,880	481		11,361
Total revenue	**$ 426,471**	**$137,150**	**$ -**	**$ 563,621**	$ 242,334	$119,613	$ -	$361,947
Expenses:								
Cost of goods & services:								
Cost of services	**$ (61,164)**	**$ -**	**$ -**	**$ (61,164)**	$ (10,600)	$ -	$ -	$ (10,600)
Cost of goods sold	**(25,448)**	**(2,090)**	**-**	**(27,538)**	(7,743)	(378)	-	(8,121)
Commodity	**-**	**(106,203)**	**-**	**(106,203)**	-	(97,673)	-	(97,673)
SG&A	**(104,970)**	**(16,846)**	**(22,495)**	**(144,311)**	(39,604)	(13,877)	(17,497)	(70,978)
Net (loss)/gain on disposal	**(5,354)**	**2,484**	**-**	**(2,870)**	(9,859)	-	-	(9,859)
EBITDA[1]	**229,535**	**14,495**	**(22,495)**	**221,535**	174,528	7,685	(17,497)	164,716
Amortization	**(118,011)**	**(5,849)**	**(1,556)**	**(125,416)**	(98,392)	(4,800)	(1,689)	(104,881)
Investment income				**205**				806
Interest expense				**(28,075)**				(28,891)
Other income	**-**	**580**	**-**	**580**	408	-	-	408
Current taxes				**(10,197)**				(27,287)
Deferred tax recovery				**(7,677)**				17,405
Net earnings				**50,955**				22,276
Adjusted EBITDA[1,2]	**234,889**	**12,591**	**(22,495)**	**224,985**	184,795	7,685	(17,497)	174,983
Segment assets	**1,252,185**	**81,065**	**42,997**	**1,376,247**	1,253,754	75,967	76,340	1,406,061
Capital additions	**$ 103,404**	**$ 10,711**	**$ 2,808**	**$ 116,923**	$ 77,943	$ 7,501	$ 129	$ 85,573

(1) EBITDA and Adjusted EBITDA are Non-IFRS financial measures and are metrics that can be used to determine Enercare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders.

(2) Adjusted EBITDA is comprised of total revenues and other income, less cost of goods and services and SG&A.

The amounts provided to the President and CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operation of the segment. Equipment additions exclude any acquisition amounts.

29. Acquisition of Cobourg Network Inc. Rental Portfolio

On March 2, 2015, Enercare, through a subsidiary of Enercare Solutions, acquired the rental portfolio of Cobourg Network Inc., comprised of approximately 1,354 electric water heaters for cash consideration of $863. The completion of the purchase price allocation resulted in a fair value of approximately $372 for electric water heaters, a customer relationship intangible value of $387, deferred tax liabilities of $27 and goodwill of $131.

30. Acquisition of Direct Energy's Home and Small Commercial Services Business in Ontario

On October 20, 2014, a subsidiary of Enercare Solutions acquired through the asset purchase agreement the Ontario home and small commercial services business of DE. The purchase price of the Acquisition was approximately $550,390, subject to final working capital adjustments. The acquired assets and liabilities assumed included components of working capital, capital assets intangible assets and obligations under finance leases. It also includes employee future benefit related assets and obligations, including a receivable identified as a reimbursement right in respect thereof from DE (see note 14). The Acquisition is accounted for as a business combination.

The Acquisition was financed through a combination of debt and equity, including approximately $333,262 of subscription receipts ($317,000 net of fees) (note 16), $150,000 from debt facilities (note 13) entered into in connection with the Acquisition and a private placement of 7,692,308 of Enercare common shares to DE (note 16). The common shares issued to DE were subject to a 12-month lock-up and thereafter, one-half of such shares are subject to a further 6-month lock-up.

Concurrent with the closing of the Acquisition, Enercare and DE entered into a transition services agreement pursuant to which DE provided certain transition services to Enercare relating to, among other things, the provision of ongoing information technology, other support and information technology decoupling services for an initial period of 15-months, subject to extension by either party for up to two additional 3-month terms. With the transition complete, the agreement was not extended and expired on December 20, 2015.

As part of the Acquisition, Enercare recorded total expenses of $11,594 and interest income of $531 during 2014. Total expenses include $3,872 of interest expense from $3,097 of interest paid in respect of the subscription receipts issued, along with the equity bridge financing fees of $775. SG&A expenses included $7,722 of costs associated with the Acquisition, of which approximately $6,770 were professional fees. Interest income of $531 was earned from proceeds related to the subscription receipts issued.

During the year ended December 31, 2015, Enercare recorded $9,168 (2014 - $7,722) of SG&A expenses associated with the integration of the Acquisition, primarily related to re-branding marketing and information technology de-coupling and onboarding expenditures (note 23).

The following table summarizes the final allocation and measurement period adjustments to the total consideration allocated to the net assets acquired. The adjustments below primarily relate to changes in the working capital balances, pension plan and the related reimbursement right (see note 14).

