

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Financial Statements

Year Ended October 31, 2021

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Index to Financial Statements

Year Ended October 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunrise Therapeutic Riding & Learning Centre

Opinion

We have audited the financial statements of Sunrise Therapeutic Riding & Learning Centre (the organization), which comprise the statements of financial position as at October 31, 2021 and 2020, and the statements of revenue and expenditures, changes in net assets and cash flows for the years 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 October 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 ASNPO, 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 organization's ability 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 organization's financial reporting process.

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 these financial statements.

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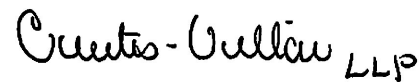
Independent Auditor's Report to the Members of Sunrise Therapeutic Riding & Learning Centre *(continued)*

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 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 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.

Guelph, Ontario
March 15, 2022



CURTIS-VILLAR LLP
Chartered Professional Accountants
Licensed Public Accountants

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Statement of Financial Position

As at October 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 198,038	\$ 83,493
Investments <i>(Note 3)</i>	295,320	285,400
Accounts receivable	9,828	-
Government remittances recoverable	14,089	17,772
Prepaid expenses	11,907	10,017
Government assistance receivable <i>(Note 4)</i>	-	21,000
	529,182	417,682
PROPERTY, PLANT AND EQUIPMENT <i>(Note 2)</i>	214,874	240,160
HORSE HERD	46,336	45,596
DEVELOPMENT COSTS	178,476	76,377
	\$ 968,868	\$ 779,815
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness	\$ 30,000	\$ 30,000
Accounts payable and accrued liabilities	16,355	24,901
Deferred revenue <i>(Note 5)</i>	52,167	64,022
	98,522	118,923
DEFERRED GRANT REVENUE <i>(Note 5)</i>	249,834	176,416
DUE TO RELATED PARTIES <i>(Notes 6, 7)</i>	20,000	20,000
	368,356	315,339
NET ASSETS		
Operating fund <i>(Note 1)</i>	778,988	536,387
Capital fund (internally restricted) <i>(Note 1)</i>	(178,476)	(71,911)
	600,512	464,476
	\$ 968,868	\$ 779,815

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Statement of Revenue and Expenditures

Year Ended October 31, 2021

	2021	%	2020	%
REVENUE				
Donations <i>(Note 8)</i>	\$ 275,487	44.20	\$ 126,691	29.37
Grants and foundations <i>(Note 8)</i>	191,429	30.72	86,260	19.99
Lessons, scholarships and memberships fees	57,229	9.18	86,007	19.93
Fundraising <i>(Note 8)</i>	47,311	7.59	90,837	21.05
Camp fees	37,691	6.05	23,835	5.52
Rental and other <i>(Note 4)</i>	14,060	2.26	17,868	4.14
	623,207	100.00	431,498	100.00
EXPENDITURES				
Wages and benefits <i>(Note 4)</i>	305,798	49.07	289,229	67.03
Farm	46,120	7.40	43,092	9.99
Fundraising	17,652	2.83	11,942	2.77
Utilities	16,433	2.64	16,372	3.79
Office	15,395	2.47	15,556	3.61
Equipment lease, repairs and maintenance	12,518	2.01	9,752	2.26
Insurance	10,853	1.74	9,853	2.28
Telephone and communications	8,784	1.41	8,741	2.03
Education	8,599	1.38	8,999	2.09
Property taxes	7,713	1.24	6,108	1.42
Professional fees	7,487	1.20	7,910	1.83
Credit card merchant charges	2,116	0.34	4,151	0.96
Interest and finance charges	1,459	0.23	1,851	0.43
Recognition	723	0.12	454	0.11
Advertising and public relations	697	0.11	5,628	1.30
Vehicle and travel	192	0.03	486	0.11
Recovery of GST/HST	(5,268)	(0.85)	(7,675)	(1.78)
	457,271	73.37	432,449	100.23
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	165,936	26.63	(951)	(0.23)
OTHER INCOME				
Amortization <i>(Note 2)</i>	(28,140)	(4.52)	(26,114)	(6.05)
Changes in horse herd <i>(Note 12)</i>	(1,760)	(0.28)	(835)	(0.19)
	(29,900)	(4.80)	(26,949)	(6.24)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 136,036	21.83	\$ (27,900)	(6.47)

See notes to financial statements

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Statement of Changes in Net Assets

Year Ended October 31, 2021

	Operating Fund	Capital Fund <i>(internally restricted)</i>	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 536,387	\$ (71,911)	\$ 464,476	\$ 492,376
EXCESS OF REVENUE OVER				
EXPENDITURES	136,036	-	136,036	(27,900)
INTERFUND TRANSFERS <i>(Note 11)</i>	106,565	(106,565)	-	-
NET ASSETS - END OF YEAR	\$ 778,988	\$ (178,476)	\$ 600,512	\$ 464,476

