SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2024

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

INDEX TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2024

Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Sunrise Therapeutic Riding & Learning Centre

Qualified Opinion

We have audited the accompanying non-consolidated financial statements of Sunrise Therapeutic Riding & Learning Centre, which comprise the non-consolidated statement of financial position as at October 31, 2024 and the non-consolidated statements of revenue and expenditures and changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Sunrise Therapeutic Riding & Learning Centre as at October 31, 2024 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives some of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended October 31, 2024 and 2023, current assets as at October 31, 2024 and 2023, and net assets as at November 1 and October 31 for both the 2024 and 2023 years. Our audit opinion on the non-consolidated financial statements for the year ended October 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Non-consolidated Financial Statements section of our report. We are independent of Sunrise Therapeutic Riding & Learning Centre in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 these non-consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the non-consolidated 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 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 organization's internal control.

- 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 organization's ability 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

RLB LLP

Guelph, Ontario
March 17, 2025

Chartered Professional Accountants
Licensed Public Accountants

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT OCTOBER 31, 2024

	2024	2023 (note 11)
ASSETS		
CURRENT		
Cash	$ 245,412	$ 134,799
Short term investments (note 4)	227,586	0
Government remittances recoverable	12,199	12,262
Inventories	8,480	8,960
Prepaid expenses	9,626	0
	503,303	156,021
INVESTMENT (note 5)	602,760	416,280
TANGIBLE CAPITAL ASSETS (note 6)	584,243	599,486
HORSE HERD (note 7)	18,294	20,750
	$ 1,708,600	$ 1,192,537
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 63,665	$ 46,162
Deferred revenue	28,298	34,896
Current portion of long term debt (note 8)	158,539	40,000
	250,502	121,058
LONG TERM DEBT (note 8)	0	149,567
DEFERRED CAPITAL CONTRIBUTIONS (note 9)	715,813	364,109
	966,315	634,734
NET ASSETS		
UNRESTRICTED NET ASSETS	742,285	557,803
	$ 1,708,600	$ 1,192,537

APPROVED ON BEHALF OF THE BOARD:

D. A. Kemp Director

Susan Fielding Director

See notes to the non-consolidated financial statements

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

NON-CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED OCTOBER 31, 2024

	2024	2023 (note 11)
REVENUE		
Donations	$ 398,263	$ 286,182
Fundraising	197,475	114,780
Lessons, scholarships, and membership fees	166,575	123,824
Camp fees	162,929	117,744
Grants and foundations (note 10)	87,281	86,486
Rental and other	44,837	23,945
	1,057,360	752,961
EXPENDITURES		
Wages and benefits	574,272	496,972
Farm	90,614	64,372
Fundraising	45,899	48,428
Office	33,122	22,514
Professional fees	26,110	24,677
Utilities	21,276	25,565
Equipment lease, repairs, and maintenance	11,947	10,713
Telephone and communications	9,569	9,228
Interest on long term debt	9,280	5,567
Property taxes	7,217	6,959
Credit card merchant charge	6,253	5,025
Insurance	5,765	18,973
Advertising and public relations	5,490	12,749
Interest and finance charges	2,011	2,951
Education	909	1,996
Vehicle and travel	337	560
Raw Carrot expense	0	5,000
	850,071	762,249
SURPLUS (DEFICIT) BEFORE OTHER EXPENDITURES	207,289	(9,288)
OTHER EXPENDITURES		
Recognition of deferred capital contributions (note 9)	25,960	19,946
Horse herd amortization (note 11)	(2,456)	(2,457)
Amortization	(46,311)	(54,965)
	(22,807)	(37,476)
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES for the year	184,482	(46,764)
NET ASSETS, beginning of year	557,803	604,567
NET ASSETS, end of year	$ 742,285	$ 557,803

See notes to the non-consolidated financial statements

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2024

	2024	2023 (note 11)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenditures for the year	$ 184,482	$ (46,764)
Items not requiring an outlay of cash		
Amortization	46,311	54,965
Horse herd amortization	2,456	2,457
Interest accrual	(7,586)	0
Donation of FOSL shares	(181,480)	(110,880)
Recognition of deferred capital contributions	(25,960)	(19,946)
	18,223	(120,168)
Changes in non-cash working capital		
Government remittances recoverable	63	6,368
Prepaid expenses	(9,626)	0
Inventories	480	(1,200)
Accounts payable and accrued liabilities	17,503	(4,194)
Deferred revenue	(6,598)	34,896
	20,045	(84,298)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Deferred capital contributions received	377,664	66,168
(Repayment of) proceeds from long term debt	(31,028)	149,567
Purchase of FOSL shares	(5,000)	0
Purchase of investments	(220,000)	0
	121,636	215,735
CASH USED IN INVESTING ACTIVITIES		
Additions to tangible capital assets	(2,926)	(43,845)
Additions to development costs	(28,142)	(144,000)
	(31,068)	(187,845)
NET INCREASE (DECREASE) IN CASH	110,613	(56,408)
NET CASH, BEGINNING OF YEAR	134,799	191,207
NET CASH, END OF YEAR	$ 245,412	$ 134,799

