
Appendix C

2023 LPDL Annual Tax Return

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Barrie, ON L4N 0B4
Canada

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Barrie ON L4N 0B4
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CLIENT COPY

July 18, 2024

PERSONAL AND CONFIDENTIAL

Darren Bechtel
Chief Financial Officer
Lakeland Power Distribution Ltd.
#200-395 Centre St N
ON P1H 2M2

Dear Darren,


Corporate Tax Return Filing Instructions


T2 - CORPORATION INCOME TAX RETURN (FEDERAL)

The Federal corporate income tax return will be electronically transmitted to the Canada Revenue Agency.

As soon as we receive the duly signed Form T183CORP, we will transmit the Federal corporate income tax return to the CRA. Note that we will not electronically file the corporate income tax return until we receive a signed T183CORP form.

Signature

 Form T183CORP, *Information Return for Corporations Filing Electronically*, should be completed and signed.

 Form *Representative Authorization Request* has been electronically transmitted. Therefore, Form *Authorization Request – Signature page* should be completed and signed.

Mailing



- ✉ A copy of the signed T183CORP form should be returned to us as soon as possible so that the corporate income tax return can be filed before the filing deadline.
- ✉ Because Form *Representative Authorization Request* has been electronically transmitted, a signed copy of Form *Authorization Request – Signature page* should be returned to us for our files. This will allow us to deal directly with the federal tax authorities on behalf of the corporation, should this become necessary.

Refund

You are eligible for an **\$245,275** refund for the 2023 taxation year. You chose to apply this refund against next year's instalments.

FORM T1135 - FOREIGN INCOME VERIFICATION STATEMENT

According to the information provided, the corporation did not hold foreign property at any time in taxation year with a total cost of more than CAN\$100,000. If this information is incorrect please contact us immediately in order for us to prepare Form T1135, and for you to avoid penalties.

BDO Canada LLP

Authorization Request – Signature page

- Have this signature page signed and dated by the authorized signing officer of the business.
- Keep a copy of the signed and dated signature page in your files for six years from the date this information is transmitted to the CRA.
Do not mail or fax the signature page unless you are requested to do so.

Representative ID OR Group ID OR Firm BN: BN: 131585366

Representative name: BDO Canada LLP

Representative phone number: 1 (705)726-6331 Extension:

Business number: 896499613

Business name: Lakeland Power Distribution Ltd.

Level of authorization: Update and view (level 2) authorization applied to all program accounts and all fiscal years.

Expiry date:

List of authorization(s):

Certified: Darren Bechtel

Certification

By signing and dating this page, you authorize the Canada Revenue Agency to interact with the representative mentioned above.

First name: Darren Last name: Bechtel

Signature: Date signed: 2024-01-29

Telephone number: (705) 789-5442 Extension: 227

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2024-12-31

Business number 89649 9613 RC0002

The following is a list of instalments payable for the current taxation year, and the last column indicates the instalments payable to the Canada Revenue Agency (CRA). The instalments must be paid on each of the dates indicated below, otherwise non-deductible interest might be charged.

You can pay using one of the methods listed at canada.ca/payments. However, when a remittance must mandatorily be made using electronic means, use one of the following electronic payment methods:

- a Canadian financial institution's services;
- the CRA's *My Payment* service, at canada.ca/cra-my-payment;
- a pre-authorized debit agreement set up in the CRA's *My Business Account* service, at canada.ca/my-cra-business-account;
- a wire transfer.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2024-01-31	6,337	6,337			
2024-02-29	6,337	6,337			
2024-03-31	6,337	6,337			
2024-04-30	6,337	6,337			
2024-05-31	6,337	6,337			
2024-06-30	6,337	6,337			
2024-07-31	6,337	6,337			
2024-08-31	6,337	6,337			
2024-09-30	6,337	6,337			
2024-10-31	6,337	6,337			
2024-11-30	6,337	6,337			
2024-12-31	6,336	6,336			
Totals	76,043	76,043			

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 Lakeland Power Distribution Ltd.			Business number 89649 9613 RC0002		
Tax year start	Year Month Day 2023-01-01	Tax year-end	Year Month Day 2023-12-31	Is this an amended return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Email address: _____					
Notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. I understand that by providing an email address, I am registering the corporation to receive email notifications from the CRA. The CRA will notify the corporation at this email address when correspondence is available in My Business Account and requiring immediate attention. Correspondence will be considered as 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 in Part 1:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	296,500
Part I tax payable (line 700)	42,175
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)	18,868
Total tax payable (line 770)	61,043

Part 3 – Certification and authorization

I, Bechtel Darren Chief Financial Officer,
Last name First name 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.

2024-07-18

Date (yyyy/mm/dd)

Signature of an authorized signing officer of the corporation

(705) 789-5442

Telephone number

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.

BDO Canada LLP

Name of person or firm

D0258

Electronic filer number

Privacy notice

Personal information is collected and used 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 disclosed to other federal, provincial, territorial, aboriginal 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 and CRA PPU 211 on Information about Programs and Information Holdings at canada.ca/cra-information-about-programs.

T2 Corporation Income Tax Return

200

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.

055 Do not use this area

Identification

Business number (BN) **001** 89649 9613 RC0002

Corporation's name

002 Lakeland Power Distribution Ltd.

Address of head office

Has this address changed since the last time the CRA was notified?

010 Yes ☐ No ☒

If yes, complete lines 011 to 018.

011 #200-395 Centre St N

012 City Province, territory, or state
015 ON

017 Country (other than Canada) **018** P1H 2M2

Mailing address (if different from head office address)

Has this address changed since the last time the CRA was notified?

If yes, complete lines 021 to 028.

021 c/o

022 City Province, territory, or state
025 ON

027 Country (other than Canada) **028** P1H 2M2

Location of books and records (if different from head office address)

Has this address changed since the last time the CRA was notified?

If yes, complete lines 031 to 038.

031 City Province, territory, or state
035 ON

037 Country (other than Canada) **038** P1H 2M2

040 Type of corporation at the end of the tax year (tick one)

- ☒ 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?

060 Tax year start Year Month Day 2023-01-01 **061** Tax year-end Year Month Day 2023-12-31

060 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 ☒
If yes, provide the date control was acquired **065** Year Month Day

066 Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)?

066 Yes ☐ No ☒

067 Is the corporation a professional corporation that is a member of a partnership?

067 Yes ☐ No ☒

070 Is this the first year of filing after:

Incorporation? **070** Yes ☐ No ☒
Amalgamation? **071** Yes ☐ No ☒

If yes, complete lines 030 to 038 and attach Schedule 24.

072 Has there been a wind-up of a subsidiary under section 88 during the current tax year?

072 Yes ☐ No ☒

If yes, complete and attach Schedule 24.

076 Is this the final tax year before amalgamation?

076 Yes ☐ No ☒

078 Is this the final return up to dissolution?

078 Yes ☐ No ☒

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

080 Is the corporation a resident of Canada?

080 Yes ☒ No ☐
If no, give the country of residence on line 081 and complete and attach Schedule 97.

081 _____

082 Is the non-resident corporation claiming an exemption under an income tax treaty?

082 Yes ☐ No ☒

If yes, complete and attach Schedule 91.

