2024 Cost of Service

EXHIBIT 6: REVENUE REQUIREMENT & REVENUE DEFICIENCY OR SUFFICIENCY

WASAGA DISTRIBUTION INC.

Exhibit 6: Table of Contents

2.6 Exhibit 6: Revenue Requirement & Revenue Deficiency or Sufficiency

This Exhibit provides a summary of the revenue requirement being requested by Wasaga Distribution Inc. (WDI) for the 2024 Test Year to continue to deliver electricity to its customers safely and reliably. WDI's total Service Revenue Requirement is offset by revenues obtained by sources other than distribution rates (i.e., other revenue).

As directed in the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications, the calculation of the revenue deficiency/sufficiency does not include the recovery of deferral and variance accounts (outlined in Exhibit 9: Disposition of Deferral and Variance Accounts), Low Voltage (LV) Charges (outlined in Exhibit 8: Low Voltage Service Rates), or costs and revenues related to the Cost of Power.

The following information is included in Exhibit 6:

- Determination of Net Utility Income
- Proposed Revenue Requirement
- Statement of Rate Base
- Requested Rate of Return
- Indicated Rate of Return
- Actual Return on Rate Base
- Deficiency or Sufficiency in Revenue
- Gross Deficiency or Sufficiency in Revenue

2.6.1 Revenue Requirement Workform

WDI has filed the 2024 Revenue Requirement Workform as Appendix 6 (A).

2.6.1.1 Determination of Net Utility Income

WDI's current rates are Board approved rates effective May 1, 2023, through an Incentive Regulation Mechanism (IRM) proceeding (EB-2022-0066). Existing revenues based on existing Board approved rates, which provides the funding for the WDI's income.

Table 6.1 below depicts WDI's arrival at net income, consistent with Tab 5. Utility Income of the 2024 Revenue Requirement Workform.

Table 6.1: Determination of Net Income

Particulars	Application ($)
Operating Revenue	
Distribution Revenue (Proposed Rates)	6,003,201
Other Revenue	616,317
Total Operating Revenue	**6,619,518**
Operating Expenses	
OM&A Expenses	3,979,353
Depreciation/Amortization	919,029
Property Taxes	35,696
Total Operating Expenses	**4,934,078**
Deemed Interest Expense	612,724
Total Expenses	**5,546,803**
Utility income before income taxes	**1,072,714**
Income taxes (grossed-up)	146,217
Net Income	**$926,497**

2.6.1.2 Proposed Revenue Requirement

WDI has proposed a 2024 Test Year Service Revenue Requirement of $6,619,518, which represents the amount of money that it must receive from its customers to cover its costs, operating expenses, taxes, interest paid on debts owed to investors and, if applicable, a deemed return (profit). The Base Revenue Requirement, after considering revenue offsets, is calculated as $6,003,201.

The table below illustrates the components that make up WDI's proposed Base Revenue Requirement as calculated in the OEB's Revenue Requirement Workform.

Table 6.2: Summary of Test Year Revenue Requirement

Particulars	2024 Test Year	Reference
OM&A Expenses	3,979,353	Exhibit 4
Depreciation Expense	919,029	Exhibit 2
Property Taxes	35,696	Exhibit 4
Total Distribution Expenses	4,934,078	
Regulated Return on Capital	1,539,222	Exhibit 5
Income taxes (grossed-up)	146,217	6.3.1
Service Revenue Requirement	6,619,518	
Less: Revenue Offsets	(616,317)	6.4.1
Base Revenue Requirement	6,003,201	

2.6.1.3 Statement of Rate Base

WDI's proposed Rate Base, which represents the average balance of opening and closing balances for net capital assets in service, plus 7.50% working capital allowance for the 2024 Test Year. WDI's total Rate Base calculation for the 2024 Test Year is $24,746,197 as shown in Table 6.3 below.

Table 6.3: Rate Base and Working Capital from RRWF Model

Particulars	2024 Test Year
Gross Fixed Assets (average)	29,838,648
Accumulated Depreciation (average)	(6,855,196)
Net Fixed Assets (average)	22,983,452
Allowance for Working Capital	1,762,745
Total Rate Base	24,746,197

Further information on the rate base and working capital calculation is provided in Exhibit 2.

2.6.1.4 Requested and Indicated Rate of Return

WDI has utilized the Cost of Capital Parameters as per the OEB for the 2024 COS Application. WDI's Requested Rate of Return have been calculated for the 2024 Test Year and is set out in the table below. WDI Is requesting a return on Rate Base in the amount of $1,539,222 (6.22% WACC).

Table 6.4: Summary of Rate of Return Requested for 2024 Test Year

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	($)	(%)	($)
Debt				
Long-term Debt	56.00%	13,857,870	4.08%	565,311
Short-term Debt	4.00%	989,848	4.79%	47,414
Total Debt	60.00%	14,847,718	4.13%	612,724
Equity				
Common Equity	40.00%	9,898,479	9.36%	926,498
Preferred Shares	-	-		-
Total Equity	40.00%	9,898,479	9.36%	926,498
Total	**100.00%**	**24,746,197**	**6.22%**	**1,539,222**

WDI's indicated rate of return at current rates would be 4.09%, which is calculated based on forecasted net income of $398,548 plus deemed interest expense $612,724 divided by the Rate Base of $24,746,197. The rate is below the proposed WACC of 6.22% due to the $718,299 gross deficiency in income.

Table 6.6 below compares WDI's 2024 return on rate base, at both current approved rates and proposed rates. The amounts in Table 6.5 are consistent with the amounts in Sheet 8 of the RRWF and the difference of $527,950 is equal to the revenue deficiency/sufficiency (prior to being grossed up for taxes).

Table 6.5 Return on Rate Base – Current vs. Proposed Rates

Particulars	At Current Rates	At Proposed Rates	Variance
Deemed Interest	612,724	612,724	
Return on Deemed Equity	398,548	926,498	(527,950)
Total Return on Rate Base	1,011,272	1,539,222	(527,950)
Rate Base	24,746,197	24,746,197	
Rate of Return on Rate Base	4.09%	6.22%	

2.6.1.5 Calculation of Revenue Deficiency or Sufficiency

WDI's gross revenue deficiency at current approved rates is $718,299. This deficiency is calculated as the difference between the 2024 Test Year Requirement and the forecast Test Year revenue at WDI's 2023 approved distribution rates.

The detailed calculation of the 2024 revenue deficiency is provided in Table 6.6 which is consistent with Sheet 8 of the RRWF. The drivers of the change in revenue requirement between 2016 Board Approved and 2024 Test Year that result in a 2024 revenue deficiency are detailed in section 2.6.1.6.

1 **Table 6.6: Revenue Deficiency (RRWF)**

Particulars	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		$718,299
Distribution Revenue	$5,329,033	$5,284,901
Other Operating Revenue Offsets - net	$616,317	$616,317
Total Revenue	$5,945,350	$6,619,517
Operating Expenses	$4,934,078	$4,934,078
Deemed Interest Expense	$612,724	$612,724
Total Cost and Expenses	$5,546,803	$5,546,803
Utility Income Before Income Taxes	$398,548	$1,072,715
Tax Adjustments to Accounting Income per 2013 PILs model	($520,951)	($520,951)
Taxable Income	($122,404)	$551,764
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	$-	$146,217
Income Tax Credits	$-	$-
Utility Net Income	$398,548	$926,497
Utility Rate Base	$24,746,197	$24,746,197
Deemed Equity Portion of Rate Base	$9,898,479	$9,898,479
Income/(Equity Portion of Rate Base)	4.03%	9.36%
Target Return - Equity on Rate Base	9.36%	9.36%
Deficiency/Sufficiency in Return on Equity	(5.33%)	0.00%
Indicated Rate of Return	4.09%	6.22%
Requested Rate of Return on Rate Base	6.22%	6.22%
Deficiency/Sufficiency in Rate of Return	(2.13%)	0.00%
Target Return on Equity	$926,498	$926,498
Revenue Deficiency/(Sufficiency)	$527,950	$0
Gross Revenue Deficiency/(Sufficiency)	**$718,299**	

2.6.1.6 Causes of Revenue Deficiency or Sufficiency

WDI's existing rates are based on the Board-approved rates in 2016 following a COS rate application and adjustments to its base distribution rates in 2017-2023 under the Board's IRM. The current (2023) rates were approved in WDI's IRM Application EB-2022-0066.

As shown in Table 6.6 of Revenue Deficit at the previous section, the Revenue Deficiency is determined to be $718,299. The deficiency is largely due to increases from the rate base, OM&A, and an increase in depreciation expense.

The proposed rate base for 2024 is $10,413,136 higher than the 2016 Board Approved amount, an increase of 72.65%. Based on a 6.22% overall cost of capital, the increase in the rate base drives an increase to the base revenue requirement by $2,014,145. The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 but for the most part, are due to investments in the distribution system to follow the distribution system plan and required system renewal that ensures the safe and reliable operation of the system.

The Increased expenses for OM&A are a contributing factor to the revenue deficiency. Projected OM&A for the 2024 Test Year is $975,563 higher than the 2016 Board Approved amount, which represents an increase of 32.48%. The cost drivers underlying this increase are explained in Exhibit 4.

The other major contributors of the deficiency are illustrated in Table 6.7, comparing the specifics from the 2016 Board Approved to the 2024 Test Year.

- An increase in Average Net Fixed Assets of $10,617,578, 85.86%, from $12,365,874 in 2016 Board Approved to $22,983,452 in 2024 Test Year. WDI continues to make significant capital expenditures to service growth in its territory and replace aging infrastructure. Details on capital expenditures can be found in Exhibit 2.
- A decrease in Working Capital of $203,753, 10.21%, from $1,966,498 in 2016 Board Approved to $1,762,745 in 2024 Test Year. While total expenses for working capital have increased, WDI used the OEB's working capital factor of 7.5%, causing a reduction to the overall working capital allowance. Further details can be found in Exhibit 2.

- An increase in Weighted Average Cost of Capital from 5.86% in 2016 Board Approved to 6.22% in 2024 Test Year. Since it's previous application, WDI has secured debt facilities through Infrastructure Ontario. Additional details can be found in Exhibit 5.
- An increase in Depreciation Expense of $372,860, 68.26%, from $546,169 in 2016 Board Approved to $919,029 in 2024 Test Year. As WDI does collect a significant amount of capital contributions, the depreciation expense has been offset by a substantial amount of deferred revenue, resulting in a marginal increase. Details can be found in Exhibit 2.
- An increase of $299,877 or 95.85%, in Deemed Interest Expense from $312,847 in 2016 Board Approved to $612,724 in 2024 Test Year. WDI has significantly increased rate base. Additional details can be found in Exhibit 5.
- An increase of $101,258, 225.33%, in Income Tax (PILS) from $44,957 in 2016 Board Approved to $146,217 in 2024 Test Year. This is a result of an increase in taxable income and adjustments because WDI does not receive the Small Business Tax Deduction. See section 2.6.2 for additional information.

1 **Table 6.7: Comparison of 2016 Board Approved & 2024 Test Year Revenue Deficiency (RRWF)**

Particulars (taken from RRWF-8.Rev_Def_Suff)	2016 Board Approved	2024 Proposed Rates	Increase (Decrease) $	Increase (Decrease) %
Revenue Deficiency from Below		$718,299	$718,299	
Distribution Revenue	$3,665,862	$5,284,901	$1,619,038	44.17%
Other Operating Revenue Offsets - net	$474,377	$616,317	$141,940	29.92%
Total Revenue	$4,462,621	$6,619,517	$2,156,897	48.33%
Operating Expenses	$3,577,958	$4,934,078	$1,356,120	37.90%
Deemed Interest Expense	$312,847	$612,724	$299,877	95.85%
Total Cost and Expenses	$3,890,805	$5,546,803	$1,655,997	42.56%
Utility Income Before Income Taxes	$571,816	$1,072,715	$500,899	87.60%
Tax Adjustments to Accounting Income per 2013 PILs model	($341,660)	($520,951)	($179,291)	52.48%
Taxable Income	$230,156	$551,764	$321,608	139.74%
Income Tax Rate	24.96%	26.50%	1.54%	6.15%
Income Tax on Taxable Income	$57,457	$146,217	$88,760	154.48%
Income Tax Credits	($12,500)	$-	$12,500	-100.00%
Utility Net Income	$526,858	$926,497	$399,639	75.85%
Utility Rate Base	$14,332,372	$24,746,197	$10,413,825	72.66%
Deemed Equity Portion of Rate Base	$5,732,949	$9,898,479	$4,165,530	72.66%
Income/(Equity Portion of Rate Base)	9.19%	9.36%	0.17%	1.85%
Target Return - Equity on Rate Base	9.19%	9.36%	0.17%	1.85%
Deficiency/Sufficiency in Return on Equity	0.00%	0.00%	0.00%	0.0%
Indicated Rate of Return	5.86%	6.22%	0.36%	6.17%
Requested Rate of Return on Rate Base	5.86%	6.22%	0.36%	6.17%
Deficiency/Sufficiency in Rate of Return	0.00%	0.00%	0.00%	0.0%
Target Return on Equity	$526,858	$926,498	$399,640	75.85%

2.6.1.7 Impact of Change in Accounting Standards or Policies

WDI adopted MIFRS on January 1, 2015, and confirms that it incorporated the required changes to its capitalization procedures and depreciation rates as part of its 2016 COS Application. As such, there are no changes to accounting standards that impact the change in revenue requirement.

2.6.1.8 Revenue Requirement Workform

Table 6.8 below presents WDI's Revenue Requirement trend from 2016 Board Approved to 2024 Test Year.