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

**Statement of Cash Flows
Year Ended October 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 136,036	\$ (27,900)
Items not affecting cash:		
Amortization of property, plant and equipment	28,140	26,114
Changes in horse herd	(740)	(665)
	<u>163,436</u>	<u>(2,451)</u>
Changes in non-cash working capital:		
Accounts receivable	(9,828)	-
Government remittances recoverable	3,683	(5,485)
Accounts payable and accrued liabilities	(8,547)	(13,609)
Deferred revenue	(11,855)	41,824
Prepaid expenditures	(1,890)	(5,019)
Government assistance receivable	21,000	(21,000)
Development Costs	(102,099)	(14,991)
Deferred grant revenue	73,418	134,719
	<u>(36,118)</u>	<u>116,439</u>
Cash flow from operating activities	<u>127,318</u>	<u>113,988</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,853)	(127,171)
	-	-
Purchase of FOSL shares	(9,920)	(10,080)
	<u>(12,773)</u>	<u>(137,251)</u>
Cash flow used by investing activities	<u>(12,773)</u>	<u>(137,251)</u>
FINANCING ACTIVITY		
Advances from related parties	-	20,000
	<u>-</u>	<u>20,000</u>
INCREASE (DECREASE) IN CASH FLOW	114,545	(3,263)
Cash - beginning of year	<u>53,493</u>	<u>56,756</u>
CASH - END OF YEAR	\$ 168,038	\$ 53,493
CASH CONSISTS OF:		
Cash	\$ 198,038	\$ 83,493
Bank indebtedness	(30,000)	(30,000)
	<u>\$ 168,038</u>	<u>\$ 53,493</u>

See notes to financial statements

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

The organization is incorporated without share capital under the laws of the province of Ontario as a not for profit organization to operate a facility providing therapeutic riding and education programs for disabled individuals. The organization is a registered charity under the Income Tax Act and is exempt from income tax.

The organization's activities are supported through donations, grants and fundraising activities. The on-going operations of the organization could not continue without these sources of funding.

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Cash and cash equivalents

Cash and cash equivalents consists of cash and bank indebtedness routinely drawn upon for financing operations.

Horse herd

The horse herd is valued at cost less amortization, determined on a specific item basis.

Fund accounting

Revenue and expenditures related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports revenue and expenditures related to the expansion and development of the farm buildings and future residential and respite care offerings.

Revenue recognition

Sunrise Therapeutic Riding & Learning Centre follows the deferral method of accounting for revenue.

Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Lesson fees and employment grants are recognized in the year to which they relate.

Grants and foundation revenue is recognized when received unless specified. Revenue from donations, fundraising, lessons/scholarships, camp fees, and rental and other income are recognized when received. Rental and other income consists of agricultural land rental, recycling income, interest, and income from the sale of horses.

Contributed services

The work of the organization is dependent on volunteer services of the Board of Directors, various committees and other volunteers, the nature of which is not verifiable and therefore is not recognized in these financial statements. Donations of goods and services are recognized at their fair market value when that value can be verified.

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SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Areas where measurement uncertainty exists are amortization of capital assets and the carrying value of the horses. Actual results could differ from these estimates.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	10 years	straight-line method
Buildings	4%	declining balance method
Horse equipment	20%	declining balance method
Computer equipment	45%	declining balance method
Generator	3 years	straight-line method
Furniture and fixtures	20%	declining balance method
Equipment and tack	20%	declining balance method
Playground equipment	10 years	declining balance method
Sound system	20%	straight-line method
Wagon	20%	declining balance method
Water system	4%	straight-line method
Drainage	20 years	straight-line method
Pool	20%	declining balance method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Amortization is calculated at one-half of the normal rate in the year of acquisition.

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Leasehold improvements	\$ 198,346	\$ 65,314	\$ 133,032	\$ 150,922
Buildings	73,187	47,593	25,594	26,660
Water system	26,924	6,128	20,796	21,663
Furniture and fixtures	89,799	75,063	14,736	16,755
Drainage	9,425	3,063	6,362	6,833
Sound system	26,813	22,926	3,887	4,859
Equipment and tack	30,041	26,471	3,570	4,462
Playground equipment	90,278	88,058	2,220	3,699
Pool	4,266	1,809	2,457	3,072
Signs	9,451	8,660	791	989
Wagon	10,105	9,923	182	227
Computer equipment	16,705	16,694	11	19
Septic system	1,373	137	1,236	-
	\$ 586,713	\$ 371,839	\$ 214,874	\$ 240,160

3. INVESTMENTS

	2021	2020
Friends of Sunrise Limited, Class A Special Shares	\$ 290,000	\$ 280,000
Friends of Sunrise Limited, Class A Common Shares	2,320	2,400
Friends of Sunrise Limited, Class B Common Shares	3,000	3,000
	\$ 295,320	\$ 285,400

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

4. GOVERNMENT ASSISTANCE

During 2020, the Government of Canada created a program for organizations and businesses to apply for a wage subsidy, to help continue to pay their employees despite no work or less work due to COVID-19. The Canadian Emergency Wage Subsidy for 75% of employee wages is to help prevent further jobs losses and better position organizations to resume normal operations following the crisis and began on March 15, 2020. The subsidy has been credited to salaries and wages and is not expected to be repaid.

