

**RISINGOAKS EARLY LEARNING ONTARIO**

FINANCIAL STATEMENTS

DECEMBER 31, 2025

**HILBORN**LLP

## **Independent Auditor's Report**

To the Board of Directors of RisingOaks Early Learning Ontario

### **Opinion**

We have audited the financial statements of RisingOaks Early Learning Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Organization to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Organization.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Organization to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
March 18, 2026

Chartered Professional Accountants  
Licensed Public Accountants


# RISINGOAKS EARLY LEARNING ONTARIO


## Statement of Financial Position

| December 31  | 2025<br>\$       | 2024<br>\$ |
|--|------------------|------------|
| <b>ASSETS</b>  |                  |            |
| Current assets   |                  |            |
| Cash   | 2,437,489        | 967,342    |
| Short-term investments (note 3)                                    | 2,759,941        | 2,613,815  |
| Accounts receivable (note 4)                                       | 145,824          | 175,542    |
| Prepaid expenses (note 8)  | 303,509          | 802,329    |
|  | <b>5,646,763</b> | 4,559,028  |
| Long-term assets   |                  |            |
| Long-term investments (note 3)                                     | 1,349,177        | 1,104,173  |
| Capital assets (note 5)  | 1,790,066        | 1,750,935  |
|  | <b>3,139,243</b> | 2,855,108  |
|  | <b>8,786,006</b> | 7,414,136  |
| <b>LIABILITIES</b>   |                  |            |
| Current liabilities  |                  |            |
| Accounts payable and accrued liabilities (note 6)                  | 1,271,326        | 759,899    |
| Amounts repayable to funders (note 7)                              | 125,552          | 92,504     |
| Customer deposits  | 303,109          | 316,570    |
|  | <b>1,699,987</b> | 1,168,973  |
| Long term liabilities  |                  |            |
| Deferred capital contributions (note 8)                            | 894,434          | 1,296,089  |
|  | <b>2,594,421</b> | 2,465,062  |
| <b>NET ASSETS</b>  |                  |            |
| Invested in tangible capital assets                                | 895,632          | 1,204,848  |
| Internally restricted for playground improvements(note 9)          | 1,170,000        | 750,000    |
| Internally restricted for renovation/capital(note 9)               | 2,900,000        | 1,700,000  |
| Internally restricted for risk management(note 9)                  | 600,000          | 600,000    |
| Internally restricted for flex care spaces(note 9)                 | 157,010          | 174,198    |
| Internally restricted for enrolment stabilization & growth(note 9) | 420,000          | 500,000    |
| Unrestricted   | 48,943           | 20,028     |
|  | <b>6,191,585</b> | 4,949,074  |
|  | <b>8,786,006</b> | 7,414,136  |