Table 6.8: Trend in Revenue Requirement

Particulars	2016 Board Approved	2016 Actual	2017 Actual	2018 Actual	2019 Actual
OM&A Expenses	3,003,789	3,023,023	3,124,363	3,199,156	3,468,896
Depreciation Expense	546,169	542,440	565,019	591,332	629,916
Property Tax	28,000	31,858	31,232	31,306	31,380
Total Distribution Expenses	3,577,958	3,597,321	3,720,614	3,821,794	4,130,192
Regulated Return on Capital	840,508	818,665	825,350	847,288	894,797
Grossed up PILs	44,957	190,365	194,565	253,273	121,929
Service Revenue Requirement	4,463,423	4,606,351	4,740,529	4,922,358	5,146,918
Less: Revenue Offsets	(474,377)	(520,968)	(512,159)	(600,165)	(540,721)
Base Revenue Requirement	**3,989,046**	**4,085,383**	**4,228,370**	**4,322,193**	**4,606,197**

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Bridge Year	2024 Test Year
OM&A Expenses	3,502,508	3,021,791	3,318,725	3,630,342	3,979,353
Depreciation Expense	662,349	701,773	766,517	853,256	919,029
Property Tax	31,571	31,780	32,206	34,061	35,696
Total Distribution Expenses	4,196,428	3,755,344	4,117,448	4,517,659	4,934,078
Regulated Return on Capital	972,169	1,016,856	1,160,155	1,337,741	1,539,222
Grossed up PILs	132,026	132,018	179,475	97,336	146,217
Service Revenue Requirement	5,300,623	4,904,218	5,457,078	5,952,736	6,619,518
Less: Revenue Offsets	(536,127)	(371,450)	(618,144)	(588,467)	(616,317)
Base Revenue Requirement	**4,764,496**	**4,532,767**	**4,838,934**	**5,364,269**	**6,003,201**

Table 6.8 summarises the drivers of the increase in WDI's revenue requirement between 2016 Board Approved and 2024 Test Year with respect to each of the above line items.

Detailed year-over-year variance analysis and/or cost driver analysis for certain line items can also be found in the following sections of the Application:

- OM&A expenses – Exhibit 4
- Regulated Return on Capital – Exhibit 5
- Revenue offsets – Exhibit 6
- Rate base – Exhibit 2

2.6.2 Payment in Lieu of Taxes & Property Taxes

2.6.2.1 Income Taxes or PILS

WDI is required to make payments in lieu of income taxes (PILs) based on its taxable income. WDI files Federal/Provincial tax returns annually.

There have been no special circumstances that would require specific tax planning measures to minimize taxes payable.

WDI has used the OEB PILs Tax Workform model to calculate the amount of taxes for inclusion in its 2024 rates. WDI's grossed up PILs for the 2024 Test Year amount to $146,217.

WDI has verified the following information:

- It has exercised sound tax planning and that for rate setting purposes, it maximized tax credits and take the maximum deductions allowed if it made sense for the utility to do so.
- It has excluded regulatory assets and liabilities from PILs calculations both when they were created, and when they were collected, regardless of the actual tax treatment accorded to those amounts.
- A copy of the most recent Federal and Provincial tax is filed as Appendix 6 (B) in this Exhibit.
- Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed.
-

WDI has filed the 2024 Income Tax/PILS Workform in Microsoft Excel. WDI modified the OEB's PILS Workform to remove the Small Business Tax Deduction that was being applied to its organization. For actual tax filing purposes, WDI does not qualify for this reduction due to the requirement for taxable capital to be determined based on WDI and any associated companies' (i.e., the Town of Wasaga Beach) taxable capital. This requirement increases WDI's taxable capital above the $50M threshold. As evident in Table 6.8 above, WDI's actual annual PILs payments have not been lower than $121K in the past (2016-2022), yet the amount approved in the 2016 COS was significantly lower, at $44K.

Accelerated CCA

For detailed information on Account 1592 – PILs and Tax Variances – CCA Changes, please see Exhibit 9 section 2.9.1.5.

2.6.2.2 Other Taxes

WDI pays property taxes to the Town of Wasaga Beach which is discussed in more detail in Exhibit 4.

2.6.2.3 Non-recoverable and Disallowed Expenses

WDI confirms that expenses that are deemed non-recoverable in the revenue requirement (i.e., individual charitable donations) or disallowed for regulatory purposes have been excluded from the regulatory tax calculation.

2.6.3 Other Revenue

Other Distribution Revenue are revenues that are distribution related but are sourced from means other than distribution rates. For this reason, other revenues are deducted from WDI's proposed revenue requirement.

Other Distribution Revenues includes items such as:

- Specific Service Charges
- Late Payment Charges
- Other Distribution Revenues
- Other Income and Expenses
-

This schedule provides a summary of the Other Revenue from the 2016 Board Approved to the 2024 Test Year by account, provide a high-level variance analysis, outline the components of the accounts in detail, and present revenue from new specific service charges.

Table 6.9 shows the detailed breakdown of WDI's Other Revenue by USoA account from the 2016 Board Approved to the 2024 Test Year. The table is also filed with Board Chapter 2 Appendix 2-H Other Operating Revenue.

Table 6.9: Other Revenue from 2016 OEB Approved to 2024 Test Year

USoA #	USoA Description	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual
4082	Retail Services Revenues	($7,690)	($6,499)	($5,963)	($8,986)	($10,525)
4084	Service Transaction Requests (STR) Revenues	($245)	($63)	($35)	($72)	($45)
4086	SSS Administration Revenue	($39,444)	($40,333)	($41,238)	($41,786)	($42,899)
4210	Rent from Electric Property	($314,426)	($329,469)	($322,477)	($325,225)	($323,479)
4215	Other Utility Operating Income	($6,911)	($3,247)	($3,500)	($1,890)	($2,068)
4225	Late Payment Charges	($39,409)	($34,094)	($32,810)	($35,445)	($50,319)
4235	Miscellaneous Service Revenues	($133,019)	($98,745)	($83,528)	($59,865)	($67,941)
4240	Provision for Rate Refunds	-	-	-	-	-
4355	Gain on Disposition of Utility and Other Property	($2,354)	-	($450)	($4,725)	($29,500)
4357	Gain from Retirement of Utility and Other Property	-	-	-	-	-
4360	Loss on Disposition of Utility and Other Property	$35,157	$23,938	$32,030	$18,862	$73,204
4375	Revenues from Non Rate-Regulated Utility Operations	-	-	($180,034)	($125,807)	($99,473)
4380	Expenses of Non Rate-Regulated Utility Operations	-	-	$78,368	$81,171	$57,290
4390	Miscellaneous Non-Operating Income	($1,589)	-	($718)	($2,171)	($28,237)
4395	Rate-Payer Benefit Including Interest	-	-	-	-	-
4405	Interest and Dividend Income	($11,038)	($23,648)	($39,810)	($34,783)	($12,136)
Miscellaneous Service Revenues		(133,019)	(98,745)	(83,528)	(59,865)	(67,941)
Late Payment Charges		(39,409)	(34,094)	(32,810)	(35,445)	(50,319)
Other Operating Revenues		(368,717)	(379,610)	(373,213)	(377,959)	(379,015)
Other Income or Deductions		20,177	(290)	(110,613)	(67,453)	(38,852)
Total		**($520,968)**	**($512,159)**	**($600,165)**	**($540,721)**	**($536,127)**

USoA #	USoA Description	2021 Actual	2022 Actual	2023 Bridge Year	2024 Test Year
4082	Retail Services Revenues	($10,261)	($10,034)	($9,491)	($10,848)
4084	Service Transaction Requests (STR) Revenues	($61)	($57)	($17)	($620
4086	SSS Administration Revenue	($43,509)	($44,472)	($45,304)	($47,409)
4210	Rent from Electric Property	($336,853)	($335,123)	($340,841)	($439,242)
4215	Other Utility Operating Income	($2,442)	($2,816)	($2,920)	($3,060)
4225	Late Payment Charges	($42,646)	($46,897)	($52,959)	($47,759)
4235	Miscellaneous Service Revenues	($66,015)	($64,869)	($76,771)	($66,573)
4240	Provision for Rate Refunds	$221,945	($15,256)	-	-
4355	Gain on Disposition of Utility and Other Property	($800)	-	($3,500)	($3,668)
4357	Gain from Retirement of Utility and Other Property	-	-	-	-
4360	Loss on Disposition of Utility and Other Property	$11,866	$816	$24,500	$26,200
4375	Revenues from Non Rate-Regulated Utility Operations	($29,362)	($12,087)	-	-
4380	Expenses of Non Rate-Regulated Utility Operations	$27,332	$12,842	-	-
4390	Miscellaneous Non-Operating Income	($20,141)	($36,336)	($2,191)	($2,296)
4395	Rate-Payer Benefit Including Interest	($69,092)	-		
4405	Interest and Dividend Income	($11,412)	($63,854)	($78,973)	($21,600)
Miscellaneous Service Revenues		($66,015)	($64,869)	($76,771)	($66,573)
Late Payment Charges		($42,646)	($46,897)	($52,959)	($47,759)
Other Operating Revenues		($171,180)	($407,759)	($398,573)	($500,621)
Other Income or Deductions		($91,608)	($98,620)	($60,164)	($1,364)
Total		**($371,450)**	**($618,144)**	**($588,467)**	**($616,317)**

A detailed breakdown by USoA account is shown in OEB Appendix 2-H. Year-over-year variance analysis follows.

2.6.3.1 Variance Analysis

The following section will provide a high-level year-over-year analysis of Other Revenue by account from the 2016 OEB Approved to the 2024 Test Year. An explanation of variances above the materiality threshold of $10,000 is provided in detail below.

Table 6.10: 2016 Actual Other Revenue Compared to 2016 Board Approved

USoA #	USoA Description	2016 Board Approved	2016 Actual	Variance $	Variance %
4082	Retail Services Revenues	($9,000)	($7,690)	$1,310	(15%)
4084	Service Transaction Requests (STR) Revenues	($300)	($245)	$55	(18%)
4086	SSS Administration Revenue	($40,359)	($39,444)	$915	(2%)
4210	Rent from Electric Property	($306,595)	($314,426)	($7,831)	3%
4215	Other Utility Operating Income	($2,000)	($6,911)	($4,911)	246%
4225	Late Payment Charges	($32,565)	($39,409)	($6,844)	21%
4235	Miscellaneous Service Revenues	($113,010)	($133,019)	($20,009)	18%
4355	Gain on Disposition of Utility and Other Property	($7,500)	($2,354)	$5,146	(69%)
4360	Loss on Disposition of Utility and Other Property	$51,952	$35,157	($16,795)	(32%)
4390	Miscellaneous Non-Operating Income	-	($1,589)	($1,589)	0%
4405	Interest and Dividend Income	($15,000)	($11,038)	$3,962	(26%)
Miscellaneous Service Charges		($113,010)	($133,019)	($20,009)	18%
Late Payment Charges		($32,565)	($39,409)	($6,844)	21%
Other Operating Revenues		($358,254)	($368,717)	($10,463)	3%
Other Income or Deductions		($29,452)	$20,177	($9,275)	(31%)
Total		($474,377)	($520,968)	($46,591)	10%

Miscellaneous Service Charges had an increase of $20K in the 2016 Actual vs the 2016 Board-Approved. This was primarily related to an increase in Occupancy and Collection charge volume.

Table 6.11: 2017 Actual Other Revenue Compared to 2016 Actual

USoA #	USoA Description	2016 Actual	2017 Actual	Variance $	Variance %
4082	Retail Services Revenues	($7,690)	($6,499)	$1,191	(15%)
4084	Service Transaction Requests (STR) Revenues	($245)	($63)	$183	(74%)
4086	SSS Administration Revenue	($39,444)	($40,333)	($888)	2%
4210	Rent from Electric Property	($314,426)	($329,469)	($15,043)	5%
4215	Other Utility Operating Income	($6,911)	($3,247)	$3,664	(53%)
4225	Late Payment Charges	($39,409)	($34,094)	$5,315	(13%)
4235	Miscellaneous Service Revenues	($133,019)	($98,745)	$34,274	(26%)
4355	Gain on Disposition of Utility and Other Property	($2,354)	-	$2,354	(100%)
4360	Loss on Disposition of Utility and Other Property	$35,157	$23,938	($11,219)	(32%)
4390	Miscellaneous Non-Operating Income	($1,589)	-	$1,589	(100%)
4405	Interest and Dividend Income	($11,038)	($23,648)	($12,610)	114%
Miscellaneous Service Charges		($133,019)	($98,745)	$34,274	(26%)
Late Payment Charges		($39,409)	($34,094)	$5,315	(13%)
Other Operating Revenues		($368,717)	($379,610)	($10,893)	3%
Other Income or Deductions		$20,177	$290	($19,887)	(99%)
Total		($520,968)	($512,159)	$8,809	(2%)

Miscellaneous Service Charges experienced a reduction of $34K in 2017. This is mainly due to less Collection Charges. There was also a reduced number of disconnects/reconnects that occurred in 2017 over 2016.

The $20K increase in Other Income or Deductions is largely related to an increase in interest income. WDI also had less loss on disposition during the year.

