

KIDS BRAIN HEALTH NETWORK INC.

Financial Statements
For the Years Ended March 31, 2022 and 2021
and Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Directors of Kids Brain Health Network Inc.

Opinion

We have audited the financial statements of Kids Brain Health Network Inc. (the "Network"), which comprise the statements of financial position as at March 31, 2022 and 2021, the statements of operations and changes in net assets and statements of 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 Network as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years 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 Network in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Network'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 Network or to cease operations, or has no realistic alternative but to do so.

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

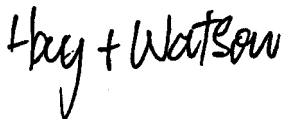
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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 Network'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 Network'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 Network 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.



Chartered Professional Accountants
Vancouver, BC, Canada
July 14, 2022

KIDS BRAIN HEALTH NETWORK INC.

Statements of Financial Position As at March 31, 2022 and 2021

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash – held in trust by Simon Fraser University		8,989,364	8,954,112
Cash – held at bank		341,767	346,744
Accounts receivable		693	2,350
Receivable from participating institutions		-	1,706
Unspent research grants paid to participating institutions	5	1,129,244	1,438,253
Unspent knowledge mobilization grants paid to participating institutions		166,337	66,568
Unspent training grants paid to participating institutions		32,608	39,679
Prepaid expenses		175,204	21,367
		10,835,217	10,870,779
Non-current assets			
Equipment	6	9,287	6,793
		10,844,504	10,877,572
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		121,702	103,037
Payable to Natural Sciences and Engineering Research Council		-	268,612
Deferred contributions	7	10,196,551	10,201,540
Deferred capital asset contributions	7	9,287	6,793
		10,327,540	10,579,982
Net assets			
		516,964	297,590
		10,844,504	10,877,572

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors



Geoff Pradella, Chair, Board of Directors



William Kovalchuk, Chair, Finance and Audit

KIDS BRAIN HEALTH NETWORK INC.**Statements of Operations and Changes in Net Assets
For the years ended March 31, 2022 and 2021**

	Notes	2022 \$	2021 \$
Receipts			
Contribution from Networks of Centres of Excellence	7	3,480,470	2,652,931
Contribution from Kids Brain Health Foundation	7	351,864	281,846
Contribution from Ministry of Health	7	87,325	153,120
Contribution from Natural Sciences and Engineering Research Council		-	356,935
Conference registration fees and other support		48,075	55,065
Amortization of deferred capital contributions	7	2,836	2,908
		3,970,570	3,502,805
Expenditures			
Amortization		2,836	2,908
Communications		125,901	85,980
Insurance		14,062	10,602
Knowledge and technology exchange and exploitation		134,831	34,752
Professional and consulting fees		463,014	100,860
Research grant expenditures	5	1,967,704	2,012,664
Research support and training		245,602	259,268
Salaries and benefits		641,685	596,111
Supplies and office costs		20,003	13,072
Travel, meetings and networking		135,558	143,006
		3,751,196	3,259,223
Excess of receipts over expenditures		219,374	243,582
Net assets, beginning of year		297,590	54,008
Net assets, end of year		516,964	297,590

The accompanying notes are an integral part of these financial statements.

KIDS BRAIN HEALTH NETWORK INC.**Statements of Cash Flows
For the years ended March 31, 2022 and 2021**

	2022	2021
	\$	\$
Cash flows from (used in) operating activities		
Excess of receipts over expenditures	219,374	243,582
Non-cash items		
Amortization	2,836	2,908
Changes in working capital items		
Accounts receivable	1,657	2,650
Receivable from participating institutions	1,706	(1,706)
Unspent research grants	309,009	(377,507)
Unspent knowledge mobilization grants	(99,769)	(19,046)
Unspent training grants	7,071	(66,568)
Prepaid expenses	(153,837)	3,926
Accounts payable and accrued liabilities	18,665	9,152
Payable to Natural Sciences and Engineering Research Council	(268,612)	268,612
Deferred contributions	(2,495)	1,417,595
	35,605	1,483,598
Cash flows used in investing activities		
Purchase of equipment	(5,330)	(5,279)
Increase in cash	30,275	1,478,319
Cash, beginning of year	9,300,856	7,822,537
Cash, end of year	9,331,131	9,300,856
Cash composed of:		
Cash – held in trust by Simon Fraser University	8,989,364	8,954,112
Cash – held at bank	341,767	346,744
	9,331,131	9,300,856