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

  
Robert MacDonald (Mar 20, 2026 10:22:11 EDT)  
 Robert MacDonald, Vice Chair

  
Yang Zhou (Mar 23, 2026 17:04:14 EDT)  
 Yang Zhou, Director

# RISINGOAKS EARLY LEARNING ONTARIO

## Statement of Operations

| Year ended December 31                                  | 2025<br>\$        | 2024<br>\$        |
|---|-------------------|-------------------|
| <b>Revenue</b>  |                   |                   |
| Child care services (note 10)                           | 5,064,503         | 5,448,524         |
| Canada-Wide Early Learning and Child Care Grant         | 11,560,350        | 5,409,306         |
| Provincial Child Care Wage Enhancement Grant            | 182,629           | 624,768           |
| Other grants (note 11)                                  | 594,682           | 2,534,306         |
| Purchase of service wage reimbursement                  | 138,471           | 99,370            |
| Fundraising   | 1,737             | 1,424             |
|   | <b>17,542,372</b> | <b>14,117,698</b> |
| <b>Expenses</b>   |                   |                   |
| Advertising and promotion                               | 37,986            | 19,834            |
| Bad debts (recovery)                                    | -                 | (478)             |
| Computer services                                       | 123,714           | 80,040            |
| Equipment leasing                                       | 6,679             | 9,735             |
| Fees and dues   | 43,052            | 37,747            |
| Food  | 466,066           | 426,950           |
| Insurance   | 64,481            | 59,485            |
| Interest and bank charges                               | 16,605            | 9,694             |
| Office and miscellaneous                                | 64,603            | 35,152            |
| Personal protective equipment                           | -                 | 6,366             |
| Professional fees                                       | 102,874           | 64,119            |
| Program supplies  | 365,699           | 128,708           |
| Program transportation and admission                    | 73,078            | 68,355            |
| Provincial child care wage enhancement                  | 572,261           | 624,778           |
| Rental  | 838,677           | 773,537           |
| Repairs and maintenance                                 | 238,702           | 203,830           |
| Security system   | 10,619            | 2,215             |
| Development and appreciation                            | 117,984           | 99,866            |
| Telephone   | 26,274            | 21,168            |
| Utilities   | 21,982            | 19,207            |
| Wages and benefits                                      | 12,858,115        | 10,984,868        |
|   | <b>16,049,451</b> | <b>13,675,176</b> |
| Excess of revenues over expenses before other items     | <b>1,492,921</b>  | 442,522           |
| <b>Other items</b>                                      |                   |                   |
| Interest income   | 130,490           | 155,300           |
| Insurance proceeds (note 15)                            | -                 | 162,929           |
| Capital assets written off (note 5)                     | (99)              | (5,395)           |
| Amortization of deferred capital contributions (note 8) | 187,892           | 204,956           |
| Amortization of tangible capital assets                 | (568,693)         | (534,362)         |
|   | <b>(250,410)</b>  | <b>(16,572)</b>   |
| Excess of revenues over expenses                        | <b>1,242,511</b>  | 425,950           |

The accompanying notes are an integral part of these financial statements

# RISINGOAKS EARLY LEARNING ONTARIO

## Statement of Changes in Net Assets

Year ended December 31, 2025

|  | Invested in<br>tangible<br>capital<br>assets<br>\$ | Internally<br>Restricted for<br>Playground<br>Improvements<br>\$ | Internally<br>Restricted<br>for<br>Renovation/<br>Capital<br>\$ | Internally<br>Restricted for<br>Risk<br>Management<br>\$ | Internally<br>Restricted for<br>Flex Care<br>Spaces<br>\$ | Internally<br>Restricted<br>Enrolment<br>Stabilization<br>& Growth<br>\$ | Unrestricted<br>\$ | 2025<br>Total<br>\$ | 2024<br>Total<br>\$ |
|--|--|--|---|--|---|--|--------------------|---------------------|---------------------|
| Balance beginning of the year                        | 1,204,848  | 750,000  | 1,700,000   | 600,000  | 174,198   | 500,000  | 20,028             | 4,949,074           | 4,523,124           |
| Excess (deficiency) of revenues over expenses        | (380,801)  | -  | -   | -  | -   | -  | 1,623,312          | 1,242,511           | 425,950             |
| Invested in tangible capital assets                  | 608,321  | -  | -   | -  | -   | -  | (608,321)          | -                   | -                   |
| Capital contributions paid for deposit in prior year | (750,000)  | -  | -   | -  | -   | -  | 750,000            | -                   | -                   |
| Prior year capital contributions spent on supplies   | 213,763  | -  | -   | -  | -   | -  | (213,763)          | -                   | -                   |
| Net book value of capital assets disposed            | (499)  | -  | -   | -  | -   | -  | 499                | -                   | -                   |
| Transfer to restricted funds (note10)                | -  | 630,209  | 1,200,000   | -  | -   | -  | (1,830,209)        | -                   | -                   |
| Transfer from restricted funds (note10)              | -  | (210,209)  | -   | -  | (17,188)  | (80,000)   | 307,397            | -                   | -                   |
| Balance, end of the year                             | 895,632  | 1,170,000  | 2,900,000   | 600,000  | 157,010   | 420,000  | 48,943             | 6,191,585           | 4,949,074           |