Table 6.12: 2018 Actual Other Revenue Compared to 2017 Actual

USoA #	USoA Description	2017 Actual	2018 Actual	Variance $	Variance %
4082	Retail Services Revenues	($6,499)	($5,963)	$536	(8%)
4084	Service Transaction Requests (STR) Revenues	($63)	($35)	$28	(44%)
4086	SSS Administration Revenue	($40,333)	($41,238)	($905)	2%
4210	Rent from Electric Property	($329,469)	($322,477)	$6,991	(2%)
4215	Other Utility Operating Income	($3,247)	($3,500)	($253)	8%
4225	Late Payment Charges	($34,094)	($32,810)	$1,284	(4%)
4235	Miscellaneous Service Revenues	($98,745)	($83,528)	$15,217	(15%)
4355	Gain on Disposition of Utility and Other Property	-	($450	($450)	0%
4360	Loss on Disposition of Utility and Other Property	$23,938	$32,030	$8,092	34%
4375	Revenues from Non Rate-Regulated Utility Operations	-	($180,034)	($180,034)	0%
4380	Expenses of Non Rate-Regulated Utility Operations	-	$78,368	$78,368	0%
4390	Miscellaneous Non-Operating Income	-	($718)	($718)	0%
4405	Interest and Dividend Income	($23,648)	($39,810)	($16,162)	68%
Miscellaneous Service Charges		($98,745)	($83,528)	$15,217	(15%)
Late Payment Charges		($34,094)	($32,810)	$1,284	(4%)
Other Operating Revenues		($379,610)	($373,213)	$6,397	(2%)
Other Income or Deductions		$290	($110,613)	($110,903)	(38202%)
Total		($512,159)	($600,165)	($88,006)	17%

Miscellaneous Service Charges had a further reduction in Collection Charges in 2018 over 2017.

Other Income or Deductions had an increase of $111K in 2018. This is related to Conservation and Demand Management (CDM) activities.

Table 6.13: 2019 Actual Other Revenue Compared to 2018 Actual

USoA #	USoA Description	2018 Actual	2019 Actual	Variance $	Variance %
4082	Retail Services Revenues	($5,963)	($8,986)	($3,023)	51%
4084	Service Transaction Requests (STR) Revenues	($35)	($72)	($37)	106%
4086	SSS Administration Revenue	($41,238)	($41,786)	($548)	1%
4210	Rent from Electric Property	($322,477)	($325,225)	($2,748)	1%
4215	Other Utility Operating Income	($3,500)	($1,890)	$1,610	(46%)
4225	Late Payment Charges	($32,810)	($35,445)	($2,635)	8%
4235	Miscellaneous Service Revenues	($83,528)	($59,865)	$23,664	(28%)
4355	Gain on Disposition of Utility and Other Property	($450)	($4,725)	($4,275)	950%
4360	Loss on Disposition of Utility and Other Property	$32,030	$18,862	($13,168)	(41%)
4375	Revenues from Non Rate-Regulated Utility Operations	($180,034)	($125,807)	$54,227	(30%)
4380	Expenses of Non Rate-Regulated Utility Operations	$78,368	$81,171	$2,803	4%
4390	Miscellaneous Non-Operating Income	($718)	($2,171)	($1,453)	202%
4405	Interest and Dividend Income	($39,810)	($34,783)	$5,026	(13%)
Miscellaneous Service Charges		($83,528)	($59,865)	$23,664	(28%)
Late Payment Charges		($32,810)	($35,445)	($2,635)	8%
Other Operating Revenues		($373,213)	($377,959)	($4,746)	1%
Other Income or Deductions		($110,613)	($67,453)	$43,161	(39%)
Total		($600,165)	($540,721)	$59,444	(10%)

Effective July 1, 2019, the OEB made a generic rate order eliminating "Collection of Account" charges for electricity distributors. The $24K variance in Miscellaneous Service Charges is due to the removal of the Collection Charges.

Other Income or Deductions decreased by $43K. This is due to less CDM activities in 2019 over 2018.

Table 6.14: 2020 Actual Other Revenue Compared to 2019 Actual

USoA #	USoA Description	2019 Actual	2020 Actual	Variance $	Variance %
4082	Retail Services Revenues	($8,986)	($10,525)	($1,540)	17%
4084	Service Transaction Requests (STR) Revenues	($72)	($45)	$27	(38%)
4086	SSS Administration Revenue	($41,786)	($42,899)	($1,112)	3%
4210	Rent from Electric Property	($325,225)	($323,479)	$1,746	(1%)
4215	Other Utility Operating Income	($1,890)	($2,068)	($178)	9%
4225	Late Payment Charges	($35,445)	($50,319)	($14,874)	42%
4235	Miscellaneous Service Revenues	($59,865)	($67,941)	($8,076)	13%
4355	Gain on Disposition of Utility and Other Property	($4,725)	($29,500)	($24,775)	524%
4360	Loss on Disposition of Utility and Other Property	$18,862	$73,204)	$54,341	288%
4375	Revenues from Non Rate-Regulated Utility Operations	($125,807)	($99,473)	$26,334	(21%)
4380	Expenses of Non Rate-Regulated Utility Operations	$81,171	$57,290	($23,881)	(29%)
4390	Miscellaneous Non-Operating Income	($2,171)	($28,237)	($26,066)	1201%
4405	Interest and Dividend Income	($34,783)	($12,136)	$22,647	(65%)
Miscellaneous Service Charges		($59,865)	($67,941)	($8,076)	13%
Late Payment Charges		($35,445)	($50,319)	($14,874)	42%
Other Operating Revenues		($377,959)	($379,015)	($1,056)	0%
Other Income or Deductions		($67,453)	($38,852)	$28,600	(42%)
Total		($540,721)	($536,127)	$4,594	(1%)

The Late Payment Charges increased by $15K in 2020 versus 2019. This is largely in the Residential customer base and driven by COVID-19.

Other Income or Deductions decreased by $29K mainly related to a credit received from an insurance settlement.

Table 6.15: 2021 Actual Other Revenue Compared to 2020 Actual

USoA #	USoA Description	2020 Actual	2021 Actual	Variance $	Variance %
4082	Retail Services Revenues	($10,525)	($10,261)	$264	(3%)
4084	Service Transaction Requests (STR) Revenues	($45)	($61)	($16)	36%
4086	SSS Administration Revenue	($42,899)	($43,509)	($610)	1%
4210	Rent from Electric Property	($323,479)	($336,853)	($13,374)	4%
4215	Other Utility Operating Income	($2,068)	($2,442)	($374)	18%
4225	Late Payment Charges	($50,319)	($42,646)	$7,672	(15%)
4235	Miscellaneous Service Revenues	($67,941)	($66,015)	$1,926	(3%)
4240	Provision for Rate Refunds	-	$221,945	$221,945	0%
4355	Gain on Disposition of Utility and Other Property	($29,500)	($800)	$28,700	(97%)
4360	Loss on Disposition of Utility and Other Property	$73,204	$11,866	($61,338)	(84%)
4375	Revenues from Non Rate-Regulated Utility Operations	($99,473)	($29,362)	$70,111	(70%)
4380	Expenses of Non Rate-Regulated Utility Operations	$57,290	$27,332	($29,958)	(52%)
4390	Miscellaneous Non-Operating Income	($28,237)	($20,141)	$8,096	(29%)
4395	Rate-Payer Benefit Including Interest	-	($69,092)	($69,092)	0%
4405	Interest and Dividend Income	($12,136)	($11,412)	$725	(6%)
Miscellaneous Service Charges		($67,941)	($66,015)	$1,926	(3%)
Late Payment Charges		($50,319)	($42,646)	$7,672	(15%)
Other Operating Revenues		($379,015)	($171,180)	$207,835	(55%)
Other Income or Deductions		($38,852)	($91,608)	($52,756)	136%
Total		($536,127)	($371,450)	$164,676	(31%)

The $208K reduction to Other Operating Revenue was a direct result of booking a provision for the billing proration error. WDI had not closed the year out, and therefore, was able to provision an amount to be paid back to its ratepayers.

Other Income or Deductions increased $53K which is largely attributable to two motor vehicle accident insurance settlements being collected in 2021 that had been written off as uncollectible ($69K), and lower gain and loss on disposition (net $33K), which is offset by lower revenues received and lower expenses for CDM activities (net $40K).

Table 6.16: 2022 Actual Other Revenue Compared to 2021 Actual

USoA #	USoA Description	2021 Actual	2022 Actual	Variance $	Variance %
4082	Retail Services Revenues	($10,261)	($10,034)	$227	(2%)
4084	Service Transaction Requests (STR) Revenues	($61)	($57)	$4	(6%)
4086	SSS Administration Revenue	($43,509)	($44,472)	($964)	2%
4210	Rent from Electric Property	($336,853)	($335,123)	$1,730	(1%)
4215	Other Utility Operating Income	($2,442)	($2,816)	($374)	15%
4225	Late Payment Charges	($42,646)	($46,897)	($4,250)	10%
4235	Miscellaneous Service Revenues	($66,015)	($64,869)	$1,147	(2%)
4240	Provision for Rate Refunds	$221,945	($15,256)	($237,201)	(107%)
4355	Gain on Disposition of Utility and Other Property	($800)	-	$800	(100%)
4360	Loss on Disposition of Utility and Other Property	$11,866	$816	($11,050)	(93%)
4375	Revenues from Non Rate-Regulated Utility Operations	($29,362)	($12,087)	$17,275	(59%)
4380	Expenses of Non Rate-Regulated Utility Operations	$27,332	$12,842	($14,490)	(53%)
4390	Miscellaneous Non-Operating Income	($20,141)	($36,336)	($16,195)	80%
4395	Rate-Payer Benefit Including Interest	($69,092)	-	$69,092	(100%)
4405	Interest and Dividend Income	($11,412)	($63,854)	($52,443)	460%
Miscellaneous Service Charges		($66,015)	($64,869)	$1,147	(2%)
Late Payment Charges		($42,646)	($46,897)	($4,250)	10%
Other Operating Revenues		($171,180)	($407,759)	($236,579)	138%
Other Income or Deductions		($91,608)	($98,620)	($7,011)	8%
Total		($371,451)	($618,144)	($246,694)	66%

The increase of $237K in Other Operating Revenues was due to revenues returning to normal levels after the adjustment to the billing prorate error provision from 2021.

Other Income or Deductions increase of $7K is mainly related to the insurance claims received in 2021 of $69K, and none received in 2022; offset by an interest income of $52K due to interest rates significantly increasing in 2022.

Table 6.17: 2023 Bridge Year Other Revenue Compared to 2022 Actual

USoA #	USoA Description	2022 Actual	2023 Bridge Year	Variance $	Variance %
4082	Retail Services Revenues	($10,034)	($9,491)	$543	(5%)
4084	Service Transaction Requests (STR) Revenues	($57)	($17)	$40	(70%)
4086	SSS Administration Revenue	($44,472)	($45,304)	($832)	2%
4210	Rent from Electric Property	($335,123)	($340,841)	($5,718)	2%
4215	Other Utility Operating Income	($2,816)	($2,920)	($104)	4%
4225	Late Payment Charges	($46,897)	($52,959)	($6,062)	13%
4235	Miscellaneous Service Revenues	($64,869)	($76,771)	($11,902)	18%
4240	Provision for Rate Refunds	($15,256)	-	$15,256	(100%)
4355	Gain on Disposition of Utility and Other Property	-	($3,500)	($3,500)	0%
4360	Loss on Disposition of Utility and Other Property	$816	$24,500	$23,684	2904%
4375	Revenues from Non Rate-Regulated Utility Operations	($12,087)	-	$12,087	(100%)
4380	Expenses of Non Rate-Regulated Utility Operations	$12,842	-	($12,842)	(100%)
4390	Miscellaneous Non-Operating Income	($36,336)	($2,191)	$34,145	(94%)
4405	Interest and Dividend Income	($63,854)	($78,973)	($15,119)	24%
Miscellaneous Service Charges		($64,869)	($76,771)	($11,902)	18%
Late Payment Charges		($46,897)	($52,959)	($6,062)	13%
Other Operating Revenues		($407,759)	($398,573)	$9,186	(2%)
Other Income or Deductions		($98,620)	($60,164)	$38,456	(39%)
Total		($618,142)	($588,467)	$29,675	(5%)

Other Income or Deductions decreased by $38 for the 2023 Bridge Year. This is a result of anticipating a significant reduction in interest income in the Bridge Year, coupled with higher expected loss on disposition as this is budgeted on a five-year average. In addition, in 2022 there was additional revenue recorded against a couple of fixed priced capital jobs that ended up coming in lower than contract.

Table 6.18: 2024 Test Year Other Revenue Compared to 2023 Bridge Year

USoA #	USoA Description	2023 Bridge Year	2024 Test Year	Variance $	Variance %
4082	Retail Services Revenues	($9,491)	($10,848)	($1,357)	14%
4084	Service Transaction Requests (STR) Revenues	($17)	($62)	($45)	264%
4086	SSS Administration Revenue	($45,304)	($47,409)	($2,105)	5%
4210	Rent from Electric Property	($340,841)	($439,242)	($98,401)	29%
4215	Other Utility Operating Income	($2,920)	($3,060)	($140)	5%
4225	Late Payment Charges	($52,959)	($47,759)	$5,200	(10%)
4235	Miscellaneous Service Revenues	($76,771)	($66,573)	$10,198	(13%)
4355	Gain on Disposition of Utility and Other Property	($3,500)	($3,668)	($168)	5%
4360	Loss on Disposition of Utility and Other Property	$24,500	$26,200	$1,700	7%
4390	Miscellaneous Non-Operating Income	($2,191)	($2,296)	($105)	5%
4405	Interest and Dividend Income	($78,973)	($21,600)	$57,373	(73%)
Miscellaneous Service Charges		($76,771)	($66,573)	$10,198	(13%)
Late Payment Charges		($52,959)	($47,759)	$5,200	(10%)
Other Operating Revenues		($398,573)	($500,621)	($102,048)	26%
Other Income or Deductions		($60,164)	($1,364)	$58,800	(98%)
Total		($588,467)	($616,317)	($27,850)	5%

The increase of $102K in Other Operating Revenues is directly related to getting the pole attachment rate adjusted and added into rate base. WDI's current approved rate is $22.35 per attachment. This rate started increasing significantly in 2018 and WDI has been tracking the variances in a Deferral and Variance Account (DVA) (see Exhibit 9) and seeks to increase the rate as part of this 2024 rate proceeding, to $37.78 per attachment. This is consistent with the OEB's Decision and Order EB-2023-0194 Distribution Pole Attachment Charge for 2024 of $37.78, issued September 26, 2023.