The accompanying notes are an integral part of these financial statements.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

1. Nature of Operations

Kids Brain Health Network ("KBHN" or the "Network") is a not-for-profit organization established by the Government of Canada's Networks of Centres of Excellence ("NCE") Program. The NCE Program is a program of the Government of Canada administered jointly by the Natural Sciences and Engineering Research Council ("NSERC"), the Social Sciences and Humanities Research Council ("SSHRC") and the Canadian Institutes of Health Research ("CIHR") in partnership with Innovation, Science and Economic Development Canada and Health Canada.

The Network was established to facilitate research in neurodevelopmental disabilities in childhood and youth, and to stimulate early diagnosis, develop early and effective interventions, and support families raising children with neurodevelopmental disabilities, with the intent of improving quality of life and reducing long-term costs to the health care system. The Network pursues its mission through a variety of means, most prominently by distributing awards to its principal investigators through their participating institutions for approved research projects. Research projects must include a plan to mobilize the knowledge generated in a way that it will provide socio-economic benefit to Canada. This will typically be accomplished through partnerships with other organizations.

Kid's Brain Health Network Inc., the manager of the Network, was formally incorporated under Part II of the Canada Corporations Act as a non-profit organization on December 9, 2009. Kids Brain Health Network Inc. changed its name from Neurodevelopment Network Inc. on August 5, 2016.

KBHN's receipts and expenditures are primarily composed of contributions received from the NCE program and disbursed on its behalf. KBHN may not be able to maintain its current level of operations should this funding be significantly reduced or ended.

On March 11, 2020, the World Health Organization declared the novel coronavirus disease ("COVID-19") outbreak a pandemic and on March 18, 2020, the Government of British Columbia declared a state of emergency to support the pandemic response. The pandemic has already had far-reaching effects on the Canadian and global economies and social norms and the full impact of the pandemic is not yet known. While the pandemic did not have a material effect on these financial statements, the Network will continue to monitor the potential impact of the pandemic on its ongoing operations.

2. Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") effective as of March 31, 2022.

Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which may be measured at fair value, as explained in the accounting policies set out in Note 3. These financial statements are presented using the deferral method of accounting for contributions.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

3. Significant Accounting Policies

Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Network include the recognition of revenue from and the allocation of eligible expenses to externally restricted contributions.

Restricted Cash

Cash contributions from the NCE are considered restricted and are to be held in trust and administered on KBHN's behalf by Simon Fraser University ("SFU"), the Network's host institution.

Financial Assets and Liabilities

Financial assets and financial liabilities are initially measured at fair value, adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Network subsequently measures its financial assets and financial liabilities at amortized cost. As at March 31, 2022, the recorded amounts of financial assets and financial liabilities approximate fair values.

Financial assets measured at amortized cost are tested for impairment when a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. The amount of the write-down is recognized in net income and may be reversed in future periods if the assessment of impairment is revised.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

3. Significant Accounting Policies (continued)

Unspent Research and Knowledge Mobilization Grants Paid to Participating Institutions

Research and knowledge mobilization grants paid to participating institutions are deferred until the participating institution incurs eligible research costs, at which time they are recognized as research and knowledge mobilization grant expenditures.

Unspent Training Grants Paid to Participating Institutions

Training grants paid to participating institutions are deferred until the participating institution incurs eligible training costs, at which time they are recognized as research support and training expenditures.

Equipment

Equipment consists primarily of computer equipment and is recorded at cost and amortized on a declining balance basis over the estimated useful life at an annual rate of 30%.