# RISINGOAKS EARLY LEARNING ONTARIO

## Statement of Cash Flows

| Year ended December 31                                    | 2025<br>\$       | 2024<br>\$ |
|---|------------------|------------|
| Cash flows from operating activities                      |                  |            |
| Excess of revenue over expenses                           | 1,242,511        | 425,950    |
| Adjustments for non-cash items                            |                  |            |
| Amortization of tangible capital assets                   | 568,693          | 534,362    |
| Amortization of deferred capital contributions            | (187,892)        | (204,956)  |
| Capital of assets written off                             | 99               | 5,395      |
|   | <b>1,623,411</b> | 760,751    |
| Change in non-cash working capital items                  |                  |            |
| Accounts receivable                                       | 29,718           | (17,122)   |
| Prepaid expenses  | 498,820          | (741,572)  |
| Accounts payable and accrued liabilities                  | 511,425          | 34,603     |
| Amounts repayable to funders                              | 33,048           | (223,138)  |
| Customer deposits   | (13,461)         | (19,437)   |
| Deferred revenue  | -                | (381,287)  |
| Deferred capital contribution spent on operating expenses | (213,763)        | -          |
|   | <b>2,469,198</b> | (587,202)  |
| Cash flows from investing activities                      |                  |            |
| Purchase of tangible capital assets                       | (608,321)        | (410,792)  |
| Proceeds on redemption of investments                     | 758,870          | 1,094,287  |
| Purchase of investments                                   | (1,150,000)      | (775,000)  |
| Disposal of capital assets                                | 400              | -          |
|   | <b>(999,051)</b> | (91,505)   |
| Cash flows from financing activities                      |                  |            |
| Capital contributions received                            | -                | 752,775    |
|   | -                | 752,775    |
| Net change in cash  | 1,470,147        | 74,068     |
| Cash, beginning of year                                   | 967,342          | 893,274    |
| Cash, end of year   | <b>2,437,489</b> | 967,342    |
| Supplementary disclosure:                                 |                  |            |
| Interest received during the year                         | 129,605          | 104,442    |

The accompanying notes are an integral part of these financial statements

# RISINGOAKS EARLY LEARNING ONTARIO

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## Notes to Financial Statements

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December 31, 2025

### **Nature of operations**

RisingOaks Early Learning Ontario (the "Organization") provides members and families with quality, supervised child care services at various locations in the Waterloo Region of Ontario.

The organization is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. It is also a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from corporate income taxes.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(a) Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Child care services revenue is comprised of the fees charged to the service recipients and the fee subsidies provided by the Region of Waterloo, and is recognized when the child care services are rendered, the amount can be measured and collection is reasonably assured. Fees charged to the service recipients and subsidies from the Region of Waterloo are collected semi-monthly within the month of services rendered. Amounts collected in advance are recorded as deferred revenue until the child care service is rendered.

Interest income is recognized as earned. Revenue from fundraising events is recognized in the period in which the event takes place.

#### **(b) Financial instruments**

##### *Measurement*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments in securities traded at public markets or quoted market prices are readily available. Such investments are measured at fair value.

Financial assets measured at fair value include money held in high interest savings fund. Fair value is determined based on the total units held as at the close of business at the year end date.

# RISINGOAKS EARLY LEARNING ONTARIO

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## Notes to Financial Statements (continued)

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December 31, 2025

### 1. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### *Measurement (continued)*

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets and liabilities measured at amortized cost include cash, interest-bearing deposits, investments in guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities, amounts repayable to funders and customer deposits.

##### *Impairment*

At the end of each year, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 1. Significant accounting policies (continued)

#### (c) Investments

Investments consist of funds held in highly liquid financial instruments including interest-bearing deposits at financial institutions and high interest savings fund, which management has no intention to dispose of or withdraw from within three months as at the reporting date, and funds held in the guaranteed investment certificates (GICs). Investments in interest-bearing deposits, high interest savings fund and GICs with maturity dates within one year from the year end date are classified as short-term investments. Investments in GICs with maturity dates one year or greater from the year end date are classified as long-term investments.