2.6.3.2 New Proposed Specific Charges

In addition to the Pole attachment rate adjustment mentioned in the section above, WDI seeks to increase it's OEB Cost Assessment in this 2024 proceeding. The previous Board Approved OEB Cost Assessment amount was $26,238. The most recent 2022 actual OEB Cost Assessment amount was $62,544. WDI currently has a disposition of $215,309 (before carrying charges) due to the fact that the prior approved amount has been significantly less than actuals since 2016 (see Exhibit 9, Table 9.3: OEB Cost Assessment Variances).

WDI is requesting an amount of $67,151 to be approved for the 2024 Test Year. Table 6.19 below shows how this amount was calculated, taking the average increase/decrease in actual invoice amounts from 2016 to 2022 and inflating 2023 and 2024 by this percent.

Table 6.19: 2024 OEB Cost Assessment Request

Year	Total Invoice Amount	Year-over-Year Increase
2016	51,501	
2017	59,517	15.6%
2018	56,046	(5.8%)
2019	57,040	1.8%
2020	57,419	0.7%
2021	54,908	(4.4%)
2022	62,544	13.9%
Average increase annually		**3.6%**
2023	64,806	3.6%
2024	**67,151**	**3.6%**

2.6.3.3 Revenue from Affiliate Transactions

Revenue from affiliates is provided in detail in Exhibit 4, section 2.4.3.2. Revenue has been booked to USoA 4210 as a revenue offset.

Transfer pricing and allocation of cost methods do not result in cross-subsidisation between regulated and non-regulated lines of business and are in compliance with Article 340 of APH.

2.6.3.4 Discrete Customer Groups

WDI confirms it is not proposing any additional charges to discrete customer groups.

2.6.4 Appendices

Appendix 6 (A)	Revenue Requirement Workform
Appendix 6 (B)	Federal and Provincial Tax Return

Appendix 6 (A) Revenue Requirement Workform

WDI has filed the 2024 OEB Revenue Requirement Workform separately in excel as Exhibit 6, Appendix 6 (A): 2024 OEB Revenue Requirement Workform.

1 **Appendix 6 (B) Federal and Provincial Tax Return**

Canada Revenue Agency / Agence du revenu du Canada

Information Return for Corporations Filing Electronically

- **Do not send this form to the Canada Revenue Agency (CRA) unless we ask for it. We will not keep or return this form.**
- Complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed with the CRA on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the federal Income Tax Act, you have to keep all records used to prepare your T2 Corporation Income Tax Return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your T2 Corporation Income Tax Return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted your return.

Part 1 – Identification

Corporation's name	Business number
Wasaga Distribution Inc.	86673 1649 RC0001

Tax year start (Year Month Day): 2022-01-01

Tax year-end (Year Month Day): 2022-12-31

Is this an amended return? ☐ Yes ☒ No

Get your CRA mail electronically delivered in My Business Account at canada.ca/my-cra-business-account (optional)

Email address: ______________________

I understand that by providing an email address, I am **registering** the corporation to receive email notifications from the CRA. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent. For more information, see **canada.ca/cra-business-email-notifications**.

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted above:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	497,787
Part I tax payable (line 700)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

I, Weiss (Last name) Brandon (First name) President & CEO (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined the T2 Corporation Income Tax Return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the T2 Corporation Income Tax Return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number
		(705) 429-2517

The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Name of person or firm	Electronic filer number
KPMG LLP	G1829

Privacy notice

Personal information is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Info Source at **canada.ca/cra-info-source**.

200

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

EXEMPT FROM TAX

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

Identification

Business number (BN) **001** 86673 1649 RC0001

Corporation's name
002 Wasaga Distribution Inc.

Address of head office
Has this address changed since the last time the CRA was notified? . . . . **010** Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 950 River Road West
012
City **015** Wasaga Beach — Province, territory, or state **016** ON
Country (other than Canada) **017** — Postal or ZIP code **018** L9Z 1A2

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **020** Yes [ ] No [X]
If **yes**, complete lines 021 to 028.
021 c/o
022 PO Box 20
023 950 River Road West
City **025** Wasaga Beach — Province, territory, or state **026** ON
Country (other than Canada) **027** — Postal or ZIP code **028** L9Z 1A2

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **030** Yes [ ] No [X]
If **yes**, complete lines 031 to 038.
031 PO Box 20
032 950 River Road West
City **035** Wasaga Beach — Province, territory, or state **036** ON
Country (other than Canada) **037** — Postal or ZIP code **038** L9Z 1A2

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** Year Month Day

To which tax year does this return apply?
Tax year start **060** Year Month Day 2022-01-01 — Tax year-end **061** Year Month Day 2022-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . **063** Yes [ ] No [X]

If **yes**, provide the date control was acquired . . . . **065** Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . **066** Yes [ ] No [X]

Is the corporation a professional corporation that is a member of a partnership? . . . . **067** Yes [ ] No [X]

Is this the first year of filing after:
Incorporation? . . . . **070** Yes [ ] No [X]
Amalgamation? . . . . **071** Yes [ ] No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . **072** Yes [ ] No [X]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . **076** Yes [ ] No [X]

Is this the final return up to dissolution? . . . . **078** Yes [ ] No [X]

If an election was made under section 261, state the functional currency used **079**

Is the corporation a resident of Canada? **080** Yes [X] No [ ]
If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . **082** Yes [ ] No [X]
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
- [ ] 1 Exempt under paragraph 149(1)(e) or (l)
- [ ] 2 Exempt under paragraph 149(1)(j)
- [X] 4 Exempt under other paragraphs of section 149

Do not use this area
095 **096** **898**

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170		29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Does the corporation earn income from one or more Internet web pages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit?	253		T1131
Is the corporation claiming a film or video production services tax credit?	254		T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272		58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273		63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274		59
Is the corporation claiming an air quality improvement tax credit?	275		65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	276		68

Additional information

		Yes	No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		X

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Distribution Revenue	285	100.000 %
286		287	%
288		289	%

		Yes	No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 Year Month Day

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 Yes ☐ No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		497,787	A
Deduct:				
Charitable donations from Schedule 2	311	1,940		
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Employer deduction for non-qualified securities	352			
Subtotal		1,940 ▶	1,940	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			495,847	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		495,847	
Taxable income for the year from a personal services business				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income eligible for the small business deduction from Schedule 7	400	497,787	A
Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 8, **minus** 4 times the amount on line 636** on page 8, and **minus** any amount that, because of federal law, is exempt from Part I tax	405		B
Business limit (see notes 1 and 2 below)	410		C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction

Taxable capital business limit reduction for tax years starting before April 7, 2022

Amount C ______ x 415 *** 27,699 D / 11,250 = ... ______ E1

Taxable capital business limit reduction for tax years starting after April 6, 2022

Amount C ______ x 415 *** 27,699 D / 90,000 = ... ______ E2

Amount E1 or amount E2, whichever applies ► ______ E3

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7 **** 417 23,617 – 50,000 = .. ______ F

Amount C ______ / 100,000 x Amount F ______ = ... ______ G

The greater of amount E3 and amount G 422 ______ H

Reduced business limit (amount C **minus** amount H) (if negative, enter "0")	426		I
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			J
Reduced business limit after assignment (amount I **minus** amount J)	428		K
Small business deduction – Amount A, B, C, or K, whichever is the least ______ x 19 % =	430		

Enter amount from line 430 at amount K on page 8.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

*** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations for each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount 490	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L [3] 500	N Business limit assigned to corporation identified in column L [4] 505
1.				
			Total 510	Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
   (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
   (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
   (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
   (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3			A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B	
Amount 13K from Part 13 of Schedule 27		C	
Personal services business income	432	D	
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least		E	
Aggregate investment income from line 440 on page 6*		F	
Subtotal (**add** amounts B to F)		►	G
Amount A **minus** amount G (if negative, enter "0")			H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			I

Enter amount I on line 638 on page 8.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 on page 3			J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K	
Amount 13K from Part 13 of Schedule 27		L	
Personal services business income	434	M	
Subtotal (**add** amounts K to M)		►	N
Amount J **minus** amount N (if negative, enter "0")			O
General tax reduction – Amount O **multiplied** by 13 %			P

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ______ x 30 2 / 3 % =			A
Foreign non-business income tax credit from line 632 on page 8		B	
Foreign investment income from Schedule 7 . . . . **445** ______ x 8 % =		C	
Subtotal (amount B **minus** amount C) (if negative, enter "0")		▶	D
Amount A **minus** amount D (if negative, enter "0")			E
Taxable income from line 360 on page 3	495,847	F	
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least		G	
Foreign non-business income tax credit from line 632 on page 8 . . . . ______ x 75 / 29 =		H	
Foreign business income tax credit from line 636 on page 8 . . ______ x 4 =		I	
Subtotal (**add** amounts G to I) ▶		J	
Subtotal (amount F **minus** amount J)	495,847	K x 30 2 / 3 % =	152,060 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)			M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least **450**			N

Refundable dividend tax on hand

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year	460			
Dividend refund for the previous tax year	465			
Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary	480			
Subtotal (line 460 **minus** line 465 **plus** line 480)				A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of Schedule 53)				B
Total eligible dividends paid in the previous tax year (from line 300 of Schedule 53)			C	
Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53)			D	
Subtotal (amount C **minus** amount D) (if negative, enter "0")			►	E
Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0")			F	
GRIP transferred on an amalgamation or the wind-up of a subsidiary (total of lines 230 and 240 of Schedule 53)			G	
Subtotal (amount F **plus** amount G)			►	H
Amount H **multiplied** by 38 1 / 3 %				I
Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ________ of the preceding tax year)	520			J
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A **minus** amount I, otherwise, use line 545 ________ of the preceding tax year) (if negative, enter "0")	535			K
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)			L	
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)			M	
Subtotal (amount L **plus** amount M)			►	N
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525			O
ERDTOH dividend refund for the previous tax year	570			P
Refundable portion of Part I tax (from line 450 on page 6)				Q
Part IV tax before deductions (amount 2A from Schedule 3)			R	
Part IV tax allocated to ERDTOH (amount N)			S	
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)			T	
Subtotal (amount R **minus** total of amounts S and T)			►	U
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540			V
NERDTOH dividend refund for the previous tax year	575			W
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)				X
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U **minus** amount X) (if negative enter "0")				Y
NERDTOH at the end of the tax year (total of amounts K, Q, V, and Y **minus** amount W) (if negative, enter "0")	545			
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N **minus** the amount, if any, by which amount X exceeds amount U) (if negative, enter "0")				Z
ERDTOH at the end of the tax year (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0")	530			

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)	130,333	DD
NERDTOH balance at the end of the tax year (line 545)		EE
Non-eligible dividend refund (amount DD or EE, whichever is less)		FF
Amount DD **minus** amount EE (if negative, enter "0")	130,333	GG
Amount BB **minus** amount CC (if negative, enter "0")		HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)		II
Dividend refund – Amount CC **plus** amount FF **plus** amount II		JJ

Enter amount JJ on line 784 on page 9.

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) **multiplied** by 38 % . . . . . . **550** ______ A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business . . . . . . **555** ______ x 5 % = **560** ______ B

Additional tax on banks and life insurers from Schedule 68 . . . . . . **565** ______ C

Recapture of investment tax credit from Schedule 31 . . . . . . **602** ______ D

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 . . . . . . ______ E

Taxable income from line 360 on page 3 . . . . . . ______ F

Deduct:
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least . . . . . . ______ G

Net amount (amount F **minus** amount G) ______ ▶ ______ H

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H . . . . . . **604** ______ I

Subtotal (**add** amounts A, B, C, D, and I) ______ J

Deduct:

Small business deduction from line 430 on page 4 . . . . . . ______ K

Federal tax abatement . . . . . . **608** ______

Manufacturing and processing profits deduction and zero-emission technology manufacturing deduction from Schedule 27 . . . . . . **616** ______

Investment corporation deduction . . . . . . **620** ______

Taxed capital gains **624** ______

Federal foreign non-business income tax credit from Schedule 21 . . . . . . **632** ______

Federal foreign business income tax credit from Schedule 21 . . . . . . **636** ______

General tax reduction for CCPCs from amount I on page 5 . . . . . . **638** ______

General tax reduction from amount P on page 5 . . . . . . **639** ______

Federal logging tax credit from Schedule 21 . . . . . . **640** ______

Eligible Canadian bank deduction under section 125.21 . . . . . . **641** ______

Federal qualifying environmental trust tax credit . . . . . . **648** ______

Investment tax credit from Schedule 31 . . . . . . **652** ______

Subtotal ______ ▶ ______ L

Part I tax payable – Amount J **minus** amount L . . . . . . ______ M

Enter amount M on line 700 on page 9.

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Information about Programs and Information Holdings at canada.ca/cra-information-about-programs.