See notes to the non-consolidated financial statements

1. NATURE OF OPERATIONS

Sunrise Therapeutic Riding & Learning Centre is a not-for-profit organization incorporated under the laws of Ontario and now governed by the Ontario Not-For-Profit Corporations Act without share capital and is a registered charity under the Income Tax Act. Sunrise Therapeutic Riding & Learning Centre is exempt from income tax. Its purpose is to develop the full potential of children and adults with special needs through therapy, education, horse riding, recreation and life skills programs, and farm-related and social activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated 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, which include donations, and grants, and foundations revenue. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising, lessons, scholarships and membership fees, camp fees and rental, and other income are recognized in the year to which they relate.

(b) INVENTORIES

Inventories consisting of hay bales to be distributed at no charge or for a nominal charge are measured at the lower of cost and net realizable value with cost being determined on a first-in first-out (FIFO) basis. The cost of inventory recognized as an expense during the year was $13,920 (2023 - $18,360).

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Computer equipment	- 45 % declining balance basis
Drainage	- 20 years straight line basis
Equipment and tack	- 20 % declining balance basis
Furniture and fixtures	- 20 % declining balance basis
Leasehold improvements	- 10 years straight line basis
Playground equipment	- 10 years straight line basis
Pool	- 20 % declining balance basis
Septic system	- 20 % declining balance basis
Sign	- 20 % declining balance basis
Sound system	- 20 % declining balance basis
Wagon	- 20 % declining balance basis
Water system	- 4 % declining balance basis

Amortization is recorded at 50% of the above rates in the year of addition.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) HORSE HERD

The horse herd is recorded at cost (or fair value at time of acquisition, if donated) and amortized on the basis of their estimated productive age range of 5 to 27 years.

(e) USE OF ESTIMATES

The preparation of non-consolidated financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include amortization of the horse herd, amortization of tangible capital assets, and accrued liabilities. Actual results could differ from those estimates.

(f) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and liabilities at fair value, except for a related party transaction, which is recorded at cost and measured using the carrying amount or exchange amount depending on the circumstances.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Cost in a related party transaction with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor.

Impairment
At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

Transaction costs
Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the organization and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the non-consolidated financial statements.

Contributed materials used in the normal course of operations are recognized in the non-consolidated financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

During the year, the organization received the gifts-in-kind totaling $195,166 (2023 - $133,896). Contributions in the year consist of donations of shares and other supplies that would otherwise have been purchased.

(h) INVESTMENT IN SUBSIDIARY

The organization issues only non-consolidated financial statements and accounts for its investment in the subsidiary using the equity method.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2024 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk, and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk as a result of the floating interest rate on the long term debt.

4. SHORT TERM INVESTMENTS

Short term investments consist of:

	2024	2023
Scotiabank, GIC, 4.25% interest, maturing January 13, 2025	$ 25,853	$ 0
Scotiabank, GIC, 4.25% interest, maturing January 13, 2025	25,853	0
Scotiabank, GIC, 4.25% interest, maturing January 13, 2025	25,853	0
Scotiabank, GIC, 4.25% interest, maturing January 13, 2025	25,853	0
Scotiabank, GIC, 5.10% interest, maturing February 12, 2025	104,094	0
Scotiabank, GIC, 4.20% interest, maturing September 26, 2025	20,080	0
	$ 227,586	$ 0

5. RELATED PARTY TRANSACTIONS

The organization holds 57.06% (2023 - 46.17%) of the voting shares of Friends of Sunrise Ltd. (FOSL) and total shares valued at $602,760 (2023 - $416,280) and has one representative on the FOSL Board. FOSL has not been consolidated in the organization's non-consolidated financial statements. Financial summaries of FOSL as at January 1, 2024 and 2023 are as follows:

Statement of Financial Position

	2024	2023
Total assets	$ 1,432,179	$ 1,432,961
Total liabilities	$ 5	$ 5
Total net assets	1,432,174	1,432,956
	$ 1,432,179	$ 1,432,961

Results of Operations

	2024	2023
Total revenues	$ 0	$ 0
Total expenses	782	86
Deficiency of revenue over expenses	$ (782)	$ (86)

Cash Flows

	2024	2023
Cash from operations	$ (782)	$ (86)
Cash used in financing and investing activities	0	0
Decrease in cash	$ (782)	$ (86)