#### (d) Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

|                        |  |
|------------------------|--|
| Computer equipment     | 3 years                                      |
| Furniture and fixtures | 5 years                                      |
| Leasehold improvements | 10 years or term of lease, whichever is less |

The above rates are reviewed annually to assess ongoing appropriateness. Any changes are adjusted on a prospective basis. If there is an indication that the assets may be impaired, for instance, a tangible capital asset no longer contributes to the Organization's ability to provide services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, an impairment test is performed that compares carrying amount to net recoverable amount. The excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. There were no impairment indicators in 2024 or 2023.

#### (e) Customer deposits

Customer deposits are collected when a child is registered and recognized as a liability on the statement of financial position. They are derecognized when the child care services are terminated and amounts are refunded or recognized in child care services revenue if the deposits are applied to the invoice billed for the child's last month of care.

#### (f) Deferred capital contributions

Externally restricted contributions for the purchase of capital assets that will be depreciated or amortized are deferred and amortized into revenue over the life of the related capital assets. Externally restricted capital contributions that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 1. Significant accounting policies (continued)

#### (g) Deferred revenue

Deferred revenue consists of funds received for programs that will commence subsequent to or extend beyond the year end. Revenue is recognized when the related expenses are incurred.

#### (h) Management estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, the impact of which would be recorded in future affected periods. Significant estimates were used in the valuation of the estimated useful lives of tangible capital assets.

#### (i) Contributed goods and services

Donated goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be reasonably determined.

Volunteers contribute significant amount of time to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### 2. Financial instrument risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure of the Organization to credit risk as at the year end is as follows:

|                     | 2025             | 2024      |
|---------------------|------------------|-----------|
|                     | \$               | \$        |
| Cash                | 2,437,489        | 967,342   |
| Investments         | 4,109,118        | 3,717,988 |
| Accounts receivable | 145,824          | 175,542   |
|                     | <b>6,692,431</b> | 4,860,872 |

The Organization reduces its exposure to the credit risk of cash and investment by maintaining balances with reputable financial institutions with high quality credit ratings. The Organization is not exposed to significant credit risk in respect of accounts receivable as accounts receivable are primarily funding receivable and HST rebate and collection is reasonably assured. Details of accounts receivable are disclosed in note 4.

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 2. Financial instrument risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The maximum exposure of the Organization to liquid risk as at the year end is as follows:

|  | 2025             | 2024             |
|--|------------------|------------------|
|  | \$               | \$               |
| Accounts payable and accrued liabilities | 1,271,326        | 759,899          |
| Amounts refundable to funders            | 125,552          | 92,504           |
| Customer deposits                        | 303,109          | 316,570          |
|  | <u>1,699,987</u> | <u>1,168,973</u> |

The Organization is not exposed to significant liquidity risk as it has adequate liquid assets on hand to meet these obligations as they come due.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

##### i) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The Organization is not exposed to foreign currency risk.

##### ii) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk directly with respect to interest-bearing deposits and investments in GIC, and indirectly with respect to money held in high interest savings fund. Details of interest bearing financial instruments are disclosed in note 3.

##### iii) Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to significant other price risk. Details of money held in high interest savings fund, which is subject to other price risk, are disclosed note 3.

#### Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Organization from that of the prior year.

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 3. Investments

|                                   |                         |                         |
|-----------------------------------|-------------------------|-------------------------|
| Short-term investments            |                         |                         |
| Interest-bearing deposits         | 1,057,581               | 1,039,441               |
| High interest savings fund        | 689,253                 | 447,638                 |
| GICs maturing within one year     | <u>1,013,107</u>        | <u>1,126,736</u>        |
|                                   | <b>2,759,941</b>        | <b>2,613,815</b>        |
| Long-term investments             |                         |                         |
| GICs maturing one year or greater | <u>1,349,177</u>        | <u>1,104,173</u>        |
|                                   | <b><u>4,109,118</u></b> | <b><u>3,717,988</u></b> |

The interest-bearing deposit account has an annual average interest at 1.70% (2024 - 2.50%). The high interest savings fund has a rate of return of 2.73% (2024 - 4.48%). The price of the fund is \$1 (2024 - \$1) per unit.