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part VI.2 tax payable from Schedule 67	725	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta) 760

Total tax payable 770 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
Air quality improvement tax credit from Schedule 65	799	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	
Total credits	890	► B

Balance (amount A **minus** amount B)

If the result is negative, you have **a refund**. If the result is positive, you have a **balance owing**.
Enter the amount below on whichever line applies.
Generally, the CRA does not charge or refund a difference of $2 or less.

Refund code 894 1 Refund Balance owing

For information on how to enrol for direct deposit, go to **canada.ca/cra-direct-deposit**.

For information on how to make your payment, go to **canada.ca/payments**.

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 Yes ☐ No ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920 G1829

Certification

I, 950 Weiss (Last name) 951 Brandon (First name) 954 President & CEO (Position, office, or rank),
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2023-06-14 — Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (705) 429-2517 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 Yes ☒ No ☐

958 Name of other authorized person 959 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
Assets					
	Total current assets	1599	+	5,454,173	
	Total tangible capital assets	2008	+	37,392,948	
	Total accumulated amortization of tangible capital assets	2009	–	6,338,549	
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	1,672,914	
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	38,181,486	
Liabilities					
	Total current liabilities	3139	+	8,499,504	
	Total long-term liabilities	3450	+	15,833,619	
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	24,333,123	
Shareholder equity					
	Total shareholder equity (mandatory field)	3620	+	13,848,363	
	Total liabilities and shareholder equity	3640	=	38,181,486	
Retained earnings					
	Retained earnings/deficit – end (mandatory field)	3849	=	8,672,795	

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	23,209,559	
	Cost of sales	8518	–	18,398,642	
	Gross profit/loss	8519	=	4,810,917	
	Cost of sales	8518	+	18,398,642	
	Total operating expenses	9367	+	4,626,787	
	Total expenses (mandatory field)	9368	=	23,025,429	
	Total revenue (mandatory field)	8299	+	24,327,475	
	Total expenses (mandatory field)	9368	–	23,025,429	
	Net non-farming income	9369	=	1,302,046	
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	1,302,046	
	Total – other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	129,305	
	Future (deferred) income tax provision	9995	–	163,277	
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	1,009,464	

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Fill out this schedule to identify who prepared or reported on the financial statements, the extent of their involvement and to identify the type of information contained in the notes to the financial statements. If the person preparing the tax return is not the person referred to above, they must still complete Parts 1, 2, 3, 4 and 5, as applicable.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI) and T4012, T2 Corporation – Income Tax Guide.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the person who prepared or reported on the financial statements

Were financial statements prepared? . . . **111** Yes [X] No [ ]

If you answered **no**, go to part 5.

Does the person who prepared or reported on the financial statements have an accounting professional designation? . . . **095** Yes [X] No [ ]

Is that person connected* with the corporation? . . . **097** Yes [ ] No [X]

Note: If that person does not have an accounting professional designation or is connected with the corporation, go to part 4.

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the person referred to in part 1: **198**

- Completed an auditor's report . . . [X] 1
- Completed a review engagement report . . . [ ] 2
- Conducted a compilation engagement . . . [ ] 3
- Other . . . [ ] 4

Part 3 – Reservations

If you selected option **1** or **2** under **Type of involvement with the financial statements** above, answer the following question:

Has the person referred to in part 1 expressed a reservation? . . . **099** Yes [ ] No [X]

Part 4 – Other information

Were notes to the financial statements prepared? . . . **101** Yes [X] No [ ]

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? . . . **104** Yes [ ] No [X]

Is re-evaluation of asset information mentioned in the notes? . . . **105** Yes [ ] No [X]

Is contingent liability information mentioned in the notes? . . . **106** Yes [ ] No [X]

Is information regarding commitments mentioned in the notes? . . . **107** Yes [X] No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . **108** Yes [ ] No [X]

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . 200 Yes ☐ No ☒

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . 250 Yes ☐ No ☒

Did the corporation apply hedge accounting during the tax year? . . . 255 Yes ☐ No ☒

Did the corporation discontinue hedge accounting during the tax year? . . . 260 Yes ☐ No ☒

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . 265 Yes ☐ No ☒

If **yes**, you have to maintain a separate reconciliation.

Part 5 – Information on the person who prepared the information return

If the person that prepared the information return has an accounting professional designation but is not the person associated with the financial statements in part 1 above, choose one of the following options, if applicable: 110

Financial statements provided by client . . . ☐ 1

Prepared the information return and the financial information contained therein . . . ☐ 2

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

Notes to Financial Statements
Year ended December 31, 2022

Reporting entity:
Wasaga Distribution Inc. (the "Company") owns and operates an electricity distribution system, which delivers electricity to approximately 14,850 customers located in Wasaga Beach, Ontario. The address of the Company's corporate office and principal place of business is 950 River Road West, P.O. Box 20, Wasaga Beach, Ontario, Canada.
All of the issued shares of Wasaga Resource Services Inc., Wasaga Genco Inc. and Wasaga Distribution Inc. are owned by Geosands Inc. The Town of Wasaga Beach, the ultimate parent, owns all of the issued shares of Geosands Inc.
The Company was incorporated under the Canada Business Corporations Act of Ontario on May 11, 2000 and has continued as a Company under the Business Corporations Act of Ontario. The Company distributes electricity to residents and businesses in Wasaga Beach, Ontario under a license issued by the Ontario Energy Board ("OEB"). The Company is regulated by the OEB and adjustments to the Company's distribution and power rates require OEB approval.
1. Basis of presentation:
(a) Statement of compliance:
The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").
The financial statements were approved by the Board of Directors on April 26, 2023.
(b) Basis of measurement:
These financial statements have been prepared on the historical cost basis, unless otherwise stated.
The financial statements have been prepared on the historical cost basis except for the following:
(i) Where held, financial instruments at fair value through profit or loss
(ii) Contributed assets are initially measured at fair value.
(c) Functional and presentation currency:
These financial statements are presented in Canadian dollars, which is the Company's functional currency.
1. Basis of presentation (continued):
(d) Use of estimates and judgments:
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis.
Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.
Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:
(i) Note 2(b) - determination of the performance obligation for contributions from customers and the related amortization period
(ii) Note 2(b) - measurement of unbilled revenue
(iii) Notes 5, 6 - estimation of useful lives of its property, plant and equipment and intangible assets
(iv) Note 8 - recognition and measurement of regulatory balances
(v) Note - measurement of defined benefit obligations: key actuarial assumptions
(vi) Note 16 - recognition and measurement of provisions and contingencies

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

(e) Rate regulation:

The Company is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Company, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Company is required to bill customers for the debt retirement charge set by the province. The Company may file to recover uncollected debt retirement charges from Ontario Electricity Financial Company ("OEFC") once each year.

1. Basis of presentation (continued):

(e) Rate regulation (continued): Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. The Company is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Company files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Company's business. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

1. Basis of presentation (continued):

(e) Rate regulation (continued):

General Index of Financial Information

Notes to the financial statements

As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers.
Wasaga Distribution Inc. (Wasaga Distribution) last filed a complete cost of service application with the Ontario Energy Board (OEB) on September 25, 2015 for rates effective May 1, 2016.
Wasaga Distribution last filed its incentive rate-setting mechanisms application on October 13, 2021 for rates effective May 1, 2022. The GDP IPI-FDD for the period was 3.30%, the Company's productivity factor was 0.0% and the stretch factor was 0.0%, resulting in a net adjustment of 3.30% to the previous year's rates.
The preceding incentive rate-setting mechanisms application was effective from May 1, 2021 to May 1, 2022. The GDP IPI-FDD for the period was 2.20%, the Company's productivity factor was 0.0% and the stretch factor was 0.0%, resulting in a net adjustment of 2.20% to the previous year's rates.
Electricity rates
The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Company is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.
2. Significant accounting policies:
The accounting policies set out below have been applied consistently in all years presented in these financial statements.
(a) Financial instruments:
At initial recognition, the Company measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.
Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets.
Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.
The Company has not entered into derivative instruments.
Hedge accounting has not been used in the preparation of these financial statements.
Cash equivalents include short-term investments with maturities of three months or less when purchased.
2. Significant accounting policies (continued):
(b) Revenue recognition:
Sale and distribution of electricity
The performance obligations for the sale and distribution of electricity are

recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Company has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Company has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Company is acting as an agent for this billing stream.

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Company's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Company has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight- line basis over the useful life of the related asset.

2. Significant accounting policies (continued):

(b) Revenue recognition (continued): Rent

Rent includes revenues from pole use rentals, the administration building lease and a land lease. Rent revenues are recognized when the rental occurs and collection is reasonably assured.

Other

Other revenues, which include collection charges and other miscellaneous revenues, are recognized at the time services are provided. Where the Company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies:

Materials and supplies, the majority of which are consumed by the Company in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at the deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

2. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Company has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Asset	Rate
Buildings	50 years
Distribution stations	25-50 years
Distribution lines - overhead	45 years
Distribution lines - underground	30-50 years
Distribution transformers	40 years
Distribution services	35 years
Equipment	20-50 years

2. Significant accounting policies (continued):

(d) Property, plant and equipment (continued): Land is not amortized.

General Index of Financial Information
Notes to the financial statements

Construction in progress is not amortized until the project is complete and ready for use.

(e) Intangible assets:

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Company after January 1, 2015, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Asset	Rate
Computer software	10 years

2. Significant accounting policies (continued):

(f) Impairment:

(i) Financial assets measured at amortized cost:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash- generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

2. Significant accounting policies (continued):

General Index of Financial Information

Notes to the financial statements

(h) Provisions:
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
(i) Regulatory balances:
Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Company.
Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or Other Comprehensive Income. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or Other Comprehensive Income ("OCI").
The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred. When the Company is required to refund amounts to ratepayers in the future, the Company recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.
2. Significant accounting policies (continued):
(j) Post-employment benefits:
(i) Pension plan
The Company provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.
OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Company to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Company is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

General Index of Financial Information

Notes to the financial statements

(k) Leases:

Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income.

Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Significant accounting policies (continued):

(k) Leases (continued):

For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

General Index of Financial Information

Notes to the financial statements

2. Significant accounting policies (continued):

(l) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and net interest expense on post- employment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Company makes payments in lieu of corporate taxes to the Ontario Electricity Financial Company ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

2. Significant accounting policies (continued):

(n) Changes in accounting policies:

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Company effective January 1, 2022:

a) Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

b) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)c) Annual Improvements to IFRS Standards 2018-2020

d) Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments and clarifications did not have an impact on the financial statements.

(o) Emerging accounting changes:

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company and it is still to be determined if any will have a material impact on the Company's financial statements.

a) Classification of Liabilities as Current or Non?current (Amendments to IAS 1)b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

c) Definition of Accounting Estimate (Amendments to IAS 8)

d) Deferred Tax Related to Assets and Liabilities Arising from a Single

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

```
Transaction Amendments to IAS 12 Income Taxes.
3.     Accounts receivable:
     2022     2021
Trade customer receivables     $     1,719,817     $     1,615,622
Other receivables     467,545     819,221
     $     2,187,362     $     2,434,843
4.     Materials and supplies:
The amount written down due to obsolescence in 2022 was $nil (2021 - $nil).

5.     Property, plant and equipment:


Land and buildings

Distribution
equipment     Equipment

Construction-
in-progress     Total


Cost or deemed cost
Balance at January 1, 2022     $     1,969,003  $   23,785,295  $     120,772
 $     1,112,074  $   26,987,144
Additions     570,000     10,029,125     -     753,026     11,352,151
Disposals/ retirements     -     (2,867)     -     (1,112,074)     (1,114,941)
Balance at December 31, 2022     $     2,539,003  $   33,811,553  $
120,772  $     753,026  $   37,224,354
Balance at January 1, 2021     $     1,969,003  $   20,568,131  $     120,772
 $     84,832  $   22,742,738
Additions     -     3,233,382     -     1,027,242     4,260,624
Disposals/ retirements     -     (16,218)     -     -     (16,218)
Balance at December 31, 2021     $     1,969,003  $   23,785,295  $
120,772  $     1,112,074 $ 26,987,144
Accumulated depreciation Balance at January 1, 2022 Depreciation
Disposals
Balance at December 31, 2022

Balance at January 1, 2021 Depreciation
Disposals
Balance at December 31, 2021     $     258,095  $     4,920,469  $     32,120
 $     -  $     5,210,684
Carrying amounts
At December 31, 2022
At December 31, 2021

6.     Intangibles - computer software:
Cost of deemed cost
Computer software
Total
     Balance at January 1, 2022     $     158,694     $     158,694
     Additions     9,900     9,900
     Balance at December 31, 2022     $     168,594     $     168,594
     Balance at January 1, 2021     $     158,694     $     158,694
     Balance at December 31, 2021     $     158,694     $     158,694
     Accumulated amortization
```

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

Balance at January 1, 2022 $ 139,626 $ 139,626
Amortization 8,830 8,830
Balance at December 31, 2022 $ 148,456 $ 148,456
Balance at January 1, 2021 $ 124,294 $ 124,294
Amortization 15,332 15,332
Balance at December 31, 2021 $ 139,626 $ 139,626
Carrying amounts
At December 31, 2022 $ 20,138 $ 20,138
At December 31, 2021 19,068 19,068

7. Income tax expense:
Current tax expense:
2022 2021
Current tax expense $ 129,305 $ 239,487
Deferred tax expense 163,277 57,597
Income tax expense $ 292,582 $ 297,084
Reconciliation of effective tax rate:
2022 2021
Income before taxes $ 971,484 $ 957,516
Statutory income tax rates 26.5 % 26.5 %

Expected tax provision on income at statutory rates Increase (decrease) in income taxes resulting from: $ 257,443
$ 253,742
Adjustment for prior years (6,137) -
Net movement in regulatory balances 41,492 43,342
Other (216) -
Income tax expense $ 292,582 $ 297,084
Significant components of the Corporation's deferred tax balances:
2022 2021