During 2020, the Canadian Emergency Benefit Account loan was created by the Government of Canada to help support businesses due to the implications from COVID-19. There are no interest payments due until the loan renews December 31, 2022. If 75% of the loan is paid by December 31, 2023 then the remaining balance of the loan is forgivable. If less than 75% of the balance is paid by December 31, 2023, interest only payments will begin January 1, 2024 at 5% interest. The principal balance of the loan is due on December 31, 2026. \$40,000 was received of which \$10,000 is expected to be forgiven. Per ITA 12(1)(x), the forgivable portion of the loan is to be included in income in the year it is received. This has been recorded to Rental and other revenue in the current year.

	2021	2020
Canadian Emergency Wage Subsidy	\$ 54,569	\$ 97,747
Canadian Emergency Benefit Account loan - forgivable portion	-	10,000
	\$ 54,569	\$ 107,747

5. DEFERRED REVENUE

The deferred operating grant represents restricted operating funding that is related to the subsequent year. The other deferred revenue relates to the revenue from riding lessons and summer camp credits for the subsequent year.

	Deferred operating grants		Other deferred revenue	
	2021	2020	2021	2020
Balance, beginning of year	\$ 176,416	\$ 37,231	\$ 64,022	\$ 22,198
Less amount recognized as revenue in the year	(13,184)	(7,213)	(4,020)	(22,198)
Less amount refunded during the year	-	-	(28,535)	-
Plus amount received for the subsequent year	86,602	146,398	20,700	64,022
Balance, end of year	\$ 249,834	\$ 176,416	\$ 52,167	\$ 64,022

6. RELATED PARTY LOANS

The organization has a loan in the amount of \$20,000 with 932005 Ontario Inc. 932005 Ontario Inc. is related to Sunrise due to the owner being on the board of directors of Friends of Sunrise Limited. The loan is open ended and there are no repayment terms. The transactions between related parties are not in the normal course of operations and are recorded at cost.

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

7. RELATED PARTY TRANSACTIONS

The following is a summary of the organization's related party transactions:

	2021	2020
Maria Melo <i>(Board member of FOSL)</i>		
Purchase of FOSL shares from Maria	\$ -	\$ (10,080)
Donation of FOSL shares from Maria	(10,080)	-
	-	-
	-	-
	\$ (10,080)	\$ (10,080)
932005 Ontario Inc. <i>(Owner of 932005 Ontario Inc. is a board member of FOSL)</i>		
Loan	\$ -	\$ 20,000
	-	-
	-	-
	-	-
	\$ -	\$ 20,000

The purchase and donation of the FOSL shares are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The loan is not in the normal course of operations and is recorded at cost.

8. MAJOR CONTRIBUTIONS

	2021	2020
The Ontario Trillium Foundation	\$ 109,400	\$ 13,800
Margaret Hill	67,157	10,000
Peter Cummins, donation of shares	33,848	-
UPI Energy	15,175	-
Rob Scheinberg	15,000	-
Government of Canada	10,592	-
The Colwyn and Jean Rich Foundation	10,000	-
Pat Flewelling	8,000	-
The Ireland Foundation	-	8,000
	\$ 269,172	\$ 31,800

Major contributions are recognized as a part of donation, grant and fundraising revenue.

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

9. LEASE COMMITMENTS

The organization has a long term lease with respect to the Stone Cottage, indoor riding arena, the stables the 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 Limited, a related party, with rent of \$2.00 due February 1st each year. Sunrise is responsible for all taxes and expenditures relating to the premises. Future minimum lease payments as at October 31, 2021, are as follows:

2022	\$	2
2023		2
2024		2
2025		2
2026		2
Thereafter		<u>24</u>
	<u>\$</u>	<u>34</u>

10. LOANED HORSES

The organization has a lease with respect to five of its horses. The horses have been loaned to Sunrise on the condition that Sunrise 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 use in the Sunrise program, or the owner requests the horses be returned, one months notice is required. The owners are responsible for maintaining medical insurance coverage if they desire. Sunrise holds a \$5 million general liability insurance policy and the owners would not be responsible should an accident occur.

11. INTERFUND TRANSFERS

An amount of \$102,098 was transferred from the Capital fund to the Operating fund for costs associated with the development of the respite care offerings.

12. CHANGES IN HORSE HERD

Changes in horse herd for the year ended October 31, 2021 includes amortization of the horse herd and write-offs for horses euthanized within the normal course of business, made throughout the year, of \$1,760 (2020 - \$835).

SUNRISE THERAPEUTIC RIDING & LEARNING CENTRE

Notes to Financial Statements

Year Ended October 31, 2021

13. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of October 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, horse herd, related party loans, investments, long-term debt, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

14. COVID-19 IMPLICATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at March 17, 2020, the organization is aware of changes in its operations as a result of the COVID-19 crisis. The organization was forced to temporarily close during the initial stages of the pandemic. Operations had to be sporadically paused to adhere to the health and safety guidelines imposed by the governments but the office has been able to remain open.

The provincial government implemented another lockdown that started on January 3, 2022 and remained in effect until January 31, 2022. Although the organization may have been able to continue programming under exceptions given to outdoor recreational facilities and therapy services, the organization chose to pause its programming for the lockdown period to ensure their participants' safety.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.