085 If the corporation is exempt from tax under section 149, tick one of the following boxes:

- ☐ 1 Exempt under paragraph 149(1)(e) or (l)
☐ 2 Exempt under paragraph 149(1)(j)
☐ 4 Exempt under other paragraphs of section 149

Do not use this area

095

096

098

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 <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	151 <input type="checkbox"/>	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 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input checked="" type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169 <input type="checkbox"/>	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 <input type="checkbox"/>	29
Did the corporation have a total amount over CAN\$1 million of reportable transactions with non-arm's length non-residents?	171 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
Does the corporation earn income from one or more Internet web pages or websites?	180 <input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202 <input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	213 <input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits or zero-emission technology manufacturing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input checked="" type="checkbox"/>	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit?	254 <input type="checkbox"/>	T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272 <input type="checkbox"/>	58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255 <input type="checkbox"/>	92

Attachments (continued)

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	<input type="checkbox"/>	63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	<input type="checkbox"/>	59
Is the corporation claiming an air quality improvement tax credit?	<input type="checkbox"/>	65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	<input type="checkbox"/>	68
Is the corporation a covered entity that redeemed, acquired or cancelled equity of the corporation in the tax year?	<input type="checkbox"/>	56

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Is the corporation inactive?	280	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Did the corporation meet the definition of substantive CCPC under subsection 248(1) at any time during the tax year?	290	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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	Hydro Power	285	100.000 %	
	286		287	%	
	288		289	%	
Did the corporation immigrate to Canada during the tax year?	291	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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	<input type="checkbox"/>	No	<input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	296,500	A
Deduct:			
Charitable donations from Schedule 2	311	2,000	
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		2,000	B
Subtotal (amount A minus amount B) (if negative, enter "0")		294,500	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	294,500	
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	296,500	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	294,500	B
Business limit (see notes 1 and 2 below)	410		C

Notes:

- 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.
- 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 \times 415 *** 248,138 D = E1
11,250

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

Amount C \times 415 *** 248,138 D = E2
90,000

Amount E1 or amount E2, whichever applies \rightarrow E3

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . 417 8,556 - 50,000 = ... F

Amount C \times Amount F = G
100,000

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 \times 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) \times 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) \times 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	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L ³	N Business limit assigned to corporation identified in column L ⁴
	490	500	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 or substantive CCPCs at any time in the tax year

Taxable income from line 360 on page 3	294,500	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")	294,500	H
General tax reduction for Canadian-controlled private corporations – Amount H multiplied by 13 %	38,285	I

Enter amount I on line 638 on page 8.

* This is not applicable to substantive CCPCs.

** 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, a substantive CCPC, 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 or substantive CCPCs at any time in the tax year

Aggregate investment income from Schedule 7 **440** $\times \quad 30 \quad 2 / 3 \quad \% =$ A

Foreign non-business income tax credit from line 632 on page 8 B

Foreign investment income from Schedule 7 **445** $\times \quad 8 \quad \% =$ 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 3 294,500 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 $\times \quad 75 / 29 =$ H

Foreign business income tax credit from line 636 on page 8 .. $\times \quad 4 =$ I

Subtotal (add amounts G to I) **▶** J

Subtotal (amount F minus amount J) 294,500 K $\times \quad 30 \quad 2 / 3 \quad \% =$ 90,313 L

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 9) 42,175 M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least **450** N

* This is not applicable to substantive CCPCs.

Refundable dividend tax on hand

Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (line 530 of the preceding tax year)	520	A
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (line 545 of the preceding tax year) (if negative, enter "0")	535	B
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)	C	
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)	D	
Subtotal (amount C plus amount D)		E
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525	F
ERDTOH dividend refund for the previous tax year	570	G
Refundable portion of Part I tax (from line 450 on page 6)		H
Part IV tax before deductions (amount 2A from Schedule 3)	I	
Part IV tax allocated to ERDTOH (amount E)	J	
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)	K	
Subtotal (amount I minus total of amounts J and K)		L
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540	M
NERDTOH dividend refund for the previous tax year	575	N
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)		O
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount L minus amount O) (if negative enter "0")		P
NERDTOH at the end of the tax year (total of amounts B, H, M, and P minus amount N) (if negative, enter "0")	545	
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount E minus the amount, if any, by which amount O exceeds amount L) (if negative, enter "0")		Q
ERDTOH at the end of the tax year (total of amounts A, F, and Q minus amount G) (if negative, enter "0")	530	

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)	306,667	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)		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")		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	111,910	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) or substantive CCPC's investment income (if it was a CCPC throughout the tax year or a substantive CCPC at any time in the tax year)			
Aggregate investment income from line 440 on page 6			E
Taxable income from line 360 on page 3	294,500		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)	294,500	294,500	H
Refundable tax on CCPC's or substantive 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)		111,910	J
Deduct:			
Small business deduction from line 430 on page 4			K
Federal tax abatement	608	29,450	
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	38,285	
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	2,000	
Subtotal		69,735	L
Part I tax payable – Amount J minus amount L		42,175	M
Enter amount M on line 700 on page 9.			
* This is not applicable to substantive CCPCs.			

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	42,175
Part II.2 tax payable from Schedule 56	705	
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	

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	18,868	
Total federal tax	770	61,043	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	306,318
Total credits	890	306,318
Balance (amount A minus amount B)		-245,275

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 2

Refund 245,275

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 X

If this return was prepared by a tax preparer for a fee, provide their: EFILE number 920 D0258 ReplD 925

Certification

I, 950 Bechtel	951 Darren	954 Chief Financial Officer
Last name	First name	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 2024-07-18	Signature of the authorized signing officer of the corporation	956 (705) 789-5442
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If no, complete the information below		
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

Schedule of Instalment Remittances

Name of corporation contact
Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
2023-12-31	Payments in Lieu of Taxes - Instalments made.	91,843
2024-02-29	Payments in Lieu of Taxes - Instalments made.	214,475
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		306,318 A
Total instalments credited to the taxation year per T9		306,318 B

Transfer				
Account number	Taxation year end	Amount	Effective interest date	Description
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets				
	Total current assets	1599 +	12,912,321	10,954,557
	Total tangible capital assets	2008 +	78,205,344	73,371,467
	Total accumulated amortization of tangible capital assets	2009 –	34,790,113	32,869,167
	Total intangible capital assets	2178 +	1,150,014	1,150,014
	Total accumulated amortization of intangible capital assets	2179 –		
	Total long-term assets	2589 +	873,876	787,909
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	58,351,442	53,394,780
Liabilities				
	Total current liabilities	3139 +	18,224,764	8,735,060
	Total long-term liabilities	3450 +	24,155,141	28,831,299
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	42,379,905	37,566,359
Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	15,971,537	15,828,421
	Total liabilities and shareholder equity	3640 =	58,351,442	53,394,780
Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	1,684,200	1,541,084

* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

Income statement information

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

Account	Description	GIFI	Current year	Prior year
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Income statement information

Total sales of goods and services	8089 +	46,914,639	46,703,954
Cost of sales	8518 -	37,001,488	37,502,658
Gross profit/loss	8519 =	<u>9,913,151</u>	<u>9,201,296</u>
Cost of sales	8518 +	37,001,488	37,502,658
Total operating expenses	9367 +	8,823,147	7,749,837
Total expenses (mandatory field)	9368 =	<u>45,824,635</u>	<u>45,252,495</u>
Total revenue (mandatory field)	8299 +	47,108,653	46,760,311
Total expenses (mandatory field)	9368 -	45,824,635	45,252,495
Net non-farming income	9369 =	<u>1,284,018</u>	<u>1,507,816</u>

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 =	<u>1,284,018</u>	<u>1,507,816</u>
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Total – other comprehensive income	9998 =		<u>21,560</u>
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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 -	2,487	-42,664
Future (deferred) income tax provision	9995 -	338,415	377,884
Total – Other comprehensive income	9998 +		<u>21,560</u>
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	<u>943,116</u>	<u>1,194,156</u>



General Index of Financial Information (GIFI) – Additional Information

Corporation's name	Business number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

- Corporations need to complete all parts of this schedule that apply and include it with their T2 return along with their other GIFI schedules.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI), and Guide T4012, T2 Corporation – Income Tax Guide.

Part 1 – Information on the person primarily involved with the financial information

Can you identify the person* specified in the heading of Part 1? **111** Yes ☒ No ☐
If you answered **no**, go to Part 2.

Does that person have a professional designation in accounting? **095** Yes ☒ No ☐
Is that person connected** with the corporation? **097** Yes ☒ No ☐

* A person primarily involved with the financial information is a person who has more than a 50% involvement in preparing the financial information that the T2 return is based on. For example, if three persons prepared the financial information by doing respectively 30%, 30%, and 40% of the work, answer **no** at line 111. If they did respectively 10%, 20%, and 70% of the work, answer **yes** at line 111 and complete Part 1 by referring only to the third person.

