

RISINGOAKS EARLY LEARNING ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2023

HILBORNLLP

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, 2023, 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, 2023, 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.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 17, 2023.

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 5, 2024

Chartered Professional Accountants
Licensed Public Accountants

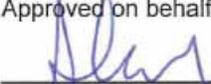
RISINGOAKS EARLY LEARNING ONTARIO

Statement of Financial Position

December 31	2023 \$	2022 \$
		note 15
ASSETS		
Current assets		
Cash	893,274	1,268,107
Short-term investments (note 3)	2,633,168	2,416,758
Accounts receivable (note 4)	158,420	256,688
Prepaid expenses	60,757	69,391
	3,745,619	4,010,944
Long-term assets		
Long-term investments (note 3)	1,404,107	1,140,237
Capital assets (note 5)	1,879,900	1,278,824
	3,284,007	2,419,061
	7,029,626	6,430,005
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	749,890	628,310
Amounts repayable to funders (note 7)	291,048	154,587
Customer deposits	336,007	384,714
Deferred revenue (note 8)	381,287	419,514
	1,758,232	1,587,125
Long term liabilities		
Deferred capital contributions (note 9)	748,270	630,640
	2,506,502	2,217,765
NET ASSETS		
Invested in tangible capital assets	1,131,632	648,185
Internally restricted for playground improvements(note 10)	1,051,063	1,110,000
Internally restricted for renovation/capital(note 10)	700,000	700,000
Internally restricted for risk management(note 10)	600,000	600,000
Internally restricted for flex care spaces(note 10)	200,191	235,000
Internally restricted for enrolment stabilization & growth(note 10)	808,500	-
Internally restricted for pandemic recovery(note 10)	-	808,500
Unrestricted	31,738	110,555
	4,523,124	4,212,240
	7,029,626	6,430,005

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:


Alisha Michiels, Chair


Jennifer Tjeu, Treasurer

RISINGOAKS EARLY LEARNING ONTARIO

Statement of Operations

Year ended December 31	2023 \$	2022 \$
Revenue		
Child care services (note 11)	9,706,212	8,525,673
Provincial Child Care Wage Enhancement Grant	554,178	483,918
Other grants (note 12)	2,699,576	1,966,490
Purchase of service wage reimbursement	39,916	78,134
Interest income	142,329	51,002
Fundraising	11,863	8,446
Amortization of deferred capital contributions (note 9)	196,458	135,400
	13,350,532	11,249,063
Expenses		
Advertising and promotion	37,631	60,427
Amortization of tangible capital assets	395,545	282,241
Bad debts (recovery)	580	-
Computer services	62,976	60,720
Equipment leasing	10,220	8,751
Fees and dues	35,623	30,771
Food	396,578	336,832
Insurance	55,926	51,008
Interest and bank charges	9,881	15,317
Office and miscellaneous	28,536	46,774
Personal protective equipment	9,048	17,890
Professional fees	286,447	133,267
Program supplies	206,629	355,293
Program transportation and admission	69,941	59,599
Provincial child care wage enhancement	554,178	483,918
Rental	735,432	700,359
Repairs and maintenance	187,749	138,106
Security system	(3,585)	2,364
Staff development	69,992	112,518
Telephone	20,824	24,532
Utilities	20,047	21,608
Wages and benefits	9,849,450	8,098,496
	13,039,648	11,040,791
Excess of revenues over expenses before other items	310,884	208,272
Other items		
Canada emergency wage subsidy	-	19,534
	-	19,534
Excess of revenues over expenses	310,884	227,806

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, 2023

	Invested in tangible capital assets \$	Internally Restricted for Playground Improvements \$	Internally Restricted for Renovation/ Capital \$	Internally Restricted for Risk Management \$	Internally Restricted for Flex Care Spaces \$	Internally Restricted Enrolment Stabilization & Growth \$	Internally Restricted for Pandemic Recovery \$	Unrestricted \$	2023 Total \$	2022 Total \$
Balance beginning of the year	648,185	1,110,000	700,000	600,000	235,000	-	808,500	110,555	4,212,240	3,984,434
Excess (deficiency) of revenues over expenses	(199,087)	-	-	-	-	-	-	509,971	310,884	227,806
Invested in tangible capital assets	996,622	(508,937)	-	-	-	-	-	(487,685)	-	-
Capital contributions received (net of refund)	(314,088)	-	-	-	-	-	-	314,088	-	-
Transfers (note10)	-	450,000	-	-	(34,809)	808,500	(808,500)	(415,191)	-	-
Balance, end of the year	1,131,632	1,051,063	700,000	600,000	200,191	808,500	-	31,738	4,523,124	4,212,240