Recognition of Receipts

The Network follows the deferral method of accounting for contributions. Funds are received from agencies of the Canadian federal government, the host institution, and other private and public sector partners. Contributions which have external restrictions governing the types of activities which they can be used to fund are deferred and recognized when the eligible expenditures are incurred. Contributions approved but not yet received at the end of the reporting period are accrued when collectability is reasonably assured.

Under the terms of the NCE agreement, Natural Sciences and Engineering Research Council ("NSERC") agreement, Kids Brain Health Foundation ("KBHF") agreements and Ministry of Health ("MOH") agreement, the funding received from the NCE, NSERC, KBHF and MOH will be directed to the granting of awards to the Network's participating institutions and the payment of operating and capital expenditures. When received, NCE, NSERC, KBHF and MOH contributions are deferred and recognized as revenue in the period in which the related expenditures are incurred by the Network or a participating institution.

Restricted contributions applied toward the purchase of equipment are deferred and recorded as receipts at the rate corresponding to the amortization rate of the related equipment. Unrestricted contributions, including conference registration fees and sponsorships, are recognized as receipts in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured.

In-Kind Contributions

In-kind contributions from the host institution, which includes the provision of office space and technical and administrative support, and other organizations are not included in these financial statements.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

3. Significant Accounting Policies (continued)

Employee Future Benefits

KBHN's staff are eligible to join the Network's host institution's retirement savings plan. KBHN's contribution for staff is approximately 9% of salary. In the event of funding deficiencies, KBHN's contributions remain fixed and benefits for members may be reduced. Accordingly, KBHN records contributions to this plan as expenditures in the year the contributions are made. Contributions to the plan made during the year amounted to \$47,172 (2021: \$44,160).

Income Taxes

KBHN is a not-for-profit entity and is not subject to federal or provincial income taxes.

4. Funding Agreements

Contribution from the NCE

In December 2019, NSERC, SSHRC and CIHR agreed to contribute \$11,729,000 for a third cycle of funding from 2020 to 2023. On September 14, 2020, NCE approved a no-cost extension to extend the use of this grant beyond the original funding term from March 31, 2023 to March 31, 2024. These contributions are scheduled to be received as follows:

Fiscal Year	Total
	\$
2019 - 2020	3,882,000 <i>received</i>
2020 - 2021	4,044,400 <i>received</i>
2021 - 2022	3,483,500 <i>received</i>
2022 - 2023	319,100
Total	11,729,000

The annual contributions will be released subject to the following conditions:

- Parliamentary appropriation of the funds in each fiscal period;
- Satisfactory progress, as determined by the NCE Secretariat, towards predetermined milestones for the NCE Network;
- Continuing eligibility of the NCE Network Host and the NCE Network; and
- Compliance with the terms of the funding agreement.

Contribution from the Host Institution

On June 4, 2019, KBHN entered into an agreement (the "SFU Host Agreement") with SFU under which SFU will serve as the host institution for the Network effective June 30, 2019, providing facilities and services for KBHN's administrative centre. The SFU Host Agreement provides a grant of \$250,000 per year pro-rata towards the administrative operations of KBHN from 2020 to 2023 as well as in-kind support. In-kind support is not recorded in these financial statements and includes payroll, custodian services, purchasing and grant management, information technology support, communications, entrepreneurship development and knowledge mobilization services.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

4. Funding Agreements (continued)

On December 18, 2020, KBHN entered into an extension agreement with SFU under which SFU will continue serve as the host institution to March 31, 2024.

Contribution from the KBHF

KBHF was incorporated in British Columbia under the Canada Not-for-profit Corporations Act on March 9, 2016. On July 14, 2016, KBHF was granted charitable registration by Canada Revenue Agency. The purpose of KBHF is to raise awareness of and raise funds for KBHN's research activities as well as the implementation of research discoveries. During the year ended March 31, 2022, KBHF was granted \$186,500 (2021: \$215,344) from donors to support a Neurodevelopmental Disabilities Resource and Navigation Program. KBHF's Board of Directors approved research grants of \$71,431 on September 2, 2021 and \$115,069 on December 10, 2021 to KBHN (2021: \$214,000) for the Neurodevelopmental Disabilities Resource and Navigation Program.