** 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

Choose one or more of the following options that represent your involvement and that of the person referred to in Part 1:

Completed an auditor's report **300** ☒
Completed a review engagement report **301** ☐
Conducted a compilation engagement **302** ☐
Provided accounting services **303** ☐
Provided bookkeeping services **304** ☐
Other (please specify) **305**

Part 3 – Reservations

If you selected option 1 (300) or 2 (301) in Part 2 above, answer the following question:

Has the person referred to in Part 1 expressed a reservation? **099** Yes ☐ No ☒

Part 4 – Other information

Were notes to the financial statements prepared? **101** Yes ☒ No ☐
Did the corporation have any subsequent events? **104** Yes ☐ No ☒
Did the corporation re-evaluate its assets during the tax year? **105** Yes ☐ No ☒
Did the corporation have any contingent liabilities during the tax year? **106** Yes ☒ No ☐
Did the corporation have any commitments during the tax year? **107** Yes ☒ No ☐
Does the corporation have investments in joint venture(s) or partnership(s)? **108** Yes ☐ No ☒

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 T2 return

If the person who prepared the T2 return has a professional designation in accounting but is not the person identified in Part 1, choose all of the following options that apply:

- Prepared the T2 return and the financial information contained therein **310** ☐
- The client provided the financial statements **311** ☐
- The client provided a trial balance **312** ☒
- The client provided a general ledger **313** ☒
- Other (please specify) **314** _____

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

General Index of Financial Information

Notes to the financial statements

December 31, 2023

1. Corporate Information

The Company was incorporated under the Canada Business Corporations Act in 2000, and has continued as a Company under the Business Corporations Act of Ontario. The Company distributes electricity to residents and businesses in the towns of Bracebridge, Huntsville, Parry Sound, Sundridge, Burk's Falls and Magnetawan 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. The sole shareholder of the Company is Lakeland Holding Ltd.

2. Basis of Presentation

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The financial statements were authorized for issue by the Board of Directors on April 29, 2024.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items:

1. Financial instruments - fair value through profit and loss
2. Financial instruments - fair value through other comprehensive income
3. Employee future benefits - fair value through other comprehensive income

The financial statements are presented in Canadian dollars (CDN\$), which is also the Company's functional currency

c) Judgement and estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information

a) Explanation

of Activities

Subject to

Rate Regulation

Operating in a regulated environment exposes the company to regulatory and recovery risk.

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

General Index of Financial Information

Notes to the financial statements

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. Lakeland Power Distribution Ltd. 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 depreciation and 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.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information (continued)

b) Regulatory

Deferral Accounts

Regulatory deferral account debit balances represent future recoveries associated with certain costs incurred in the current period or in prior period(s) that are expected to be recovered from consumers in future periods through the rate-setting process.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s) that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the Company in the wholesale market administered by the Independent Electricity Operator (the "IESO") after May 1, 2002. The amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipating of their future recovery or expense in electricity distribution service charges.

Explanation of recognized amounts

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

General Index of Financial Information

Notes to the financial statements

described below. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information (continued)

c) Revenue Sale and distribution of energy

The Company is licensed by the OEB to distribute electricity. 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. The Company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity are recognized upon delivery and provision of services over the period in which the delivery and service is performed and collectability is reasonably assured and includes unbilled revenues accrued in respect of electricity delivered but not yet billed in the reporting period. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other

Other revenues, which include revenues from pole use rental, 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.

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are recorded as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information (continued)

d) Financial Instruments Financial instruments are comprised of cash, accounts receivable,

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

General Index of Financial Information

Notes to the financial statements

unbilled revenues, accounts payable and accrued liabilities, customer deposits and long-term debt.

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs where applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

In the periods presented, the Company does not have any financial assets measured at FVOCI.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information (continued)

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, accounts receivable, and unbilled revenues fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at fair value through profit and loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial

Corporation's name	Business number	Tax year end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

General Index of Financial Information

Notes to the financial statements

assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

In the periods presented, the Company does not have any financial assets measured at FVTPL.

Impairment of financial assets

The Company assesses impairment using forward-looking information to recognize expected credit losses - the "expected credit loss (ECL) model." The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").
 - ("Stage 3") would cover financial assets that have objective evidence of impairment at the reporting date.
- "12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

3. Material Accounting Policy Information (continued)

Accounts receivable

The Company makes use of a simplified approach in accounting for accounts receivable and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Company uses its historical experience and adjusts historical rates to reflect current and forward looking macroeconomic factors affecting the client's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of macroeconomic factors has not been considered significant within the reporting period.

The Company assesses impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics. Based on historical experience of low credit losses, management has determined that there are no impairments during the current and prior year.

Classification and measurement of financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, customer deposits, and long term debt.

Financial liabilities are initially measured at fair value, and, where

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applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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Lakeland Power Distribution Ltd.

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3. Material Accounting Policy Information (continued)

e) Fair Value

Measurements

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Lakeland Power Distribution Ltd.

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3. Material Accounting Policy Information (continued)

f) Property,

Plant and

Equipment

Recognition and measurement

Property, plant and equipment (PP&E) are recognized at cost or deemed cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including eligible borrowing costs.

Depreciation of PP&E is recorded in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

Distribution plant

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Buildings and fixtures 50 years
 Conductors and devices 60 years
 Distribution station equipment 40 years
 Line transformers 40 years
 Meters 15 years

New services distribution 45 years
 Poles, towers and fixtures 45 years
 Underground conduits 40 to 45 years

General plant

Building and fixtures 50 years
 Communication equipment 5 to 10 years

Computer hardware 5 years
 Office furniture and equipment 10 years
 Tools and garage equipment 10 years
 Transportation equipment 5 to 8 years

Major spare parts

Major spares such as spare transformers and other items kept as standby/back up equipment are accounted for as PP&E since they support the Company's distribution system reliability.

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

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Lakeland Power Distribution Ltd.

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3. Material Accounting Policy Information (continued)

Gains and losses on disposal

Gains and losses on disposal of an item of PP&E are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the Statement of Comprehensive Income when the asset is disposed of.

g) Borrowing

Costs

The Company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

h) Intangible

Assets

Computer software

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

Land rights

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Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are not amortized and are tested for impairment on an annual basis.

Amortization

Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, and those with indefinite lives, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are:

Land rights Indefinite

Computer software 5 years

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

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3. Material Accounting Policy Information (continued)

i) Impairment

of Non-Financial

Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in the Statement of Comprehensive Income, except to the extent they reverse gains previously recognized in other comprehensive income. No impairment loss has been charged to income in 2023 (2022 - \$Nil).

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

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3. Material Accounting Policy Information (continued)

j) Employee

Future

Benefits

Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan. The Company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received

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by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Company is only one of a number of employers that participates in the plan and the financial information provided to the Company on the basis of the contractual agreements, is usually insufficient to reliably measure the Company's proportionate share in the plan assets and liabilities.

The Company provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Company's net obligation for these benefits is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. Any unrecognized past service costs are deducted.

The cost of these benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions.

Due to the complexity of the valuation and its long-term nature, the funding valuation is highly sensitive to changes in the assumptions, which are reviewed at each reporting date. Recent changes in interest rates and inflation has created uncertainty which could impact assumptions going forward. This uncertainty could create volatility in the funding status of the plan.

The calculation is performed by a qualified actuary using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities. The valuation is performed every third year or when there are significant changes to workforce.

Remeasurements of the defined benefit obligation are recognized directly within equity in other comprehensive income. The remeasurements include actuarial gains and losses.

Service costs are recognized in the Statement of Comprehensive Income in operating expenses, and include current and past service costs as well as gains and losses on curtailments.

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Lakeland Power Distribution Ltd.

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3. Material Accounting Policy Information (continued)

Net interest expense is recognized in the Statement of Comprehensive Income in finance expense, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the Statement of Comprehensive Income.