RISINGOAKS EARLY LEARNING ONTARIO

Statement of Cash Flows

Year ended December 31	2023 \$	2022 \$
		note 15
Cash flows from operating activities		
Excess of revenue over expenses	310,884	227,806
Adjustments for non-cash items		
Amortization of tangible capital assets	395,545	282,241
Amortization of deferred capital contributions	(196,458)	(135,400)
	509,971	374,647
Change in non-cash working capital items		
Accounts receivable	98,268	(16,591)
Prepaid expenses	8,634	(21,471)
Accounts payable and accrued liabilities	121,580	4,512
Amounts repayable to funders	136,461	-
Customer deposits	(48,707)	70,209
Deferred revenue	(38,227)	408,905
	787,980	820,211
Cash flows from investing activities		
Purchase of tangible capital assets	(996,622)	(815,138)
Proceeds on redemption of investments	705,638	804,014
Purchase of investments	(1,185,917)	(1,400,000)
	(1,476,901)	(1,411,124)
Cash flows from financing activities		
Capital contributions received	434,406	539,724
Unspent capital contributions refunded	(120,318)	-
	314,088	539,724
Net change in cash	(374,833)	(51,189)
Cash, beginning of year	1,268,107	1,319,296
Cash, end of year	893,274	1,268,107
Supplementary disclosure:		
Interest received during the year	118,308	29,083

The accompanying notes are an integral part of these financial statements

RISINGOAKS EARLY LEARNING ONTARIO

Notes to Financial Statements

December 31, 2023

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, the fee replacement funding provided by the Region of Waterloo under the Canada-Wide Early Learning and Child Care (CWELCC) program 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. Fee replacement funding is collected monthly and one month in advance. 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

Notes to Financial Statements (continued)

December 31, 2023

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, 2023

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 2023 or 2022.

(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, 2023

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:

	2023	2022
	\$	\$
Cash	893,274	1,268,107
Investments	4,037,275	3,556,995
Accounts receivable	158,420	256,688
	5,088,969	5,081,790

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, 2023

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:

	2023	2022
	\$	\$
Accounts payable and accrued liabilities	749,890	628,310
Amounts refundable to funders	291,048	154,587
Customer deposits	336,007	384,714
	<u>1,376,945</u>	<u>1,167,611</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, 2023

3. Investments

Short-term investments		
Interest-bearing deposits	1,253,387	1,215,301
High interest savings fund	428,074	409,776
GICs maturing within one year	951,707	791,681
	2,633,168	2,416,758
Long-term investments		
GICs maturing one year or greater	1,404,107	1,140,237
	4,037,275	3,556,995

The interest-bearing deposit account has an annual average interest at 2.50% (2022 - 2.00%). The high interest savings fund has a rate of return of 4.38% (2022 - 2.73%). The price of the fund is \$1 (2022 - \$1) per unit.

GICs classified as short-term investments have maturity dates between May 2, 2024 and December 23, 2024 (2022 - between May 2, 2023 and December 27, 2023) at annual interest rates ranging from 1.11% to 4.82% (2022 - from 0.15% to 5.00%).

GICs classified as long-term investments have maturity dates between May 20, 2025 and May 19, 2026 (2022 - between May 2, 2024 and December 23, 2025) at annual interest rates ranging from 3.71% to 4.65% (2022 - from 1.11% to 4.60%).

GICs included in the short-term investments in a total of \$60,917 (2022 - \$60,000) are pledged as a security for a corporate credit card facility with a bank.

4. Accounts receivable

	2023	2022
	\$	\$
Accounts receivable	26,845	123,647
HST recoverable	131,575	133,041
	158,420	256,688

5. Capital assets

	2023		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Furniture and fixtures	3,092,190	1,245,946	1,846,244
Computer equipment	69,352	50,192	19,160
Leasehold improvements	175,473	160,977	14,496
	3,337,015	1,457,115	1,879,900

RISINGOAKS EARLY LEARNING ONTARIO

Notes to Financial Statements (continued)

December 31, 2023

5. Capital assets (continued)

	2022		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Furniture and fixtures	2,288,318	1,067,654	1,220,664
Computer equipment	80,325	46,336	33,989
Leasehold improvements	175,473	151,302	24,171
	2,544,116	1,265,292	1,278,824

During the year, furniture and fixtures at a total cost of \$146,093 were purchased but not put into use as at the year end, and, therefore, not subject to amortization.

During the year, the Organization wrote off the fully amortized capital assets including furniture and fixtures at a total cost of \$193,103 and computer equipment at a total cost of \$10,972.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$143,183 (2022 - \$98,629).