Deferred tax assets (liabilities):
Property, plant and equipment $ (234,083) $ (64,826)
Intangible assets 1,280 (4,700)
Provision for rate refunds 58,815 58,815
$ (173,988) $ (10,711)

8. Regulatory account balances:
Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory deferral account debit balances

January 1,
2022

Additions/
activity

Recovery/ reversal

December 31,
2022

Purchased power cost variance $ 1,198,665 $ 130,326 $ -

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

$ 1,328,991
Variances to be recovered 101,249 640,405 (571,819)
169,835Deferred income tax - 173,988 - 173,988
$ 1,299,914 $ 944,719 $ (571,819) $ 1,672,814
Regulatory deferral account debit balances
January 1,
2021
Recovery/ December 31,
Additions reversal 2021
Purchased power cost variance
$ 957,697
$
372,875 $ (131,907) $ 1,198,665
Variances to be recovered Deferred income tax 16,589
- 84,660 - 101,249
- - -
$ 974,286 $ 457,535 $ (131,907) $ 1,299,914
Regulatory deferral account credit balances
January 1,
2022 Additions/ Recovery/ December 31, activity
reversal 2022Other regulatory accounts
204,288
82,806 (40,467) 246,627
Regulatory deferral account credit balances
January 1,
2021
Recovery/ December 31,
Additions reversal 2021
Retail settlement variances Other regulatory accounts
$ -
66,378
$
- $ - $ - (33,988) 171,898 204,288
$ 66,378 $ (33,988) $ 171,898 $ 204,288
The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Company has received approval from the OEB to establish its regulatory balances.
8. Regulatory account balances (continued):
Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. Once approval is received, the approved account balance is moved to the regulatory settlement account. An application has been approved by the OEB to recover $651,280 for Group 1 Accounts 2022 rate application, inclusive of $7,444 in interest. The OEB requires the Company to estimate its income taxes when it files a COS application to set its rates. As a result, the Company has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Company's deferred tax balance fluctuates.
Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2022, the rate was 4.45%.
Statements of comprehensive income: 2022 2021
Decrease in the sale of power $ 134,886 $ 410,072
(Increase) in distribution revenue - (47,110)

General Index of Financial Information

Notes to the financial statements

(Increase) in operating expenses - (152,255)
(Increase) deferred tax liability in regulatory 173,988 -
(Increase) in operating expenses 21,718 (47,147)
Increase in comprehensive income 330,592 163,560
Balance sheet:
Increase in retained income 1,095,625 932,066
Net regulatory assets (liabilities) $ 1,426,217 $ 1,095,626

Regulatory deferral debit balances $ 1,672,814 $ 1,299,914
Regulatory deferral credit balances (246,627) (204,288)
Net regulatory assets (liabilities) $ 1,426,187 $ 1,095,626

9. Bank indebtedness:
The Company has an operating loan with Toronto-Dominion Bank ("TD"). The operating loan has a maximum borrowing of $1,500,000. As at December 31, 2022, the Company has drawn$nil (2021 - $131,364).
The operating loan is secured by a general security agreement representing a first charge on all the Company's present and after acquired personal property. Interest is based on prime rate per annum. The operating loan contain certain customary representation, warranties and guarantees, and covenants. As at December 31, 2022, the Company was in compliance with covenants.
10. Accounts payable and accrued liabilities:
2022 2021
Independent Electricity System Operator $ 1,368,309 $
1,458,821 Hydro One 486,879 464,950
Wasaga Resource Services Inc. (note 20) 1,506,739 1,279,509
Other accounts payable and accruals 338,720 49,212
HST 40,332 -
$ 3,740,979 $ 3,252,492

11. Long-term debt:
2022 2021
Note payable to Town of Wasaga Beach
Ontario Infrastructure and Lands Corporation promissory
$
3,593,269
$
3,593,269
note, 2.83% interest, monthly payments of of $6,278
principal and interest, due May 2050
Ontario Infrastructure and Lands Corporation promissory 1,435,501
1,469,681note, 3.69% interest, monthly payments of of $11,493
principal and interest, due May 2052 2,465,310 -
7,494,080 5,062,950
Less current portion of long-term debt 82,907 34,180
$ 7,411,173 $ 5,028,770

There are no fixed terms of principal repayment, however the Town of Wasaga Beach has signed a memorandum declaring the note will not be called for payment until the 2023 fiscal year or later. Interest is determined on the principal amount outstanding on the 30th day following December 31st of each year in which principal is owing. The Company is allowed to pay the interest before December 31st if the principal balance is not expected to change. The interest payable in the year was at the rate of 3.78% (2021 - 3.78%), which was approved by the Ontario Energy Board ("OEB") in connection with the May

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

1, 2016 decision and order issued by the OEB approving the electricity distribution rates that the Company is permitted to recover.
Principal repayments for the next five years and thereafter are as follows:

2023
$ 82,907
2024 85,706
2025 88,603
2026 91,598
2027 94,697
Thereafter 7,050,569
$ 7,494,080

12. Share capital:
2022 2021

Authorized:
Unlimited number of common shares
Unlimited number of special shares, issuable in series
Issued:
100 common shares $ 100 $ 100
Nature and purpose of equity:
The amounts recorded in equity on the Company's balance sheet include Share capital, Retained income and Miscellaneous paid in capital.
Share capital is used to record the issuance of stock.
Retained income is used to record the accumulated income since the Company's inception.
Miscellaneous paid in capital is used to record the net electricity distribution assets and liabilities of the original Wasaga Hydro Commission, which was restructured when the Ontario Government enacted the Energy Competition Act, 1998. The assets and liabilities were transferred to the newly created company on November 1, 2000.
Net assets and liabilities $ 11,514,333
Note payable to the Town of Wasaga Beach (3,593,269)
Common shares (2,745,596)
Miscellaneous paid in capital $ 5,175,468

13. Revenue from contracts with customers:
The Company generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs.
Revenue from contracts with customers: 2022 2021
Sale of power $ 18,263,786 $ 17,755,757
Distribution services 4,945,773 4,787,193
Rental income 335,123 336,853
23,544,682 22,879,803
Other revenue 373,937 327,872
$ 23,918,619 $ 23,207,675

In the following table, revenue from contracts with customers is disaggregated by type of customer.

2022 Sale of power

distribution

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

services Total

Energy sale and distribution revenue by customer class:
Residential services $ 13,685,360 $ 4,092,812 $
17,778,172General service 4,479,546 785,990 5,265,536
Other 98,880 66,971 165,851
$ 18,263,786 $ 4,945,773 $ 23,209,559

2021 Sale of power

distribution
services Total

Energy sale and distribution revenue by customer class:
Residential services $ 13,359,900 $ 3,944,406 $
17,304,306General service 4,290,339 732,228 5,022,567
Other 105,518 110,559 216,077
$ 17,755,757 $ 4,787,193 $ 22,542,950

14. Expenses by nature:
Expenses included below are described by the nature in which they occurred, some of which are procured through the Master Service Agreement described in Note 17.
Operating expenses: 2022 2021
Bad debts $ 60,011 $ 28,500
Billing and collection 423,079 413,755
Labour and benefits 1,295,574 1,234,593
Meter reading fees 142,899 133,630
Office and general 513,394 249,323
$ 2,434,957 $ 2,059,801
Distribution expenses - maintenance:
Labour and benefits $ 753,205 $ 684,220
Other maintenance 84,522 82,459
$ 837,727 $ 766,679
Distribution expenses - operation:
Labour and benefits $ 25,048 $ 17,923
Miscellaneous 17,843 17,774
$ 42,891 $ 35,697

15. Finance costs:
2022 2021

Finance income:
Interest on regulatory accounts (net) $ 43,311 $ 8,302
Interest income on bank deposits 20,543 3,110
$ 63,854 $ 11,412

2022 2021

Finance cost
Interest on Note payable to Town of Wasaga Beach
(note 11) $ 135,826 $ 135,826

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

Interest on customer deposits and credit balances - 336
Interest on long-term liabilities 112,362 42,104
Interest on regulatory accounts (net) 34,813 (44,694)
$ 283,001 $ 133,572

16. Commitments and contingencies:
General Liability Insurance:
The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2022, no assessments have been made.
17. Related party transactions:
(a) The ultimate parent:
The common shares of Wasaga Distribution Inc. are owned by Geosands Inc., which in turn are owned by the Town of Wasaga Beach (the ultimate parent entity).
(b) Transactions with related parties
Related party transactions consist of the following:
2022 2021
Amounts included in the balance sheet:
Amounts payable to Wasaga Resource Services Inc.
(note 10) $ 1,506,739 $ 1,279,509
Amounts receivable from Wasaga Resource Services Inc. 42,553
78,603 Amounts receivable from the Town of Wasaga Beach
Included in property, plant and equipment additions are 94,825 316,776
purchases from Wasaga Resource Services Inc. 3,825,099 2,573,746
Amounts included in the statement of comprehensive income:
The Company is leasing the administration centre to Wasaga Resource Services Inc. The following amount
was recognized in rent revenue. 164,200 164,200 The Company is leasing land to the Town of Wasaga
Beach for their fire hall. The following amount was
recognized in rent revenue. 32,136 31,500 Property taxes on the statement of comprehensive
income paid to the Town of Wasaga Beach. 32,206 31,780 Included in finance cost is the following amount paid to
the Town of Wasaga Beach for interest on the note
payable (note 11). 135,826 135,826 Included in operating and distribution expenses are the
following amounts paid to Wasaga Resource Services Inc. for costs incurred under the Master ServiceAgreement. 2,776,677 2,567,141
Included in operating expenses is the following amount paid (from) to Wasaga Resource Services Inc. for costs
incurred outside the Master Service Agreement - (9,128)

17. Related party transactions (continued):
The Company has a Master Services Agreement (MSA) with Wasaga Resource Services Inc. to provide administrative services to the Company. As terms of the agreement, there is a two- stage allocation of all of Wasaga Resource Services Inc.'s (WRSI) costs. Under this approach WRSI's costs are initially identified as relating to either services provided to Distribution or activities carried out for WRSI's own benefit. Where such costs cannot be identified, they are identified as indirect costs. To accomplish the

General Index of Financial Information

Notes to the financial statements

allocation of indirect costs, the companies have developed a methodology that first allocates supporting Indirect Costs of different types to an activity function. The methodology uses a comprehensive model that takes each subaccount identified in the chart of accounts and either treats it as a direct cost of a particular activity function relating to a service or an activity or assigns it to a "pool" of indirect costs, which are then allocated among activity functions that are not readily identifiable as relating to services or activities. Such allocation of indirect costs is made according to a measure of activity level, such as direct labour cost. Each activity function is then either identified as 100% related to one or more services (and therefore allocated to Wasaga Distribution Inc.), or as 100% related to activities (and therefore not allocated in any part to Wasaga Distribution Inc.), or as a shared activity function, in which case an allocator is defined or estimated. In all cases, cost causation is the appropriate basis for the assignment or allocation of the costs.
In 2022 $2,776,677 (2021 - $2,567,141) was paid to Wasaga Resource Services Inc. for administrative services under the MSA. These expenses are included in distribution expenses - operation, distribution expenses - maintenance and operating expenses, capital, and construction costs.
Included in the MSA is compensation of $640,575 (2021 - $615,957) paid to key management personnel of Wasaga Resource Services Inc. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Included in key management personnel are the executive managers and the Board of Directors.
The Company reimbursed regulatory services from Wasaga Resource Services Inc. totaling $nil (2021 - $(9,182)). These services are outside of the scope of the MSA and therefore charged in addition to work provided under the agreement. They are included in operating expenses on the statement of comprehensive income.
In 2009, a lease agreement was entered into with Wasaga Resource Services Inc. for its use of the administration building. The lease was renegotiated January 1, 2017 for a period of four years, expiring December 31, 2020 and again on January 1, 2021 for a period of five years, expiring December 31, 2025. The lease was renewed annual payments received totaled$164,200.

17. Related party transactions (continued):
(c) Transactions with ultimate parents:
The Company delivers electricity to the Town of Wasaga Beach throughout the year for the electricity needs of the Town of Wasaga Beach and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB.
18. Financial instruments and risk management: Fair value disclosure:
The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties, bank indebtedness and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.
The fair value of the Town of Wasaga Beach North promissory note approximates the carrying value due to the short term nature of loan.
The fair value of the Ontario Infrastructure long-term debt at December 31, 2022 is $3,900,833. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2022 ranged from was 4.77%.
Financial risks:
The Company understands the risks inherent in its business and defines them

broadly as anything that could impact its ability to achieve its strategic objectives. The Company's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

18. Financial instruments and risk management (continued):

(a) Credit risk:

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Company, such as accounts receivable and unbilled revenue, expose it to credit risk. The Company earns its revenue from a broad base of customers located in the Town. No single customer accounts for revenue in excess of 10% of total revenue.

The carrying amount of accounts receivable is reduced through the use of an allowance and the amount of the related impairment loss is recognized in the statement of comprehensive income. Subsequent recoveries of receivables previously provisioned are credited to the statement of comprehensive income. The balance of the allowance at December 31, 2022 is $119,363 (2021 - $105,968). The Company's credit risk associated with accounts receivable and unbilled revenue is primarily related to payments from distribution customers. At December 31, 2022, approximately $157,790 (2021 - $116,379) is considered 60 days past due but not impaired. The Company has approximately 14,850 (2021 - 14,524) customers the majority of which are residential.

Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2022, the Company holds security deposits in the amount of $259,590. Credit risk on cash is mitigated as cash is held by large Canadian banks.

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Company currently does not have any material commodity or foreign exchange risk. The Company is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2022 would have increased interest expense on the long-term debt by $70,614, assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

18. Financial instruments and risk management (continued):

(c) Liquidity risk:

The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company has access to a $1,500,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due.

The Company also has a facility for $785,604 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the Independent Electricity System Operator ("IESO"), of which $nil has been drawn and posted with the IESO (2021 -$nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures:

The main objectives of the Company, when managing capital, are to ensure

Corporation's name	Business number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Company's definition of capital includes equity and long-term debt. As at December 31, 2022, equity amounts to $13,848,363 (2021 - $13,178,899) and long-term debt amounts to $7,441,173 (2021- $5,028,770).

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 . . . 1,009,464 A

Add:

Provision for income taxes – current	101	129,305		
Provision for income taxes – deferred	102	163,277		
Amortization of tangible assets	104	990,292		
Loss on disposal of assets	111	816		
Charitable donations and gifts from Schedule 2	112	1,940		
Reserves from financial statements – balance at the end of the year	126	206,689		
Subtotal of additions		1,492,319	▶	1,492,319

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	6,322,367
	Total of column 2	6,322,367

Total of column 2 ▶	296	6,322,367			
Subtotal of other additions	199	6,322,367	▶	6,322,367	D
Total additions	500	7,814,686	▶	7,814,686	

Amount A **plus** line 500 . . . 8,824,150 B

Deduct:

Capital cost allowance from Schedule 8	403	1,384,288		
Reserves from financial statements – balance at the beginning of the year	414	221,945		
Subtotal of deductions		1,606,233	▶	1,606,233

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Contribution in aid of construction revenue	223,775
2	13(7.4) election re contributed capital	6,322,367
3	Tax component of movement through regulatory	173,988
	Total of column 2	6,720,130

Total of column 2 ▶	396	6,720,130			
Subtotal of other deductions	499	6,720,130	▶	6,720,130	E
Total deductions	510	8,326,363	▶	8,326,363	

Net income (loss) for income tax purposes (amount B **minus** line 510) . . . 497,787 C

Enter amount C on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Other amounts

A		
X		
	Contributions in aid of construction	6,322,367
	Total	6,322,367

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
  - the eligible amount of gifts of certified cultural property
  - the eligible amount of gifts of certified ecologically sensitive land or
  - the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
LEAP	1,940
Subtotal	1,940
Add: Total donations of less than $100 each	
Total donations in current tax year	1,940

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			1A		
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1, Net Income (Loss) for Income Tax Purposes)	210	1,940		1,940	1,940
Subtotal (line 250 **plus** line 210)		1,940	1B	1,940	1,940
Subtotal (line 240 **plus** amount 1B)		1,940	1C	1,940	1,940
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		1,940	1D	1,940	1,940
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260	1,940		1,940	1,940
Charitable donations closing balance (amount 1D **minus** line 260)	280				

	Line	Amount	
The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1

Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).

	Line	Amount	
The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %)			2

Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.

	Line	Amount	
The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016, and before January 1, 2024)	265		
British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %)			3

Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 % 373,340 2A

Taxable capital gains arising in respect of gifts of capital property included in Part 1 Note 2 ..... **225** ______

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) .... **227** ______

The amount of the recapture of capital cost allowance in respect of charitable donations .... **230** ______

Proceeds of disposition, **less** outlays and expenses Note 2 .... ______ 2B

Capital cost Note 2 .... ______ 2C

Amount 2B or 2C, whichever is less .... **235** ______

Amount on line 230 or 235, whichever is less .... ______ 2D

Subtotal (**add** lines 225, 227, and amount 2D) ______ 2E

Amount 2E **multiplied** by 25 % ______ 2F

Subtotal (amount 2A **plus** amount 2F) 373,340 2G

Maximum allowable deduction for charitable donations
(enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least) 1,940 2H

Note 1: For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Note 2: This amount must be prorated by the following calculation, eligible amount of the gift **divided** by the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

	Line	Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			3A		
Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **minus** line 439)	440				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	480				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			4A	
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539			
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A **minus** line 539)	540			
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550			
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	520			
Subtotal (line 550 **plus** line 520)			4B	
Subtotal (line 540 **plus** amount 4B)			4C	
Adjustment for an acquisition of control	555			
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560			
Subtotal (line 555 **plus** line 560)			4D	
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	580			

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year*	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

		Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			5A		
Additional deduction for gifts of medicine expired after five tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	650				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	602				
Cost of gifts of medicine made before March 22, 2017	601				
Subtotal (line 602 **minus** line 601)			5B		
Amount 5B **multiplied** by 50 %			5C		
Eligible amount of gifts	600				

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount 5C

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			5D		
Subtotal (line 640 **plus** amount 5D)			5E		
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	680				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2021-12-31	
2nd prior year	2020-12-31	
3rd prior year	2019-12-31	
4th prior year	2018-12-31	
5th prior year	2017-12-31	
6th prior year*	2016-12-31	
7th prior year	2015-12-31	
8th prior year	2014-12-31	
9th prior year	2013-12-31	
10th prior year	2012-12-31	
11th prior year	2011-12-31	
12th prior year	2010-12-31	
13th prior year	2009-12-31	
14th prior year	2008-12-31	
15th prior year	2007-12-31	
16th prior year	2006-12-31	
17th prior year	2005-12-31	
18th prior year	2004-12-31	
19th prior year	2003-12-31	
20th prior year	2002-12-31	
21st prior year*	2001-12-31	
Total		

* These gifts expired in the current year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83
  - deductible dividends under subsection 138(6)
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (a.1), (b) or (d)
  - taxable dividends paid in the tax year that qualify for a dividend refund (see page 3)
- All legislative references are to the federal Income Tax Act.
- The calculations in this schedule apply only to private or subject corporations (as defined in subsection 186(3)).
- A payer corporation is **connected** with a recipient corporation at any time in a tax year, if at that time the recipient corporation meets either of the following conditions:
  - it controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b)
  - it owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation
- If you need more space, continue on a separate schedule.
- File this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends were received from a foreign source.
  Column F1 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H, H.1, I, I.1, I.2 and L **only if** the payer corporation is **connected**.

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing columns J, K and L use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1), (b), or (d) [1] 240	F1	G Eligible dividends included in column F 242	H Total taxable dividends paid by the **connected** payer corporation (line 460 in Schedule 3 for the tax year in column D) 250	H.1 Total eligible dividends paid by the **connected** payer corporation (line 465 in Schedule 3 for the tax year in column D)	I Dividend refund of the **connected** payer corporation (for tax year in column D) [2] 260
1						

	I.1 Eligible dividend refund of the **connected** payer corporation from its eligible refundable dividend tax on hand (ERDTOH) (amount CC from T2 return for the tax year in column D)	I.2 Additional non-eligible dividend refund of the **connected** payer corporation from its ERDTOH (amount II from T2 return for the tax year in column D)	J Part IV tax for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3% [3] 265	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3% [4] 275	L Part IV tax before deductions on taxable dividends received from **connected** corporations [5] 280
1					

Total of column L (enter amount on line 2E in Part 2) ____

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ____ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ____ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 return) ____ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ____ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ____ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ____ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ____ 1G

Subtotal (amount 1F **plus** amount 1G) ____ ► ____ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ____ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ____ 1J

Subtotal (amount 1I **plus** amount 1J) ____ ► ____ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ____ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column K (and column J, if applicable). Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the **connected** payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column F.

5 For the purpose of calculating your eligible refundable dividend tax on hand (ERDTOH), Part IV tax on taxable dividends received from **connected** corporations (with a tax year starting after 2018) is equal to the sum of Part IV tax on eligible dividends and non-eligible dividends received from **connected** corporations to the extent that such dividends caused a dividend refund to those corporations from their ERDTOH.

Part IV tax before deductions on taxable dividends received from **connected** corporations for purposes of column L is the sum of (i) and (ii), where

(i) Part IV tax on eligible dividends received from **connected** corporations is equal to amount CC of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 465 of the **connected** payer corporation, **multiplied** by column G; and

(ii) Part IV tax on non-eligible dividends received from **connected** corporations is equal to amount II of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 470 of the **connected** payer corporation, **multiplied** by the difference between columns F and G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1) . . . . ______ 2A

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) . . . . . **320** ______

Subtotal (amount 2A **minus** line 320) ______ ▶ ______ 2B

Current-year non-capital loss claimed to reduce Part IV tax . . . . **330** ______

Non-capital losses from previous years claimed to reduce Part IV tax . . . . **335** ______

Current-year farm loss claimed to reduce Part IV tax . . . . **340** ______

Farm losses from previous years claimed to reduce Part IV tax . . . . **345** ______

Total losses applied against Part IV tax (total of lines 330 to 345) ______ 2C

Amount 2C **multiplied** by 38 1 / 3 % . . . . ______ 2D

Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0") . . . . **360** ______

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations (total of column L in part 1) . . . . ______ 2E

Amount 4A from Schedule 43 . . . . ______ 2F

Part IV tax payable on taxable dividends received from connected corporations
(amount 2E **minus** amount 2F, if negative enter "0") . . . . ______ 2G

(enter at amount L on page 7 of the T2 return)

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1) . . . . ______ 2H

Amount 4C from Schedule 43 . . . . ______ 2I

Part IV tax payable on taxable dividends received from non-connected corporations
(amount 2H **minus** amount 2I, if negative enter "0") . . . . ______ 2J

(enter at amount M on page 7 of the T2 return)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

If your corporation's tax year-end is different than that of the recipient corporation with which you are connected, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information according to each tax year of the recipient corporation.

	L Name of recipient corporation with which you are connected **400**	M Business number **410**	N Tax year-end of recipient corporation in which the dividends in column O were received YYYYMMDD **420**	O Taxable dividends paid to recipient corporations with which you are connected **430**	P Eligible dividends included in column O **440**
1	Geosands Inc.	86673 1441 RC0001	2022-12-31	340,000	
2					
				340,000 (Total of column O)	(Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		460	340,000
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		465	
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	340,000

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	130,333	3B

Part 4 – Total dividends paid in the tax year

Complete this part **if** the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)			340,000	
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year		500	340,000	
Dividends paid out of capital dividend account	510			
Capital gains dividends	520			
Dividends paid on shares described in subsection 129(1.2)	530			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540			
Subtotal (total of lines 510 to 540)		►		4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)			340,000	4B

Canada Revenue Agency / Agence du revenu du Canada

Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Use this schedule if any of the following apply to your corporation during the tax year:
  - it had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
  - it is claiming provincial or territorial tax credits or rebates (see Part 2)
  - it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the Regulations).
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ____________ Enter the regulation that applies (402 to 413)

A Jurisdiction. Tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year Note 1		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue attributable to jurisdiction	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2 Note 2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

Note 1: **Permanent establishment** is defined in subsection 400(2).
Note 2: For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500) 270

Ontario small business deduction (from Schedule 500) 402

Subtotal (line 270 **minus** line 402) ▶ 5A

Ontario transitional tax debits (from Schedule 506) 276

Recapture of Ontario research and development tax credit (from Schedule 508) 277

Subtotal (line 276 **plus** line 277) ▶ 5B

Gross Ontario tax (amount 5A **plus** amount 5B) 5C

Ontario resource tax credit (from Schedule 504) 404

Ontario tax credit for manufacturing and processing (from Schedule 502) 406

Ontario foreign tax credit (from Schedule 21) 408

Ontario credit union tax reduction (from Schedule 500) 410

Ontario political contributions tax credit (from Schedule 525) 415

Ontario non-refundable tax credits (total of lines 404 to 415) ▶ 5D

Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0") 5E

Ontario research and development tax credit (from Schedule 508) 416

Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0") 5F

Ontario corporate minimum tax credit (from Schedule 510) 418

Ontario community food program donation tax credit for farmers (from Schedule 2) 420

Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0") 5G

Ontario corporate minimum tax (from Schedule 510) 278

Ontario special additional tax on life insurance corporations (from Schedule 512) 280

Subtotal (line 278 **plus** line 280) ▶ 5H

Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H) 5I

Ontario qualifying environmental trust tax credit 450

Ontario co-operative education tax credit (from Schedule 550) 452

Ontario apprenticeship training tax credit (from Schedule 552) 454

Ontario computer animation and special effects tax credit (from Schedule 554) 456

Ontario film and television tax credit (from Schedule 556) 458

Ontario production services tax credit (from Schedule 558) 460

Ontario interactive digital media tax credit (from Schedule 560) 462

Ontario book publishing tax credit (from Schedule 564) 466

Ontario innovation tax credit (from Schedule 566) 468

Ontario business-research institute tax credit (from Schedule 568) 470

Ontario regional opportunities investment tax credit (from Schedule 570) 472

Ontario refundable tax credits (total of lines 450 to 472) ▶ 5J

Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) 290
(if a credit, enter amount in brackets) Include this amount on line 255.

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits 255

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)? **101** Yes [ ] No [X]

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the tax year with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? . . . . **105** Yes [X] No [ ]

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your corporation) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 2.

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1.	Wasaga Distribution Inc.	866731649RC0001	1.000
2.	Wasaga Resource Services Inc.	867584724RC0001	99.000
3.	Geosands Inc.	866731441RC0001	
4.	Wasaga Genco Inc.	867584526RC0001	
		Total	100.000

Immediate expensing limit allocated to the corporation (see **note 2**) **125** 15,000

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: If the total of column 3 is more than 100%, enter 0.