Settlements of defined benefit plans are recognized in the period in which the settlement occurs.

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3. Material Accounting Policy Information (continued)

k) Payment

in Lieu

of Taxes

Tax status

The Company is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As an MEU, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Current and deferred tax

Provision for payments in lieu of taxes comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity (see Note 18). Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered).

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period, the Company reassesses both recognized and unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

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3. Material Accounting Policy Information (continued)

1) Inventories Cost of inventories comprise of direct materials, which typically

consists of distribution assets, streetlight repair parts and fibre optic cable not deemed as major spares, unless purchased for

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specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost.

Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m) Standards, Amendments
and Interpretations
Not Yet Effective

Standards and amendments that are not yet effective and have not been adopted early by the Company and are expected to be relevant include:

- * Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- and

- * Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)

The Company is currently assessing the impact of these amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

At the date of authorization of these financial statements, all accounting pronouncements which became effective on January 1, 2023 and have therefore been adopted do not have a material impact on the Company's financial results or position.

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Lakeland Power Distribution Ltd.
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4. Use of Estimates and Judgements

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- * The determination of useful lives of property, plant and equipment and intangible assets (Note 3

f), 3 h), 9 and 10);

- * The determination of impairment of accounts receivable and the incorporation of forward-looking information into the measurement of the expected credit loss ("ECL") (Note 3 d) and 5);

- * The determination for the provision for Payment in Lieu of Taxes since there are many

transactions and calculations for which the ultimate tax determination is

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uncertain (Note 18); and

* The calculation of the net future obligation for certain unfunded health, dental and life insurance

benefits for the Company's retired employees (Note 19).

In addition, in preparing the financial statements, the notes to the financial statements were

ordered such that the most relevant information was presented earlier in the notes and the

disclosures that management deemed to be immaterial were excluded from the notes to the

financial statements. The determination of the relevance and materiality of disclosures involved

significant judgment.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

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December 31, 2023

5. Receivables and Unbilled Revenue

2023 2022

Related party receivables (Note 7) \$ 38,862 \$ 89,667

Accounts receivables 4,313,684 3,767,211

Unbilled revenue 3,821,807 3,826,515

\$ 8,174,353 \$ 7,683,393

The related party receivables are unsecured, non-interest bearing and have no specific repayment terms.

Credit risk

Credit risk is managed through collection of security deposits from customers in

accordance with directions provided by the OEB. Where the security posted is in the form

of cash or cash equivalents, these amounts are recorded in the accounts as customer

deposits, which are reported separately from the Company's own cash (Note 15). Deposits

to be refunded to customers within the next fiscal year are classified as a current

liability. Interest rates paid on customer deposits are based on the Bank of Canada's

prime business rate less 2%.

Due to its short-term nature, the carrying amount of the receivables approximates its

fair value. Unbilled revenue reflects the electricity delivered but not yet billed to

customers. Customer billings generally occur within 30 days of delivery. The Company's

credit risk associated with accounts receivable is primarily related to payments from

distribution customers. The Company distributes electricity to over 14,000 customers

within its licensed service territory in the Town of Bracebridge, Town of Huntsville, Town

of Parry Sound, Town of Sundridge, Village of Burk's Falls and Municipality of Magnetawan which is comprised of 85% residential customers while

approximately 12%

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are small business or industrial based. The Company considers an account receivable to be in default when the customer is unlikely to pay its credit obligations in full, without recourse by the Company, such as realizing security (if any is held). Accounts are past-due (in default) when the customers have failed to make the contractually requirements payments when due, which is generally within 30 days of the billing date. The Company considered an account receivable to be credit-impaired when the customer had amounts more than 90 days past the billing date. The Company reviews commercial and industrial customer accounts on an individual basis and considers historical loss, payment experience, payment arrangements and economic conditions, as well as the aging and arrears status of the account in the determination of impairment.

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Lakeland Power Distribution Ltd.
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December 31, 2023
5. Receivables and Unbilled Revenue (continued)
December 31, 2023 December 31, 2022
Gross Loss
Allowance
Net Gross Loss
Allowance
Net
Less than 31
days past
billing date
\$ 3,915,379 \$ (1,520) \$ 3,913,859 \$ 3,628,087 \$ (4,673) \$ 3,623,414
31-60 days
past billing
date
267,321 (2,615) 264,706 28,926 (3,737) 25,189
61-90 days
past billing
date
9,043 (1,355) 7,688 35,828 (2,743) 33,085
More than 90
days past
billing date
151,090 (23,659) 127,431 112,577 (27,054) 85,523
\$ 4,342,833 \$ (29,149) \$ 4,313,684 \$ 3,805,418 \$ (38,207) \$ 3,767,211
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Lakeland Power Distribution Ltd.
Notes to the Financial Statements
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December 31, 2023
6. Accounts Payable and Accrued Liabilities
Major components of accounts payable and accrued liabilities consist of the following:
2023 2022

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Accounts payable and accrued liabilities \$ 4,186,479 \$ 4,229,293

Purchased power 1,710,823 1,863,494

Related party payables 1,252,968 1,150,722

\$ 7,150,270 \$ 7,243,509

The related party payables are unsecured, non-interest bearing and have no specific repayment terms.

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Lakeland Power Distribution Ltd.

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7. Related Party Transactions

The related party transactions below are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties)

which approximates the arm's length equivalent value. Bracebridge Generation Ltd. (BGL),

Lakeland Energy Ltd. (LEL) and Lakeland Power Distribution Ltd. (LPDL) are all wholly-owned

subsidiaries of Lakeland Holding Ltd. (LHL) and are therefore, related by common control.

The following table summarizes the Company's related party transactions for the year:

2023 2022

Lakeland Energy Ltd.

Information technology expenses, in administration and general \$ 337,763 \$ 372,309

Communication expenses, in administration and general \$ 74,265 \$ 65,400

Building rent revenue \$ 42,000 \$ 42,000

Other operating revenue \$ 8,378 \$ 14,388

Other operating and maintenance expenses \$ 768 \$ 768

Bracebridge Generation Ltd.

Building rent \$ 6,000 \$ 6,000

Other operating revenue \$ 5,934 \$ 4,662

Other operating and maintenance expenses \$ - \$ 595

Lakeland Holding Ltd.

Management fee paid, in administration and general \$ 949,333 \$ 859,778

Purchases

Town of Bracebridge \$ 31,492 \$ 29,853

Town of Parry Sound \$ 23,502 \$ 23,273

Town of Huntsville \$ 27,102 \$ 11,653

Village of Sundridge \$ - \$ 1,000

Sales

Town of Bracebridge \$ 719,519 \$ 703,472

Town of Parry Sound \$ 765,742 \$ 719,933

Town of Huntsville \$ 482,124 \$ 401,440

Village of Burk's Falls \$ 140,960 \$ 136,643

Village of Sundridge \$ 120,179 \$ 112,108

Municipality of Magnetawan \$ 22,804 \$ 28,342

Accounts receivable

BGL \$ 18,322 \$ 18,486

LEL \$ 8,659 \$ 6,284

LHL \$ 11,881 \$ 64,897

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Accounts payable

BGL \$ 1,087,497 \$ 987,623

LEL \$ 16,388 \$ 10,789

LHL \$ 149,085 \$ 152,310

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

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7. Related Party Transactions (continued)

Key management personnel compensation:

The management fee paid to Lakeland Holding Ltd. is comprised of reimbursements for

management and administrative expenses incurred by Lakeland Holding Ltd. Key management

compensation for the Lakeland group of companies is paid by Lakeland Holding Ltd. The total

management fee paid from Lakeland Power Distribution Ltd. to Lakeland Holding Ltd. was \$949,333

(2022 - \$859,778).

8. Inventory

2023 2022

Inventory expensed during the year \$ 58,665 \$ 72,948

Inventory during the year was not impaired, further there were no reversals of impairment.