7. Amounts repayable to funders

Amounts repayable to funders consist of unspent funding refundable to the Region of Waterloo in a total of \$291,048, of which \$177,449 (2022 - \$65,586) is related to the Provincial Child Care Wage Enhancement grant, \$89,001 (2022 - \$89,001) is related to the General Operating Wage grant and \$24,598 (2022 - Nil) is related to the Canada-Wide Early Learning and Child Care Fee Reduction grant.

8. Deferred revenue

	2023	2022
	\$	\$
Canada-Wide Early Learning and Child Care	381,287	405,885
Ontario Trillium Foundation	-	13,629
	381,287	419,514

Fee replacement funding from the Region of Waterloo under the Canada-Wide Early Learning and Child Care program is received on a monthly basis and one month in advance. The amount deferred at the year end represents the funding for the month of January of the following fiscal year.

The grant from Ontario Trillium Foundation was received in the prior year and fully spent during the year.

RISINGOAKS EARLY LEARNING ONTARIO

Notes to Financial Statements (continued)

December 31, 2023

9. Deferred capital contributions

	2023 \$	2022 \$
Beginning balance	630,640	226,316
Add: capital contributions received	434,406	539,724
Less: amounts amortized	(196,458)	(135,400)
Less: unspent contributions refunded	(120,318)	
	<u>748,270</u>	<u>630,640</u>

During the year, the Organization received \$787,457 one-time funding from the Region of Waterloo for the Continuous Quality Improvement, Repair and Maintenance, Playground Improvement, and Child Care Accessibility grant. \$434,406 was recorded as capital contributions and \$353,051 was recognized as other grant revenue (note 12). In the prior year, the Organization received \$694,868 from Region of Waterloo and \$110,000 from the Waterloo Region District School Board for various programs. \$539,724 was recorded as capital contribution and \$265,144 was recognized as other grant revenue (note 12).

10. 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 unrestricted purposes 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, \$450,000 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.

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, \$34,809 was transferred from this fund to the unrestricted fund.

The Pandemic Recovery Fund was established in 2020 to meet the ongoing needs and response in relation to the COVID-19 pandemic. During the year, the Board of Directors closed this fund, transferring any remaining funds to the Enrolment Stabilization & Growth Fund.

The Enrolment Stabilization & Growth Fund was created by the Board of Directors in the current year to off-set revenue losses due to changing enrolment trends and to support one-time expenses related to expansion and enrolment growth. \$808,500 was transferred into this fund from the now closed Pandemic Recovery Fund.

RISINGOAKS EARLY LEARNING ONTARIO

Notes to Financial Statements (continued)

December 31, 2023

11. Child care services

	2023 \$	2022 \$
Child care fees charged to recipients	4,320,883	5,699,449
Canada-Wide Early Learning and Child Care - fee replacement funding	4,575,449	1,996,947
Fee subsidy from Region Waterloo	809,880	829,277
	<u>9,706,212</u>	<u>8,525,673</u>

12. Other grants

	2023 \$	2022 \$
Region of Waterloo base operating grant	1,689,476	1,103,215
Region of Waterloo pay equity funding	60,152	60,152
Region of Waterloo one-time funding	468,918	468,740
Region of Waterloo workforce compensation funding	273,397	
Region of Waterloo stabilization funding		158,550
Region of Waterloo CQI funding	75,205	
Ontario Trillium Foundation	88,629	86,980
WRDSB First Time Equipping (Oak Creek)		88,853
Other grants	43,799	
	<u>2,699,576</u>	<u>1,966,490</u>

During the year, the Organization received \$4,848,846 from the Region of Waterloo under the Canada-Wide Early Learning and Child Care program, of which \$4,575,449 was for fee replacement funding and recognized as child care services revenue (note 12) and \$273,397 was for workforce compensation funding and recognized as other grant revenue.

13. Commitments

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

	\$
2024	596,712
2025	589,014
2026	523,659
2027	340,988
	<u>2,050,373</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 \$68,483 for 2023 and \$28,117 for the period from September 1, 2022 to December 31, 2022.

RISINGOAKS EARLY LEARNING ONTARIO

Notes to Financial Statements (continued)

December 31, 2023

14. **Corporate credit card facilities**

The Organization has two corporate credit card facilities. The Board of Directors has set the corporate credit limit at \$85,000, split between the two corporate credit card facilities. BMO Corporate MasterCard facility is authorized to a maximum of \$25,000. VISA Business Card facility with Royal Bank of Canada is authorized to a maximum of \$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 \$14,000 (2022 - \$35,000) on the BMO Corporate MasterCard facility and \$34,000 (2022 - \$49,000) on the VISA Business Card facility.

15. **Comparative figures**

Certain comparative figures in the statements of financial position and cash flows are reclassified in conformity with the presentation adopted in the current year.

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