Part 2 – CCA calculation

	1 Class number See **note 3** 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See **note 4** 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See **note 5** 232	5 Adjustments and transfers See **note 6** 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See **note 7** 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See **note 8** 222	8 Proceeds of dispositions See **note 9** 207
1.	1	Buildings	851,999						0
2.	1	Distribution Equipment	4,237,469	995,472					0
3.	14.1		5,083						0
4.	47	Distribution and Transmission Equipment	9,809,243	2,711,285					0
5.	50	Software	1,332	9,900	9,900				0
6.	95	Construction in Progress	1,112,074	753,026	753,026	-1,112,074			0
		Totals	16,017,200	4,469,683	762,926	-1,112,074			

	1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See **note 10**	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See **note 11** 236	12 Immediate expensing See **note 12** 238	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 4 **plus** column 11 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See **note 13** 225	15 Remaining UCC (column 10 **minus** column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **minus** column 9 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See **note 14**
1.	1	Buildings		851,999					851,999	
2.	1	Distribution Equipment		5,232,941			995,472	995,472	5,232,941	
3.	14.1			5,083					5,083	
4.	47	Distribution and Transmission Equipme		12,520,528			2,711,285	2,711,285	12,520,528	
5.	50	Software		11,232	9,900	9,900			1,332	
6.	95	Construction in Progress		753,026	753,026		753,026		753,026	
		Totals		19,374,809	762,926	9,900	4,459,783	3,706,757	19,364,909	

Part 2 – CCA calculation (continued)

	1 Class number	Description	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the year (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 **multiplied** by the relevant factor) See **note 15**	19 UCC adjustment for property acquired during the year other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8 **plus** column 9) (if negative, enter "0") See **note 16** 224	20 CCA rate % See **note 17** 212	21 Recapture of CCA See **note 18** 213	22 Terminal loss See **note 19** 215	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20** 217	24 UCC at the end of the year (column 10 **minus** column 23) 220
1.	1	Buildings				4	0	0	34,080	817,919
2.	1	Distribution Equipment	995,472	497,736		4	0	0	229,227	5,003,714
3.	14.1					5	0	0	254	4,829
4.	47	Distribution and Transmission Equipment	2,711,285	1,355,643		8	0	0	1,110,094	11,410,434
5.	50	Software				55	0	0	10,633	599
6.	95	Construction in Progress				0	0	0		753,026
		Totals	3,706,757	1,853,379					1,384,288	17,990,521

Enter the total of column 21 on line 107 of Schedule 1.
Enter the total of column 22 on line 404 of Schedule 1.
Enter the total of column 23 on line 403 of Schedule 1.

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 5: A DIEP reported in column 4 is a property acquired after April 18, 2021, by a corporation that was a Canadian-controlled private corporation (CCPC) throughout the year, which became available for use in the tax year (before 2024) and was designated as such on or before the day that is 12 months after the filing-due date for the tax year to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the year in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.
Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Part 2 – CCA calculation (continued)

Note 8: Include all amounts you have repaid during the year for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle.

Note 10: If the amount in column 5 (as shown in brackets) reduces the undepreciated capital cost, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 11: The only amounts incurred before April 19, 2021, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:

- $1.5 million, if you are not associated with any other EPOP in the tax year
- amount from line 125, if you are associated in the tax year with one or more EPOPs
- nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
- the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
- any amount allocated by the minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.

2. UCC of the DIEP: total of column 11

You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.

Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.
Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.
See the T2 Corporation Income Tax Guide for more information.

Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

Note 16: The UCC adjustment for property acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP, property included in Classes 54 to 56, and property to which the immediate expensing was applied). Include only elements from columns 6 and 7 that are not related to the DIEP.
For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.

Note 19: If no property is left in the class at the end of the tax year and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

The AIIP also apply to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Wasaga Resource Services Inc.		86758 4724 RC0001	3					
2.	Geosands Inc.		86673 1441 RC0001	1					
3.	Wasaga Genco Inc.		86758 4526 RC0001	3					
4.	The Corporation of the Town of Wa		10810 1577 RC0001	4					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11) Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Provision for Rate Refund	221,945		206,689	221,945	206,689
2						
	Reserves from Part 2 of Schedule 13					
	Totals	221,945		206,689	221,945	206,689

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . . **025** Year Month Day

Enter the calendar year the agreement applies to . . . . . **050** Year 2022

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . **075** ☐ Yes ☒ No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Association code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**	
1	Wasaga Distribution Inc.	86673 1649 RC0001	1	500,000			
2	Wasaga Resource Services Inc.	86758 4724 RC0001	1	500,000			
3	Geosands Inc.	86673 1441 RC0001	1	500,000			
4	Wasaga Genco Inc.	86758 4526 RC0001	1	500,000	100.0000	500,000	
				Total	100.0000	500,000	A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101	206,689		
Capital stock (or members' contributions if incorporated without share capital)	103	100		
Retained earnings	104	8,672,795		
Contributed surplus	105			
Any other surpluses	106	5,175,468		
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		14,055,052	14,055,052	A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if
- a) those lines applied to partnerships in the same manner that they apply to corporations, and
- b) those amounts were computed without reference to amounts owing by the partnership
  - (i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
  - (ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1)			14,055,052 A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)		►	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		14,055,052

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		14,055,052 C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	14,055,052

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 14,055,052 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 14,055,052

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . **701** ____

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ____

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ____

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ____

Total deductions (**add** lines 711, 712, and 713) ____ ► ____ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ____

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . ____ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ____ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ____ I

Enter this amount at line 415 of the T2 return.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "**NR**") 200	Social insurance number (9 digits) 300	Trust number (T followed by 8 digits) 350	Percentage common shares 400	Percentage preferred shares 500
1	Geosands Inc. (Corporation)	866731441RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

On: 2022-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the federal Income Tax Act and Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . ☐ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year				100	7,318,758
Taxable income for the year (DICs enter "0")*		110			
Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least*	130				
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income*	140				
Subtotal (line 130 **plus** line 140)		▶	A		
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")		150			
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))				190	
Eligible dividends received in the tax year		200			
Dividends deductible under section 113 received in the tax year		210			
Subtotal (line 200 **plus** line 210)			▶		B
Becoming a CCPC (amount W5 in Part 4)		220			
Post-amalgamation (total of amount E4 in Part 3 and amount W5 in Part 4)		230			
Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4)		240			
Subtotal (**add** lines 220, 230, and 240)		290	▶		
Subtotal (**add** lines 100, 190, 290, and amount B)					7,318,758 C
Eligible dividends paid in the previous tax year		300			
Excessive eligible dividend designations made in the previous tax year		310			
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)					
Subtotal (line 300 **minus** line 310)			▶		D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)				490	7,318,758
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2)				560	
GRIP at the end of the tax year (line 490 **minus** line 560)				590	7,318,758

Enter this amount on line 160 of Schedule 55, Part III.1 Tax on Excessive Eligible Dividend Designations.

* For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (for example, flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2021-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ______ A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ______ B1

Aggregate investment income (line 440 of the T2 return) . . . . ______ C1

Subtotal (amount B1 **plus** amount C1) ______ ► ______ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ______ ► ______ E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ► ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ► ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . 500 ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2020-12-31

Taxable income before specified future tax consequences from the current tax year A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least B2

Aggregate investment income (line 440 of the T2 return) C2

Subtotal (amount B2 **plus** amount C2) ▶ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ▶ E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least G2

Aggregate investment income (line 440 of the T2 return) H2

Subtotal (amount G2 **plus** amount H2) ▶ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ▶ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) **520**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2019-12-31

Taxable income before specified future tax consequences from the current tax year A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least B3

Aggregate investment income (line 440 of the T2 return) C3

Subtotal (amount B3 **plus** amount C3) ▶ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ▶ E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least G3

Aggregate investment income (line 440 of the T2 return) H3

Subtotal (amount G3 **plus** amount H3) ▶ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ▶ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") L3

Enter amount L3 on line 560

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)			▶	D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)				E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

– line 230 for post-amalgamation; or
– line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ________ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ________ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

- Non-capital losses . . . . ________ C5
- Net capital losses . . . . ________ D5
- Farm losses . . . . ________ E5
- Restricted farm losses . . . . ________ F5
- Limited partnership losses . . . . ________ G5

Subtotal (**add** amounts C5 to G5) ________ ► ________ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

- Non-capital losses . . . . ________ I5
- Net capital losses . . . . ________ J5
- Farm losses . . . . ________ K5
- Restricted farm losses . . . . ________ L5
- Limited partnership losses . . . . ________ M5

Subtotal (**add** amounts I5 to M5) ________ ► ________ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ________ ► ________ O5

Subtotal (**add** amounts A5, B5, and O5) ________ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ________ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ________ R5

All the corporation's reserves deducted in its previous/last tax year . . . . ________ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ________ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ________ U5

Subtotal (**add** amounts Q5 to U5) ________ ► ________ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ________ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, General Rate Income Pool (GRIP) Calculation, or Schedule 54, Low Rate Income Pool (LRIP) Calculation, whichever is applicable.
- File the schedules with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		340,000			
Total taxable dividends paid in the tax year	100	340,000			
Total eligible dividends paid in the tax year			150		
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160	7,318,758	
Excessive eligible dividend designation (line 150 **minus** line 160)					A
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			180		
Subtotal (amount A **minus** line 180)					B
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount B **multiplied** by 20 %)			190		

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3					
Total taxable dividends paid in the tax year	200				
Total excessive eligible dividend designations in the tax year (amount A of Schedule 54)					C
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280		
Subtotal (amount C **minus** line 280)					D
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount D **multiplied** by 20 %)			290		

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	38,181,486
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	10,293,031
Total assets (total of lines 112 to 116)		48,474,517
Total revenue of the corporation for the tax year **	142	24,327,475
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	6,524,931
Total revenue (total of lines 142 to 146)		30,852,406

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

	Line	Amount		Line	Amount	
Net income/loss per financial statements *				210	1,009,464	
Add (to the extent reflected in income/loss):						
Provision for current income taxes/cost of current income taxes	220	129,305				
Provision for deferred income taxes (debits)/cost of future income taxes	222	163,277				
Equity losses from corporations	224					
Financial statement loss from partnerships and joint ventures	226					
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230					
Other additions (see note below):						
Share of adjusted net income of partnerships and joint ventures **	228					
Total patronage dividends received, not already included in net income/loss	232					
281	282					
283	284					
Subtotal		292,582	▶		292,582	A
Deduct (to the extent reflected in income/loss):						
Provision for recovery of current income taxes/benefit of current income taxes	320					
Provision for deferred income taxes (credits)/benefit of future income taxes	322					
Equity income from corporations	324					
Financial statement income from partnerships and joint ventures	326					
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330					
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332					
Gain on donation of listed security or ecological gift	340					
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342					
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344					
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346					
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348					
Other deductions (see note below):						
Share of adjusted net loss of partnerships and joint ventures **	328					
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334					
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336					
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338					
381	382					
383	384					
385	386					
387	388					
389	390					
Subtotal			▶			B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)				490	1,302,046	

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) . . . . **515** ____

Deduct:

CMT loss available (amount R from Part 7) . . . . ____

Minus: Adjustment for an acquisition of control * . . . . . . **518** ____

Adjusted CMT loss available . . . . ____ ► ____ C

Net income subject to CMT calculation (if negative, enter "0") . . . . **520** ____

Amount from line 520 ____ x Number of days in the tax year before July 1, 2010 ____ / Number of days in the tax year 365 x 4 % = ____ 1

Amount from line 520 ____ x Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365 x 2.7 % = ____ 2

Subtotal (amount 1 **plus** amount 2) . . . . ____ 3

Gross CMT: amount on line 3 above x OAF ** . . . . **540** ____

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ____

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ____ D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . ____

Net CMT payable (if negative, enter "0") . . . . ____ E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** ____ = ____

Ontario allocation factor . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year * .... G

Deduct:

CMT credit expired * **600**

CMT credit carryforward at the beginning of the current tax year * (see note below) .... ► **620**

Add:

CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below) **650**

CMT credit available for the tax year (amount on line 620 **plus** amount on line 650) .... H

Deduct:

CMT credit deducted in the current tax year (amount P from Part 5) I

Subtotal (amount H **minus** amount I) J

Add:

Net CMT payable (amount E from Part 3) ....

SAT payable (amount O from Part 6 of Schedule 512) ....

Subtotal ► K

CMT credit carryforward at the end of the tax year (amount J **plus** amount K) .... **670** L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4) .... M

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 6

Subtotal (if negative, enter "0") ► N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) ....

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit
(amount J6 **minus** line 450 from Schedule 5) ....

Subtotal (if negative, enter "0") ► O

CMT credit deducted in the current tax year (least of amounts M, N, and O) .... P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? .... **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . _______ Q

Deduct:

CMT loss expired * . . . . **700** _______

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . _______ ► **720** _______

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . **750** _______

CMT loss available (line 720 **plus** line 750) . . . . _______ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . _______

Subtotal (if negative, enter "0") _______ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . **760** _______

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . **770** _______ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Wasaga Distribution Inc.	86673 1649 RC0001	2022-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Wasaga Resource Services Inc.	86758 4724 RC0001	7,547,435	6,044,931
2	Geosands Inc.	86673 1441 RC0001	2,745,596	480,000
3	Wasaga Genco Inc.	86758 4526 RC0001	0	0
		Total	450 10,293,031	550 6,524,931

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

Wasaga Distribution Inc.
86673 1649 RC0001
Taxation year ending December 31, 2022
Subsection 13(7.4) Election

Wasaga Distribution Inc. hereby elects, pursuant to subsection 13(7.4) of the Income Tax Act of Canada (the "Act") to deduct an allowance in the amount of $6,322,367 in computing the cost of property acquired in the taxation year. Such allowance received in the 2022 taxation year would otherwise be required to be included in income pursuant to paragraph 12(1)(x) of the Act.