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

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9. Property, Plant and Equipment

Land and

building

Distribution

equipment

Other fixed

assets Total

Cost

At January 1, 2022 \$ 2,854,741 \$ 59,638,548 \$ 4,907,763 \$ 67,401,052

Additions 7,271 3,689,756 610,755 4,307,782

At January 1, 2023 2,862,012 63,328,304 5,518,518 71,708,834

Additions 6,971 4,257,854 650,166 4,914,991

Disposals - - (239,907) (239,907)

At December 31, 2023 \$ 2,868,983 \$ 67,586,158 \$ 5,928,777 \$ 76,383,918

Accumulated depreciation

At January 1, 2022 \$ 1,092,174 \$ 25,350,582 \$ 3,473,576 \$ 29,916,332

Depreciation for the year 81,545 1,534,656 302,856 1,919,057

At January 1, 2023 1,173,719 26,885,238 3,776,432 31,835,389

Depreciation for the year 77,778 1,630,406 333,198 2,041,382

Disposals - - (239,907) (239,907)

At December 31, 2023 \$ 1,251,497 \$ 28,515,644 \$ 3,869,723 \$ 33,636,864

Carrying amount

December 31, 2022 \$ 1,688,293 \$ 36,443,066 \$ 1,742,086 \$ 39,873,445

Carrying amount

December 31, 2023 \$ 1,617,486 \$ 39,070,514 \$ 2,059,054 \$ 42,747,054

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10. Intangible Assets

Computer

Software Land rights Total

Cost

Balance at January 1, 2022 \$ 1,102,050 \$ 567,931 \$ 1,669,981

Additions 65,472 - 65,472

Balance at January 1, 2023 1,167,522 567,931 1,735,453

Additions 85,972 - 85,972

Balance at December 31, 2023 \$ 1,253,494 \$ 567,931 \$ 1,821,425

Accumulated depreciation

Balance at January 1, 2022 \$ 1,020,007 \$ 50,055 \$ 1,070,062

Depreciation for the year 36,516 20 36,536

Balance at January 1, 2023 1,056,523 50,075 1,106,598

Depreciation for the year 46,633 20 46,653

Balance at December 31, 2023 \$ 1,103,156 \$ 50,095 \$ 1,153,251

Carrying amount

December 31, 2022 \$ 110,999 \$ 517,856 \$ 628,855

Carrying amount

December 31, 2023 \$ 150,338 \$ 517,836 \$ 668,174

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Lakeland Power Distribution Ltd.
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11. Goodwill

The Company is required to test, on an annual basis, whether goodwill has suffered any

impairment. The recoverable amount is determined based on value in use

calculations. The use of

this method requires the estimation of future cash flows and the

determination of a discount rate

in order to calculate the present value of the cash flows.

2023 2022

Carrying amount

Balance at January 1, 2022 \$ 1,150,014 \$ 1,150,014

Impairment losses - -

Balance at December 31, 2023 \$ 1,150,014 \$ 1,150,014

On March 27, 2014 in proceeding EB-2013-0427/EB-2013-0428, the Ontario Energy Board granted

leave to Parry Sound Power Corporation and Lakeland Power Distribution Ltd.

to amalgamate. On

July 3, 2014, the companies notified the Board that the transaction had been

completed. Parry

Sound Power Corporation's Electricity distribution licence ED-2003-0006 was

cancelled effective

July 3, 2014 and Lakeland Power Distribution Ltd.'s electricity distribution

licence was amended

to include the service areas formerly served by Parry Sound Power

Corporation. Goodwill arose on

this transaction.

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Lakeland Power Distribution Ltd.

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12. Regulatory Deferral Account Balances

The Company applies IFRS 14, Regulatory Deferral Accounts, to reflect the impact of regulation on its operations. In accordance with IFRS 14, the Company continues to apply the accounting policies it applied in accordance with the pre-changeover Canadian GAAP for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances. Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s) that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account debit balances represent future recoveries associated with certain costs incurred in the current period or in prior period(s) that are expected to be recovered from consumers in future periods through the rate-setting process. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made. All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Company has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

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Lakeland Power Distribution Ltd.

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12. Regulatory Deferral Account Balances (continued)

Note

Expected

recovery

/reversal

period

(years)

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Balance
January 1,
2023
Balances
arising in
the period
Recovery
/reversal
Balance
December 31,
2023
Regulatory deferral account debit/(credit)
Settlement variances i) 1-4 \$ 354,093 \$ (342,845) \$ 304,488 \$ 315,736
Retail cost variances ii) 1-4 (506) 93,701 9,767 102,962
COVID-19 emergency costs iii) 1-4 434,322 20,857 - 455,179
\$ - \$ 787,909 \$ (228,287) \$ 314,255 \$ 873,877

Note
Expected
recovery
/reversal
period (years)

Balance
January 1,
2022
Balances
arising in
the period
Recovery
/reversal
Balance
December 31,
2022
Regulatory deferral account debit/(credit)
Settlement variances i) 1-4 \$ (468,242) \$ 526,365 \$ 295,970 \$ 354,093
Retail cost variances ii) 1-4 (66,408) 361,872 (295,970) (506)
COVID-19 emergency costs iii) 1-4 425,829 8,493 - 434,322
\$ - \$ (108,821) \$ 896,730 \$ - \$ 787,909

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12. Regulatory Deferral Account Balances (continued)
i) Settlement Variances

This account is comprised of the variances between amounts charged by the Company to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the Company. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment.

The Company has recognized a settlement variance asset of \$315,736 (2022 - asset of \$354,093) arising from the recognition of regulatory deferral account

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balances. The settlement variance asset balance is presented within the total regulatory deferral account debit balance presented in the statement of financial position. Annually the Company makes an application for the recovery of the settlement variances for its customers in its rate application.

ii) Retail Cost Variances

The Company has recognized a cost asset of \$102,962 (2022 - liability of \$506) mainly for costs in excess of the amount requested in the Company's last Cost of Service Application. Included are Green Button implementation costs and pole attachment revenue variances. The other

cost (liability) balance is presented within the total regulatory deferral account (credit) debit

balances presented in the statement of financial position.

iii) COVID-19 Emergency Costs

The Company has recognized a cost asset of \$455,179 (2022 - asset of \$434,322) related to the foregone revenue due to legislative directives and associated costs incurred from March 2020

to December 2020 surrounding COVID-19. On March 25, 2020, the OEB established the COVID-

19 Emergency Deferral Account in recognition that distributors will incur incremental costs

and lost revenues resulting from the COVID-19 pandemic.

iv) Disposition/Recovery - 2023, 2022

Disposition/recovery - On October 13, 2021, the Company filed an IRM application for 2022

distribution rates (EB-2021-0040) with the OEB which included a request seeking disposition of

the Group 1 balances for regulatory assets and liabilities. On March 24, 2022, the OEB issued a

decision approving the disposition of net regulatory liabilities of \$289,096.

The amounts

consisted of principal balances as of December 31, 2020 with carrying charges projected to

April 30, 2022. The OEB approved disposition over a one-year period commencing May 1, 2022

and ending April 30, 2023.

On October 18, 2022, the Company filed an IRM application for 2023

distribution rates (EB-

2022-0047) with the OEB which included a request seeking disposition of the Group 1 balances

for regulatory assets and liabilities. On March 23, 2023, the OEB issued a decision approving

the disposition of net regulatory liabilities of \$307,860. The amounts consisted of principal

balances as of December 31, 2021 with carrying charges projected to April 30, 2023. The OEB

approved disposition over a one-year period commencing May 1, 2023 and ending April 30,

2024.

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13. Credit Facility Agreements

The Company maintains a Credit Facility Agreement with \$Nil funds utilized as at year-end (2022 -

\$Nil). The credit limit under this agreement stands at \$5,500,000.

14. Contributions in Aid of Construction

Contributions in aid of construction consists of capital contributions received from electricity

customers to construct or acquire property, plant and equipment which has not yet been

recognized as revenue, and also includes revenue not yet recognized from demand billable

activities. Contributions in aid of construction are amortized into revenue over the average life of

the assets which is 43 years.