GICs classified as short-term investments have maturity dates between May 19, 2026 and December 29, 2026 (2024 - May 2, 2025 and December 23, 2025) at annual interest rates ranging from 2.85% to 4.99% (2024 - from 3.71% to 5.10%).

GICs classified as long-term investments have maturity dates between May 29, 2027 and Dec 29, 2028 (2024 - May 19, 2026 and May 31, 2027) at annual interest rates ranging from 3.00% to 4.73% (2024 - from 3.95% to 4.99%).

GICs included in the short-term investments in a total of \$90,000 (2024 - \$30,000) are pledged as a security for a corporate credit card facility with a bank. Refer to note 13 for further details.

### 4. Accounts receivable

|                     | 2025                  | 2024                  |
|---------------------|-----------------------|-----------------------|
|                     | \$                    | \$                    |
| Accounts receivable | 49,115                | 44,082                |
| HST recoverable     | <u>96,708</u>         | <u>131,460</u>        |
|                     | <b><u>145,823</u></b> | <b><u>175,542</u></b> |

### 5. Capital assets

|                        | 2025                    |                             |                         |
|------------------------|-------------------------|-----------------------------|-------------------------|
|                        | Cost                    | Accumulated<br>Amortization | Net Book<br>Value       |
|                        | \$                      | \$                          | \$                      |
| Furniture and fixtures | 3,920,283               | 2,270,078                   | 1,650,205               |
| Computer equipment     | 91,627                  | 69,650                      | 21,977                  |
| Leasehold improvements | <u>287,760</u>          | <u>169,876</u>              | <u>117,884</u>          |
|                        | <b><u>4,299,670</u></b> | <b><u>2,509,604</u></b>     | <b><u>1,790,066</u></b> |

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 5. Capital assets (continued)

|                        | <b>2024</b>      |                                     |                           |
|------------------------|------------------|-------------------------------------|---------------------------|
|                        | <b>Cost</b>      | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
|                        | \$               | \$                                  | \$                        |
| Furniture and fixtures | 3,337,314        | 1,742,238                           | 1,595,076                 |
| Computer equipment     | 72,210           | 65,020                              | 7,190                     |
| Leasehold improvements | 287,760          | 139,091                             | 148,669                   |
|                        | <b>3,697,284</b> | <b>1,946,349</b>                    | <b>1,750,935</b>          |

During the year, the Organization disposed of fully amortized and damaged capital assets including furniture and fixtures at a total cost of \$1,425 with net book value of \$499 and computer equipment at a total cost of \$4,512 with net book value of \$nil and recognized a loss of \$99.

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$259,063 (2024 - \$32,043).

### 7. Amounts repayable to funders

Amounts repayable to funders consist of unspent funding refundable to the Region of Waterloo in a total of \$125,552 (2024 - 92,504).

### 8. Deferred capital contributions

|  | <b>2025</b>      | <b>2024</b> |
|--|------------------|-------------|
|  | \$               | \$          |
| Beginning balance                            | <b>1,296,089</b> | 748,270     |
| Add: capital contributions received          | -                | 752,775     |
| Less: amounts amortized                      | <b>(187,892)</b> | (204,956)   |
| Less: amounts spent on non-capitalized items | <b>(213,763)</b> |             |
|  | <b>894,434</b>   | 1,296,089   |

In the prior year, the Organization received a total of \$750,000 one-time funding from the Region of Waterloo for the construction and purchase of equipment & furnitures for new sites. The amount was recorded in prepaid as deposit for the construction starting in 2025.

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 9. Internally restricted net assets

The Board of Directors has internally restricted net assets to be used for specific purposes. These funds are not available for use without approval of the Board of Directors. The details of internally restricted net assets are as follows:

The Playground Improvements Fund was established to dedicate funds for playground improvements at existing centres. During the year, \$210,209 (2024 - \$301,063) was transferred from this fund to the unrestricted fund in recognition of eligible expense and \$630,209 (2024 - \$nil) was transferred from the unrestricted fund to this fund.