5. RELATED PARTY TRANSACTIONS (continued)

During the year, the organization had the following transactions with its related party investment:

	2024	2023
Donation of FOSL shares from M. Melo	$ 5,080	$ 10,080
Purchase of FOSL shares from M. Melo	5,000	0
Donation of FOSL shares from R. Ireland	100,800	100,800
Farm lease payments	(2)	(2)

FOSL has a year end of January 1, 2024. Transactions that occurred between January 2, 2024 and October 31, 2024 are not recorded in the financial statements as they do not have a significant effect on the October 31, 2024 balance. FOSL financial statements are not audited or reviewed, and the organization does not amortize its capital assets.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2024	Net 2023
Development costs	$ 351,422	$ 0	$ 351,422	$ 323,280
Computer equipment	45,769	38,953	6,816	12,392
Drainage	9,425	4,477	4,948	5,419
Equipment and tack	30,041	28,213	1,828	2,285
Furniture and fixtures	181,531	118,457	63,074	75,550
Leasehold improvements	273,342	174,459	98,883	118,487
Playground equipment	90,278	90,278	0	0
Pool	4,266	3,008	1,258	1,573
Septic system	10,535	4,625	5,910	7,388
Sign	9,451	9,046	405	506
Sound system	26,813	24,823	1,990	2,488
Wagon	12,790	10,763	2,027	2,533
Water system	55,924	10,242	45,682	47,585
	$ 1,101,587	$ 517,344	$ 584,243	$ 599,486

During the year, the organization held assets not being amortized of $351,422 (2023 - $323,280) relating to development costs.

7. HORSE HERD

	Cost	Accumulated Amortization	Net 2024	Net 2023
Horse herd	$ 39,136	$ 20,842	$ 18,294	$ 20,750

The organization has a lease with respect to four (2023 - four) of its horses. The horses have been loaned to the organization on the condition that it is responsible for all costs related to food, bedding, and daily routine. This includes regular veterinary costs. There are no additional lease payments required for the horses. In the event that the horses become unsuitable for program use or the owner requests the horses be returned, one month's notice is required. The owners are responsible for maintaining medical insurance coverage if they desire. The organization holds a $5 million general liability policy, and the owners would not be responsible should an accident occur.

8. LONG TERM DEBT

	2024	2023
Note payable, interest at prime payable annually, secured by first change on property with a carrying value of $144,000 and assignment of rents, principal due April 14, 2025	$ 148,539	$ 149,567
Canada Emergency Business Account (CEBA) interest free, repaid in the year.	0	30,000
Loan payable, no set terms of repayment	10,000	10,000
	158,539	189,567
Less current portion: Cash repayments required within 12 months	158,539	40,000
	$ 0	$ 149,567

Future minimum payments on long term obligations are as follows:

2025	$ 158,539

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions, which consist of restricted donations and grants funding tangible capital assets, are as follows:

	2024	2023
Balance, beginning of the year	$ 364,109	$ 317,887
Less revenue recognized over useful life of asset	(25,960)	(19,946)
Plus amounts received during the year	377,664	66,168
Balance, end of year	$ 715,813	$ 364,109

10. GRANTS AND FOUNDATIONS

	2024	2023
Government of Canada	$ 36,094	$ 32,440
Other charities and foundations	26,100	39,046
Harry E Foster Foundation	10,000	0
Waterloo Region Community Foundation	7,000	0
Guelph Community Foundation	5,087	0
Township of Puslinch	3,000	0
William and Mary Singer Foundation	0	15,000
	$ 87,281	$ 86,486

11. PRIOR PERIOD ADJUSTMENT

During the audit, it was noted that there was a capital contribution received in fiscal 2023 that should have been recorded as a deferred capital contribution as it related to an asset not yet in use. A prior period adjustment was recorded to adjust the 2023 deferred capital contributions, closing unrestricted net assets, revenue, and excess of revenue over expenditures.

The net effects of the adjustment to the 2023 non-consolidated financial statements are as follows:

	2023
Increase in deferred capital contributions	$ 47,156
Decrease in unrestricted net assets, end of year	(47,156)
Decrease in revenue	(47,156)
Decrease in excess of revenue over expenditures	(47,156)

12. COMMITMENTS

The organization has a long-term lease with respect to the Stone Cottage, indoor riding arena, stable, activity centre, and any building constructed subsequent to the initial agreement. The lease expires January 31, 2039 and contains renewal options for an additional 20 years. The lease is held by Friends of Sunrise Ltd., a significantly influenced entity, with rent of $2 due February 1st each year. Sunrise is responsible for all taxes and expenditures related to the premises. Future minimum lease payments are as follows:

2025	$ 2
2026	2
2027	2
2028	2
2029	2
Thereafter	18
	$ 28