2023 2022

Deferred contributions, net, beginning of year \$11,126,888 \$ 9,655,750

Contributions in aid of construction received 1,978,654 1,779,257

Contributions in aid of construction recognized as distribution revenue (352,329) (308,119)

Deferred contributions, net, end of year 12,753,213 11,126,888

Deferred contributions 12,753,213 11,126,888

Less current portion 375,608 329,051

\$12,377,605 \$ 10,797,837

15. Customer Deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers.

Deposits from electricity distribution customers are refundable to customers demonstrating 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.

2023 2022

Customer deposits \$ 483,551 \$ 531,905

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Lakeland Power Distribution Ltd.

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16. Contingencies

The Company has a bank letter of credit outstanding for \$452,305 (2022 - \$452,305) which

represents a hold on this amount of the Company's cash balance. Purchasers of electricity in

Ontario, through the Independent Electricity Systems Operator (IESO) are required to provide

security to mitigate the risk of their default based on their expected activity in the market. The

IESO could draw on these guarantees if the Company fails to make a payment required by default

notice issued by the IESO. The maximum potential payment is the face value of the bank letters

of credit.

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The Company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2023 the Company has not been made aware of any outstanding claims.

17. Commitments

The Company is committed to quarterly payments for rental of office printing equipment under a lease agreement that expires in 2029. The minimum annual lease payments for the next five years is as follows:

2024 \$ 7,167

2025 7,167

2026 7,167

2027 7,167

2028 7,167

\$ 35,835

18. Payments in Lieu of Income Taxes and Deferred Taxes

The significant components of the provision for payments in lieu of taxes expense are as follows:

2023 2022

Current tax

Based on current year taxable income \$ 2,487 \$ (42,664)

Deferred tax

Origination and reversal of temporary differences 338,415 385,658

340,902 342,994

The payments in lieu of taxes varies from amounts which would be computed by applying the

Company's combined statutory federal and provincial income tax rate.

Reconciliation of the

payments in lieu of taxes at the statutory income tax rate to the provision for payments in lieu of

taxes is as follows:

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18. Payments in Lieu of Income Taxes and Deferred Taxes (continued)

a. Rate reconciliation before net movement in regulatory balances and OCI

2023 2022

Statutory tax rate 26.50% 26.50%

Profit before provision for payments in lieu of taxes and OCI

and movement in regulatory balances \$ 1,452,179 \$ 1,387,922

Expected payments in lieu of taxes: \$ 384,827 \$ 367,799

Increase (decrease) from:

Items not deductible for tax purposes 637 379

Other (44,562) (32,958)

Provision for payment in lieu of taxes \$ 340,902 \$ 335,220

b. Rate reconciliation after net movement in regulatory balances and OCI

2023 2022

Statutory tax rate 26.50% 26.50%

Profit before provision for payments in lieu of taxes and after

net movement in regulatory balances and OCI \$ 1,284,018 \$ 1,580,379

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Expected payments in lieu of taxes \$ 340,265 \$ 418,800
Increase (decrease) from:
Items not deductible for tax purposes 637 379
Other - (32,958)
Provision for payment in lieu of taxes \$ 340,902 \$ 386,221
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Lakeland Power Distribution Ltd.
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18. Payments in Lieu of Income Taxes and Deferred Taxes (continued)
c. Rate reconciliation for payments in lieu of taxes
2023 2022
Provision for payments in lieu of taxes before movement in
regulatory balances and OCI \$ 384,827 \$ 335,220
Provision for payments in lieu of taxes recorded in net
movement in regulatory balances (44,562) 43,227
Provision for payments in lieu of taxes after net movement in
regulatory balances and OCI
\$ 340,265 \$ 378,447
Provision for payments in lieu of taxes recorded in OCI - 7,774
Items not deductible for tax purposes 637 -
\$ 340,902 \$ 386,221
d. Deferred taxes Balance
January 1,
2023
Recognized in
net income
Recognized in
OCI
Balance
December
31, 2023
Deferred tax assets (liabilities)
Property, plant and equipment \$ (461,681) \$ (315,508) \$ - \$ (777,189)
Intangible assets 13,268 5 - 13,273
Employee future benefits 13,117 (2,544) - 10,573
General reserves 10,125 (2,401) - 7,724
Credits (3,007) (17,967) - (20,974)
\$ (428,178) \$ (338,415) \$ - \$ (766,593)
Balance
January 1,
2022
Recognized in
net income
Recognized in
OCI
Balance
December 31,
2022
Deferred tax assets (liabilities)
Property, plant and equipment \$ (93,409) \$ (368,272) \$ - \$ (461,681)
Intangible assets 13,263 5 - 13,268
Employee future benefits 27,465 (6,574) (7,774) 13,117
General reserves 10,161 (36) - 10,125
Credits - (3,007) - (3,007)

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\$ (42,520) \$ (377,884) \$ (7,774) \$ (428,178)

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Lakeland Power Distribution Ltd.

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19. Employee Future Benefits

(a) Defined contribution plan

The contribution payable in exchange for services rendered during a period is recognized as an

expense during that period. The employer portion of amounts paid to OMERS during the year

was \$211,904 (2022 - \$204,145). The contributions were made for current service and these

have been recognized in net income.

Expected contributions to the plan for the next annual reporting period amount to \$221,227,

which is based on payments made to the multi-employer plan during the current fiscal year.

As at December 31, 2023, the OMERS plan was 97% funded on a smoothed basis (December 31,

2022 - 95%). OMERS has a strategy to return the plan to a fully funded position. The Company is

not able to assess the implications, if any, of this strategy or of the withdrawal of other

participating entities from the OMERS plan on its future contributions.

(b) Defined benefit plan

The plan is exposed to a number of risks, including:

Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds)

will increase/decrease the defined benefit obligation.

Longevity risk: changes in the estimation of mortality rates of current and former employees.

Health care cost risk: increases in cost of providing health, dental and life insurance benefits.

Information about the group unfunded defined benefit plan as a whole and changes in the

present value of the unfunded defined benefit obligation and the accrued benefit liability are as

follows:

2023 2022

Balance January 1 \$ 49,492 \$ 80,532

Current service costs 2,474 4,642

Interest cost 2,145 1,985

Included in profit or loss 4,619 6,627

Actuarial (gain) loss from financial assumptions - (12,315)

Actuarial (gain) loss arising from changes in demographics - (461)

Actuarial (gain) loss from experience adjustments - (16,558)

Included in other comprehensive income - (29,334)

Benefits paid during the year (14,220) (8,333)

Balance, end of year \$ 39,891 \$ 49,492

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Lakeland Power Distribution Ltd.

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19. Employee Future Benefits (continued)

The main actuarial assumptions underlying the valuation are as follows:

2023

Projected

2022 Reasonable

possible

change

Discount rate 5.05% 5.05% +/- 1%

Health care and dental costs 4.90%-5.10% 4.70%-4.90% +/- 1%

Retirement age - males 60 60 -

Retirement age - females 60 60 -

An actuarial valuation must be obtained at least every three years, but may occur more frequently.

For example, a new actuarial valuation would be required when a significant event takes place.

The Company has an actuarial valuation performed every three years. In the years between

valuations, the actuarial estimates the defined benefit obligation by performing a roll-forward technique.

The most recent full valuation was prepared for December 31, 2022, with the final report dated

January 18, 2023.

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Lakeland Power Distribution Ltd.

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(Expressed in Canadian Dollars)

December 31, 2023

20. Long-Term Debt

2023 2022

TD bank debt, fixed interest rate 3.62%,

maturing March 2023 \$ - \$ 1,162,500

TD bank debt, fixed interest rate 5.00%,

maturing March 2033 1,162,500 -

TD bank debt, TD prime rate + 0.75%,

(2022 - fixed interest rate 3.04%),

maturing July 2024 2,698,887 2,698,887

TD bank debt, fixed interest rate 6.57%

(2022 - fixed interest rate 2.94%),

maturing August 2024 8,000,000 8,000,000

TD bank debt, fixed interest rate 5.768%,

maturing October 2026 2,325,000 2,325,000

TD bank debt, fixed interest rate 2.98%,

maturing February 2026 4,000,000 4,000,000

TD bank debt, fixed interest rate, 5.95%,

maturing July 2027 3,000,000 -

21,186,387 18,186,387

Less current portion 10,698,887 1,162,500

\$ 10,487,500 \$ 17,023,887

The bank debts are secured by a general security agreement conveying a first charge over all of the

Company's present and after acquired personal property, as well as evidence of adequate liability

insurance issued to the Company, Lakeland Holding Ltd., Lakeland Energy Ltd., and Bracebridge

Generation Ltd.