	Original and as reported at December 31, 2014	Adjustments	Revised
Cash and cash equivalents	$ 815	$ -	$ 815
Accounts and other receivables (note 5)	56,824	403	57,227
Inventory	5,645	-	5,645
Prepaid expenses	385	111	496
Capital assets (note 9)	14,279	(79)	14,200
Intangible assets – customer relationships	401,000	-	401,000
Reimbursement right - pension (note 14)	15,284	(4,177)	11,107
Goodwill (note 11)	141,333	1,202	142,535
Deferred tax asset	3,596	-	3,596
Total assets acquired	$639,161	$(2,540)	$636,621
Less:			
Accounts payable and accrued liabilities (note 7)	$ 21,736	$ 1,747	$ 23,483
Deferred revenue and service obligation (note 8)	3,856	794	4,650
Long-term obligations under finance lease (note 12)	7,809	(322)	7,487
Employee benefit plan liabilities (note 14)	28,850	(4,177)	24,673
Deferred tax liability	26,520	(582)	25,938
Total net assets acquired	$550,390	$ -	$550,390
Fair value of consideration transferred:			
Cash consideration	$450,000	$ -	$450,000
Final working capital adjustment	(9,072)	-	(9,072)
DE Private Placement - 7,692,308 common shares	109,462	-	109,462
Total consideration transferred	$550,390	$ -	$550,390

Goodwill is calculated as the difference between the fair value of consideration transferred and the preliminary fair value of the assets acquired and liabilities assumed. The goodwill is primarily attributable to the addition of new customers and the corresponding projected cash flows to be earned. Goodwill is not amortized for accounting, however is deductible for tax purposes.

As of December 31, 2014, OHCS revenues of $46,065 and earnings of $1,732 were included in the statement of net income since October 20, 2014. On a pro-forma basis, Enercare's consolidated revenues and net earnings for the year ended December 31, 2014 would have been higher by approximately $171,935 and $2,620 respectively, had the OHCS acquisition occurred on January 1, 2014.

31. Other Income

During the second quarter of 2015, Enercare realized a settlement of $580 from a supplier of sub-metering equipment. During 2014, Enercare realized a settlement of $408 from DE on account of the reclassification of certain water heaters under the co-ownership agreement to Enercare's owned portfolio, originally associated with the Toronto Hydro Energy Services Inc. portfolio acquisition.

32. Acquisition of Triacta Power Technologies Inc.

On July 15, 2015, Enercare, through its wholly-owned subsidiary, Enercare Connections completed its acquisition of Triacta. Enercare acquired all of the issued and outstanding shares of Triacta, through a plan of arrangement under the Ontario Business Corporations Act. The purchase price for the acquisition was $7,500, subject to certain working capital and other adjustments, and payment in full by Triacta of its existing indebtedness. Enercare paid the purchase price using cash on hand.

During the year ended December 31, 2015, Enercare recorded $379 (2014 - $0) of transaction costs within SG&A expenses primarily related to professional fees associated with the acquisition of Triacta (note 23).

The following table summarizes the preliminary allocation of total consideration allocated to the net assets acquired. The allocation of the purchase price is preliminary for certain amounts, including intangible assets, certain working capital accounts, and tax balances and is therefore subject to change.

	July 15, 2015
Cash and cash equivalents	**$ 96**
Accounts and other receivables	**1,295**
Inventory	**1,020**
Prepaid expenses	**50**
Capital assets	**38**
Intangible assets – proprietary technology	**3,800**
Goodwill	**1,936**
Deferred tax asset	**981**
Total assets acquired	**$9,216**
Less:	
Accounts payable and accrued liabilities	**$1,053**
Payable to Enercare Connections	**580**
Deferred revenue	**382**
Total net assets acquired	**$7,201**
Fair value of consideration transferred:	
Cash consideration	**$7,500**
Preliminary working capital adjustment	**(299)**
Total consideration transferred	**$7,201**

Goodwill is calculated as the difference between the fair value of consideration transferred and the preliminary fair value of the assets acquired and liabilities assumed. The goodwill is primarily attributable to the addition of new customers and the corresponding projected cash flows to be earned. Goodwill is not amortized for accounting and is not deductible for tax purposes.

Triacta revenues of $2,239 and net income of $17 are included in the statement of net income since July 15, 2015.

33. Subsequent Events

In March 2016, Enercare and Enercare Solutions announced that Enercare Solutions entered into a definitive merger agreement pursuant to which an indirect wholly-owned subsidiary of Enercare Solutions will acquire, through a merger, SEHAC Holdings Corporation (“Service Experts”) (the “Transaction”) for consideration of US$340,750, excluding transaction costs (the “Consideration), subject to customary working capital and other adjustments.

In conjunction with the Transaction, Enercare also announced that it has entered into an agreement with a syndicate of underwriters to issue, on a bought deal basis, approximately CDN$218,000 of subscription receipts (the “Offering”) to partially finance the equity component of the Consideration, Transaction-related cost and general working capital requirements. In order to finance the remainder of the Consideration, Enercare Solutions entered into a commitment with two Canadian chartered banks (the "Lenders") pursuant to which the Lenders have committed, subject to customary conditions, to provide debt financing to Enercare Solutions in the form of an unsecured 4-year variable rate term credit facility in an aggregate amount of US$200,000, which Enercare Solutions expects to fully draw at closing of the Transaction.

In addition, the Lenders have also provided a fully committed bridge facility in the amount of US$140,750 should the Offering not close.