The Renovation/Capital Fund was established to meet future technology, capital or renovation needs, including startup costs for a new centre, replacement of a playground, planned major repairs and renovations, or major computer and software upgrades. During the year, the target for this fund was increased in light of future expansion projects to increase access to licensed child care. As a result, \$1,200,000 (2024 - \$1,000,000) was transferred from the unrestricted fund to this fund.

The Risk Management Reserve Fund was established to mitigate the risk of a short-term loss of revenue or significant unanticipated expenditures.

The Flex Care Spaces Fund was established to meet the needs of the community and continue to offer flexible child care on a varying schedule to eligible families. During the year, \$17,188 (2024 - \$25,993) was transferred from this fund to the unrestricted fund in recognition of eligible expense in 2025.

The Enrolment Stabilization & Growth Fund was created by the Board of Directors to off-set revenue losses due to changing enrolment trends and to support one-time expenses related to expansion and enrolment growth. During the year, the target for this fund was reduced resulting in \$80,000 (2024 - \$308,500) that was transferred from this fund to the unrestricted fund.

### 10. Child care services

|                                       | <b>2025</b>      | <b>2024</b> |
|---------------------------------------|------------------|-------------|
|                                       | <b>\$</b>        | <b>\$</b>   |
| Child care fees charged to recipients | <b>4,554,751</b> | 4,670,842   |
| Fee subsidy from Region Waterloo      | <b>509,752</b>   | 777,682     |
|                                       | <b>5,064,503</b> | 5,448,524   |

# RISINGOAKS EARLY LEARNING ONTARIO

## Notes to Financial Statements (continued)

December 31, 2025

### 11. Other grants

|   | 2025<br>\$     | 2024<br>\$       |
|---|----------------|------------------|
| Region of Waterloo base operating grant           | 241,473        | 1,657,380        |
| Region of Waterloo pay equity funding             | 9,617          | 60,152           |
| Region of Waterloo one-time funding               | 220,065        | 220,349          |
| Region of Waterloo workforce compensation funding | 72,458         | 544,218          |
| Other grants                                      | 51,069         | 52,207           |
|   | <u>594,682</u> | <u>2,534,306</u> |

### 12. Commitments

The Organization leases certain operating premises. The minimum annual lease payments over the remaining lease terms are as follows:

|      | \$               |
|------|------------------|
| 2026 | 740,312          |
| 2027 | 547,570          |
| 2028 | 142,882          |
| 2029 | 54,175           |
|      | <u>1,484,939</u> |

The Organization has signed a premise lease agreement with the Waterloo Region District School Board effective September 1, 2022, which has an initial term of 20 years ending August 31, 2042 and a renewal term of 10 years ending August 31, 2052. The annual lease payment is variable. The Organization paid \$86,219 for 2024 (2024 - \$87,640).

During the year, the Organization signed a lease extension agreement with 1011202 Ontario Limited, extending the lease of the head office until December 31, 2028.

The Organization signed a new lease agreement with Lincoln Road Chapel effective January 1, 2025, which has an initial term of 5 years ending December 31, 2029.

# RISINGOAKS EARLY LEARNING ONTARIO

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## Notes to Financial Statements (continued)

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December 31, 2025

### 13. **Corporate credit card facilities**

The Organization has two corporate credit card facilities. The Board of Directors has set the corporate credit limit at \$125,000 (2024 - \$85,000), split between the two corporate credit card facilities. BMO Corporate MasterCard facility is authorized to a maximum of \$35,000 (2024 - \$25,000). VISA Business Card facility with Royal Bank of Canada is authorized to a maximum of \$90,000 (2024 - \$60,000) and is secured by GICs held at Royal Bank of Canada. Refer to note 4 for further details.

As at the year end, the unutilized portion was \$35,000 (2024 - \$13,000) on the BMO Corporate MasterCard facility and \$75,000 (2024 - \$54,000) on the VISA Business Card facility.

### 14. **Insurance proceeds**

In the prior year, the Company had an incident. Part of the premise and some furniture and fixtures were damaged due to flood. The Organization was reimbursed by the insurer totaling \$162,929 of which, \$152,684 was spent on capital assets replacement with the remainder balance spent on repair and maintenance.

# HILBORN

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