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The Company is subject to financial covenants, specifically a Debt Service Coverage Ratio and a Debt to Capitalization Ratio. At present, the Company is in compliance with these covenants.

Management intends to renegotiate the debts as they come due in order to further extend the principal payments.

Principal payments over the next five years and thereafter are as follows:

2024 \$ 10,698,887

2025 -

2026 6,325,000

2027 3,000,000

2028 -

Subsequent years 1,162,500

\$ 21,186,387

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Lakeland Power Distribution Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2023

21. Share Capital

a) Ordinary shares

An unlimited number of common shares are authorized for issue.

As of December 31, 2023, the Company has issued and fully paid 7,428 (2022 - 7,428) common

shares. The shares have no par value.

All shares are ranked equally with regards to the Company's residual assets.

b) Movement in ordinary share capital

No movement in ordinary share capital has occurred during 2023.

22. Amortization of Property, Plant and Equipment and Intangible Assets

The transportation amortization is not included in the amortization on the Statement of

Comprehensive Income as it has been expensed to operating lines or capitalized where the

equipment was used in constructing an asset. Refer to the reconciliation below:

2023 2022

Amortization of property, plant and equipment

and intangible assets \$ 2,088,035 \$ 1,940,450

Amortization on the statement of comprehensive income (1,853,806) (1,729,698)

Transportation amortization \$ 234,229 \$ 210,752

Transportation amortization - capitalized 126,483 109,591

Transportation amortization - expensed in operating expenses 107,746 101,161

\$ 234,229 \$ 210,752

23. Expenses by Nature

2023 2022

Repairs and maintenance \$ 1,369,496 \$ 1,234,673

Staff costs (including post-employment benefits) 1,805,048 1,792,930

General administration and overhead 2,604,232 2,384,439

Bad debts 27,640 35,056

\$ 5,806,416 \$ 5,447,098

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Lakeland Power Distribution Ltd.

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24. Staff Costs

2023 2022

Wages, salaries and short-term employee benefits \$ 2,775,743 \$ 2,693,210

Wages, salaries and short-term employee benefits in revenue (67,387) (55,735)

Wages, salaries and short-term employee benefits capitalized (895,382)
(842,839)

Post-employment benefits (7,926) (1,706)

\$ 1,805,048 \$ 1,792,930

25. Financial Instruments and Risk Management

Fair value disclosure

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their respective fair values because of the short maturity of these instruments.

The fair value of the term loans (Level 2) is \$21,186,387 (2022 - \$18,186,387). 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.

Risk management

The Company's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

(i) 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 cash and accounts receivable, expose it to credit risk. The Company earns its revenue from a broad base of customers located in six municipalities. No single customer accounts for revenues in excess of 10% of total revenue.

(ii) Market risk:

The Company is not exposed to significant market risk.

(iii) Interest rate risk:

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. At December 31, 2023, the Company is not exposed to any material changes in market interest rates on its long-term borrowing.

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Lakeland Power Distribution Ltd.

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(Expressed in Canadian Dollars)

December 31, 2023

25. Financial Instruments and Risk Management (continued)

(iv) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as

they come due. The Company monitors its liquidity risk to ensure access to sufficient funds

to meet operational and investing requirements. The Company's objective is to

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ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The following table sets out the contractual maturities (representing undiscounted contractual cashflows) of financial liabilities:

Due within 1 year

Due between 1-2 years

Due past 2 years

At December 31, 2023

Accounts payable and accrued liabilities \$ 5,897,302 \$ - \$ -

Customer deposits 483,551 - -

Related party payables 1,252,968 - -

Long-term debt 10,698,887 - 10,487,500

At December 31, 2022

Accounts payable and accrued liabilities \$ 6,092,787 \$ - \$ -

Customer deposits - 531,805 -

Related party payables 1,150,722 - -

Long-term debt 1,162,500 10,698,887 6,325,000

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(Expressed in Canadian Dollars)

December 31, 2023

26. Capital Management

The Company's definition of capital is shareholder's equity, and total debt.

As at December 31,

2023, shareholder's equity and total debt amounts to \$37,157,924 (2022 - \$34,014,808).

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholder through a combination of capital growth and through the payment of periodic dividends to its common shareholder. The Company also seeks to ensure that access to funding is available in order to maintain and improve the equipment used in operations and maintain financial ratios within the recommended guidelines as prescribed by the

OEB. In order to achieve these objectives, the Company develops detailed annual operating budgets and seeks to maintain distribution revenue levels and control costs to enable the Company to meet its working capital requirements and strategic investment needs. In making decisions to adjust its capital structure to achieve these objectives, the Company considers both its short-term

position and long-term operational and strategic objectives.

The Company monitors capital based on the debt-to-equity ratio calculated as total debt divided by

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<p>the sum of total debt plus equity, as shown in the following table. For purposes of comparing the measures below to benchmarks, the Company is evaluated by the Ontario Energy Board based on a 60/40 structure. A debt-to-equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt-to-equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure.</p> <p>2023 2022</p> <p>Current portion of long-term debt \$10,698,887 \$ 1,162,500</p> <p>Long-term debt 10,487,500 17,023,887</p> <p>Total debt \$21,186,387 \$ 18,186,387</p> <p>Total shareholder's equity \$15,971,537 \$ 15,828,421</p> <p>Debt-to-equity ratio 1.33 1.15</p> <p>45</p>

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

Assets – lines 1000 to 2599

1000	3,698,026	1060	4,352,546	1062	3,821,805
1066	85,100	1120	585,954	1484	368,890
1599	12,912,321	1600	378,105	1601	567,931
1602	-50,095	1680	2,490,878	1681	-1,251,497
1740	72,564,519	1741	-31,598,232	1774	2,041,446
1775	-1,727,824	1904	162,465	1905	-162,465
2008	78,205,344	2009	-34,790,113	2012	1,150,014
2178	1,150,014	2420	873,876	2589	873,876
2599	58,351,442				

Liabilities – lines 2600 to 3499

2620	5,897,300	2770	375,608	2780	1,252,969
2920	10,698,887	3139	18,224,764	3140	10,487,500
3220	483,551	3240	766,593	3320	12,417,497
3450	24,155,141	3499	42,379,905		

Shareholder equity – lines 3500 to 3640

3500	9,226,787	3540	4,986,711	3580	73,839
3600	1,684,200	3620	15,971,537	3640	58,351,442

Retained earnings – lines 3660 to 3849

3660	1,541,084	3680	943,116	3700	-800,000
3849	1,684,200				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	46,914,639	8089	46,914,639	8090	159,014
8210	35,000	8299	47,108,653		

Cost of sales – lines 8300 to 8519

8450	37,001,488	8518	37,001,488	8519	9,913,151
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Operating expenses – lines 8520 to 9369

8522	2,000	8590	27,640	8670	1,853,806
8710	951,779	8762	62,817	8871	949,333
8961	221,917	9060	1,805,048	9270	168,161
9284	2,780,646	9367	8,823,147	9368	45,824,635
9369	1,284,018				

Extraordinary items and taxes – lines 9970 to 9999

9970	1,284,018	9990	2,487	9995	338,415
9999	943,116				

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

- 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 125 943,116 A

Add:

Provision for income taxes – current	101	2,487	
Provision for income taxes – deferred	102	338,415	
Amortization of tangible assets	104	1,853,806	
Charitable donations and gifts from Schedule 2	112	2,000	
Non-deductible meals and entertainment expenses	121	2,402	
Reserves from financial statements – balance at the end of the year	126	29,149	
Subtotal of additions		2,228,259	2,228,259

Add:

Other additions:

1 Description	2 Amount		
605	295		
1 Inducement under 12(1)(x) ITA	11,348		
2 Par. 12(1)(x) contributions capitalized on F/S	1,978,654		
3 Post retirement benefits expensed in P&L	4,619		
4 Additional Depreciation (Transportation)	107,746		
Total of column 2	2,102,367	296	2,102,367
Subtotal of other additions	199	2,102,367	2,102,367 D
Total additions	500	4,330,626	4,330,626

Amount A plus line 500 5,273,742 B

Deduct:

Gain on disposal of assets per financial statements	401	35,000	
Capital cost allowance from Schedule 8	403	2,543,831	
Reserves from financial statements – balance at the beginning of the year	414	38,208	
Subtotal of deductions		2,617,039	2,617,039

Deduct:

Other deductions:

1 Description	2 Amount		
705	395		
1 Ss. 13(7.4) election re Contributions in aid of construction	1,978,654		
2 Post retirement benefits - Actual Contributions	14,220		
3 Contributions in aid of construction (Recognised)	352,329		
4 Co-op ITC's included in income	15,000		
Total of column 2	2,360,203	396	2,360,203

Subtotal of other deductions **499** 2,360,203 ▶ 2,360,203 E

Total deductions **510** 4,977,242 ▶ 4,977,242

Net income (loss) for income tax purposes (amount B minus line 510) 296,500 C
Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

Canada

Client Copy

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

Ontario

A

<input checked="" type="checkbox"/>	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
<input checked="" type="checkbox"/>	Ontario co-operative education tax credit	11,348
<input type="checkbox"/>	Ontario computer animation and special effects tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
<input type="checkbox"/>	Ontario film and television tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
<input type="checkbox"/>	Ontario production services tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
<input type="checkbox"/>	Ontario interactive digital media tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
<input type="checkbox"/>	Ontario book publishing tax credit	
<input checked="" type="checkbox"/>	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
<input type="checkbox"/>	Ontario business-research institute tax credit	
<input type="checkbox"/>	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

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Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Lakeland Power Distribution Ltd.	89649 9613 RC0002	2023-12-31

- 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)
United Way Simcoe Muskoka	1,000
Georgian College	1,000
	Subtotal 2,000
Add: Total donations of less than \$100 each	
Total donations in current tax year	
	2,000

Part 1 – Charitable donations

	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	2,000	2,000
Subtotal (line 250 plus line 210)	2,000	1B 2,000	2,000
Subtotal (line 240 plus amount 1B)	2,000	1C 2,000	2,000
Adjustment for an acquisition of control	255		
Total charitable donations available (amount 1C minus line 255)	2,000	1D 2,000	2,000
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	2,000	2,000
Charitable donations closing balance (amount 1D minus line 260)	280		
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).			
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.			
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, 2027)	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
1 st prior year	2022-12-31			
2 nd prior year	2021-12-31			
3 rd prior year	2020-12-31			
4 th prior year	2019-12-31			
5 th prior year	2018-12-31			
6 th prior year*	2017-12-31			
7 th prior year	2016-12-31			
8 th prior year	2015-12-31			
9 th prior year	2014-12-31			
10 th prior year	2013-12-31			
11 th prior year	2012-12-31			
12 th prior year	2011-12-31			
13 th prior year	2010-12-31			
14 th prior year	2009-12-31			
15 th prior year	2008-12-31			
16 th prior year	2007-12-31			
17 th prior year	2006-12-31			
18 th prior year	2005-12-31			
19 th prior year	2004-12-31			
20 th prior year	2003-12-31			
21 st prior year*	2002-12-31			
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 %	222,375	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)	222,375	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)	2,000	2H

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

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

	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	410		
(include this amount on line 112 of Schedule 1)			
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	460		
(enter this amount on line 313 of the T2 return)			
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
1 st prior year	2022-12-31		
2 nd prior year	2021-12-31		
3 rd prior year	2020-12-31		
4 th prior year	2019-12-31		
5 th prior year	2018-12-31		
6 th prior year*	2017-12-31		
7 th prior year	2016-12-31		
8 th prior year	2015-12-31		
9 th prior year	2014-12-31		
10 th prior year	2013-12-31		
11 th prior year	2012-12-31		
12 th prior year	2011-12-31		
13 th prior year	2010-12-31		
14 th prior year	2009-12-31		
15 th prior year	2008-12-31		
16 th prior year	2007-12-31		
17 th prior year	2006-12-31		
18 th prior year	2005-12-31		
19 th prior year	2004-12-31		
20 th prior year	2003-12-31		
21 st prior year*	2002-12-31		
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	Federal	Québec	Alberta
Year of origin:			
1 st prior year	2022-12-31		
2 nd prior year	2021-12-31		
3 rd prior year	2020-12-31		
4 th prior year	2019-12-31		
5 th prior year	2018-12-31		
6 th prior year*	2017-12-31		
7 th prior year	2016-12-31		
8 th prior year	2015-12-31		
9 th prior year	2014-12-31		
10 th prior year	2013-12-31		
11 th prior year*	2012-12-31		
12 th prior year	2011-12-31		
13 th prior year	2010-12-31		
14 th prior year	2009-12-31		
15 th prior year	2008-12-31		
16 th prior year	2007-12-31		
17 th prior year	2006-12-31		
18 th prior year	2005-12-31		
19 th prior year	2004-12-31		
20 th prior year	2003-12-31		
21 st prior year*	2002-12-31		
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	Additional deduction for gifts of medicine made before March 22, 2017 610
a _____ x $\left(\frac{b}{c} \right)$ =	
Québec	Additional deduction for gifts of medicine made before March 22, 2017 _____
a _____ x $\left(\frac{b}{c} \right)$ =	
Alberta	Additional deduction for gifts of medicine made before March 22, 2017 _____
a _____ x $\left(\frac{b}{c} \right)$ =	

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)

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 660		
(enter this amount on line 315 of the T2 return)		
Subtotal (line 655 plus line 660)	5F	
Additional deduction for gifts of medicine closing balance (amount 5E minus amount 5F) (Note 3) 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.

Note 3: The amount at line 680 is not available for carryforward.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1 st prior year	2022-12-31			
2 nd prior year	2021-12-31			
3 rd prior year	2020-12-31			
4 th prior year	2019-12-31			
5 th prior year	2018-12-31			
6 th prior year*	2017-12-31			
7 th prior year	2016-12-31			
8 th prior year	2015-12-31			
9 th prior year	2014-12-31			
10 th prior year	2013-12-31			
11 th prior year	2012-12-31			
12 th prior year	2011-12-31			
13 th prior year	2010-12-31			
14 th prior year	2009-12-31			
15 th prior year	2008-12-31			
16 th prior year	2007-12-31			
17 th prior year	2006-12-31			
18 th prior year	2005-12-31			
19 th prior year	2004-12-31			
20 th prior year	2003-12-31			
21 st prior year*	2002-12-31			
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

		Québec
Year of origin:		
1 st prior year	2022-12-31	
2 nd prior year	2021-12-31	
3 rd prior year	2020-12-31	
4 th prior year	2019-12-31	
5 th prior year	2018-12-31	
6 th prior year	2017-12-31	
7 th prior year	2016-12-31	
8 th prior year	2015-12-31	
9 th prior year	2014-12-31	
10 th prior year	2013-12-31	
11 th prior year	2012-12-31	
12 th prior year	2011-12-31	
13 th prior year	2010-12-31	
14 th prior year	2009-12-31	
15 th prior year	2008-12-31	
16 th prior year	2007-12-31	
17 th prior year	2006-12-31	
18 th prior year	2005-12-31	
19 th prior year	2004-12-31	
20 th prior year	2003-12-31	
21 st prior year*	2002-12-31	
Total		

* These gifts expired in the current year.