Financial Statements of

# MOHAWK COLLEGE ENTERPRISE CORPORATION

And Independent Auditor's Report thereon

Year ended March 31, 2026

# MOHAWK COLLEGE ENTERPRISE CORPORATION

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Mohawk College Enterprise Corporation

## *Opinion*

We have audited the financial statements of Mohawk College Enterprise Corporation (the "Corporation"), which comprise:

- the balance sheet as at March 31, 2026
- the statement of operations and retained earnings for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

## *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 auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

### *Emphasis of Matter*

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation to meet the internal reporting requirements of its shareholder, Mohawk College of Applied Arts and Technology. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### *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 private enterprises, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### *Auditor's Responsibility 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.

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 Corporation'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 Corporation'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 Corporation 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 29, 2026

# MOHAWK COLLEGE ENTERPRISE CORPORATION

Balance Sheet

March 31, 2026, with comparative information for 2025

| | | 2026 | | 2025 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ | 868,031 | $ | 644,535 |
| Accounts receivable (note 4) | | 120,431 | | 338,467 |
| Prepaid expenses | | 15,909 | | 57,300 |
| | | 1,004,371 | | 1,040,302 |
| Equipment (note 2) | | – | | 878 |
| | $ | 1,004,371 | $ | 1,041,180 |
| **Liabilities and Shareholder's Equity** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (notes 3 and 4) | $ | 233,847 | $ | 174,410 |
| Deferred revenue | | 154,803 | | 389,232 |
| | | 388,650 | | 563,642 |
| Shareholder's equity: | | | | |
| Share capital (note 5) | | 100 | | 100 |
| Retained earnings | | 615,621 | | 477,438 |
| | | 615,721 | | 477,538 |
| Economic dependence (note 7) | | | | |
| | $ | 1,004,371 | $ | 1,041,180 |

See accompanying notes to financial statements.

On behalf of the Board:

Wendy Lawson — President and CEO

Paul Armstrong — Board Chair

# MOHAWK COLLEGE ENTERPRISE CORPORATION

Statement of Operations and Retained Earnings

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Program revenue | $ 1,928,068 | $ 1,550,183 |
| Cost of programs | 602,674 | 469,549 |
| Gross margin | 1,325,394 | 1,080,634 |
| Other income | 21,343 | 29,619 |
| Gross earnings from operations | 1,346,737 | 1,110,253 |
| Expenses (note 4): | | |
| Salaries and benefits | 1,004,916 | 867,185 |
| Office and general | 96,472 | 88,987 |
| Professional fees and contracts | 35,482 | 50,422 |
| Advertising and promotion | 11,256 | 8,951 |
| Merchant fees | 3,702 | 4,387 |
| Telephone | 2,287 | 2,604 |
| Amortization of equipment | 878 | 2,320 |
| | 1,154,993 | 1,024,856 |
| Net earnings before other expenses | 191,744 | 85,397 |
| Other expenses: | | |
| Royalty expense (note 4) | 38,561 | 31,004 |
| Facility charges (note 4) | 15,000 | 23,268 |
| | 53,561 | 54,272 |
| Net earnings | 138,183 | 31,125 |
| Retained earnings, beginning of year | 477,438 | 446,313 |
| Retained earnings, end of year | $ 615,621 | $ 477,438 |

See accompanying notes to financial statements.

# MOHAWK COLLEGE ENTERPRISE CORPORATION

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net earnings | $ 138,183 | $ 31,125 |
| Item not involving cash: | | |
| Amortization | 878 | 2,320 |
| Changes in non-cash operating working capital balances: | | |
| Accounts receivable | 218,036 | 67,719 |
| Prepaid expenses | 41,391 | (38,742) |
| Accounts payable and accrued liabilities | 59,437 | 12,952 |
| Deferred revenue | (234,429) | 175,889 |
| Increase in cash | 223,496 | 251,263 |
| Cash, beginning of year | 644,535 | 393,272 |
| Cash, end of year | $ 868,031 | $ 644,535 |

See accompanying notes to financial statements.

**Nature of operations:**

Mohawk College Enterprise Corporation (the "Corporation") is a private company incorporated under the laws of Ontario on April 1, 2010 and is engaged in the business of providing corporate training programs and consulting projects for and on behalf of businesses and industries.

**1. Significant accounting policies:**

(a) Basis of accounting:

As a government business enterprise, Canadian public sector accounting standards require the Corporation to adhere to the standards applicable in the CPA Canada Handbook - Accounting. Accordingly, the Corporation is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards. Management has determined that the internal reporting needs of the Corporation and its shareholder, Mohawk College of Applied Arts and Technology ("Mohawk College"), are met through the use of Canadian accounting standards for private enterprises, and, therefore, the financial statements have been prepared in accordance with that framework. Since Canadian accounting standards for private enterprises is not designed to necessarily meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

(b) Revenue recognition:

Revenue from sales is recognized when the service has been performed, and collectability is reasonably assured. Deferred revenue represents revenue received in advance of services being provided.

(c) Equipment

Equipment is stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized. Amortization based on the estimated useful life of the asset is calculated as follows:

| Asset | Basis | Estimated useful life |
|---|---|---|
| Computer hardware | Straight-line | 3 years |

(d) Income taxes:

The Corporation is exempt of income tax under the Income Tax Act (Canada) as a wholly owned subsidiary of Mohawk College.

## 1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The amounts recorded for allowance for doubtful accounts is based on management's best estimate. Actual results could differ from those estimates and may have an impact on future periods.

## 2. Equipment:

| | | | 2026 | 2025 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Computer hardware | $ 23,667 | $ 23,667 | $ – | $ 878 |

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $40,142 (2025 - $31,259).

## 4. Related party balances and transactions:

Mohawk College is the registered holder of all the issued and outstanding shares of the Corporation.

The following amounts are recorded on the Balance Sheet at year end:

| | 2026 | 2025 |
|---|---|---|
| Amounts payable to Mohawk College | $ 82,658 | $ 77,089 |

The following table summarizes the Corporation's transactions with Mohawk College during the year:

| | 2026 | 2025 |
|---|---|---|
| Program revenue | $ 285 | $ 23,530 |
| Program delivery (included in cost of programs): | | |
| Rent expense | 16,233 | 25,515 |
| Other administrative expenses | 127,003 | 53,706 |
| Non-program: | | |
| Administrative expenses (included in professional fees and contracts) | 17,980 | 20,997 |
| Facility charges: | | |
| Rent expense | – | 8,268 |
| Information technology expense | 15,000 | 15,000 |
| Royalty expense | 38,561 | 31,004 |

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed upon by the related parties.

In accordance with the Operating Agreement between the Corporation and Mohawk College, the Corporation must pay a royalty fee of 2% of program revenues. The Operating Agreement also states that the Corporation may declare a dividend at any time to be paid to the College. There was no dividend declared in the current or prior year.

**5. Share capital:**

| | | 2026 | | 2025 |
|---|---|---|---|---|
| Authorized: | | | | |
| Unlimited number of common shares | | | | |
| Issued: | | | | |
| 100 common shares | $ | 100 | $ | 100 |

**6. Financial instrument risks:**

(a) Credit risk:

Credit risk refers to 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 Corporation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Corporation's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. The credit risk on cash is minimized as cash is held at highly rated Canadian banks.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

**7. Economic dependence:**

Approximately 26.5% (2025 - 34%) of the Corporation's revenue is derived from three customers (2025 - two customers).