KBHN incurred insurance costs of \$1,217 (2021: \$1,193) related to the establishment and development of KBHF for the year ended March 31, 2022 which are included in the statement of operations and changes in net assets.

Contribution from the MOH

On March 29, 2019, KBHN entered into an agreement with MOH under which KBHN was granted \$437,000 to support a research project entitled "Physical Activity Programs" during a period of three years, from April 1, 2019 to March 31, 2022. On March 12, 2021, MOH approved a no-cost extension to extend the use of this grant beyond the original funding term from March 31, 2022 to March 31, 2023. As at March 31, 2022, KBHN had received the full amount of this grant from MOH.

Contribution from the NSERC

On October 29, 2020, KBHN received a letter of award from NSERC in which KBHN was granted \$625,547 for a supplement to support trainees and research support personnel due to disruptions caused by COVID-19. These supplement funds can be spent on eligible expenditures for the period from April 1, 2020 to March 31, 2021. As at March 31, 2021, KBHN had received the supplemental funds from NSERC and incurred eligible research expenditures of \$356,935 for the year ended March 31, 2021. During the year ended March 31, 2022, KBHN returned unused (residual) funds of \$268,612 to NSERC.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

5. Research Grants and Expenditures

KBHN provides research grant funding for eligible research projects to the participating institution of the principal investigators of approved research projects. The grant funds are held in trust by the participating institution and are recorded as unspent research grants by KBHN until eligible research expenses are incurred by the principal investigators.

	Unspent Balance, March 31, 2021 \$	Research Grants, Current Year \$	Research Expenditures, Current Year \$	Unspent Funds Returned \$	Unspent Balance, March 31, 2022 \$
NCE Grants					
Centre for Addiction and Mental Health	-	22,578	-	-	22,578
Dalhousie University	178,349	199,975	(172,125)	-	206,199
Holland Bloorview	52,178	198,897	(221,887)	(67)	29,121
Hospital for Sick Children McGill University	20,300	-	(20,300)	-	-
Research Institute	43,907	-	(24,024)	-	19,883
McMaster University	-	96,039	(20,000)	-	76,039
Queen's University	200,000	400,000	(585,327)	-	14,673
Simon Fraser University	92,188	-	(50,906)	(177)	41,105
University of Alberta	29,795	58,280	(42,104)	(125)	45,846
University of British Columbia	190,875	162,325	(147,780)	-	205,420
University of Calgary	-	26,750	-	-	26,750
University of Guelph	7,884	12,475	(17,500)	-	2,859
University of Manitoba	147,250	10,000	(71,660)	-	85,590
University of Ottawa	25,050	25,050	(50,100)	-	-
University of Victoria	84,086	200,165	(74,299)	-	209,952
York University	39,860	-	(39,860)	-	-
	1,111,722	1,412,534	(1,537,872)	(369)	986,015
KBHF Grants					
Fetal Alcohol Syndrome Society Yukon	177	-	(177)	-	-
Glenrose Rehabilitation Hospital	33,710	-	(33,710)	-	-
McGill University	48,431	42,776	(84,240)	-	6,967
Sunny Hill Health Centre for Children	100,332	-	(98,455)	-	1,877
University of Calgary	90,505	143,724	(135,281)	-	98,948
	273,155	186,500	(351,863)	-	107,792
MOH Grants					
University of British Columbia	53,376	60,030	(77,969)	-	35,437
Total	1,438,253	1,659,064	(1,967,704)	(369)	1,129,244

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

6. Equipment

	\$
Cost	
Balance at March 31, 2020	27,865
Additions	5,279
Balance at March 31, 2021	33,144
Additions	5,330
Balance at March 31, 2022	38,474
Accumulated Depreciation	
Balance at March 31, 2020	23,443
Amortization	2,908
Balance at March 31, 2021	26,351
Amortization	2,836
Balance at March 31, 2022	29,187
Carrying Amount	
At March 31, 2021	6,793
At March 31, 2022	9,287

7. Deferred Contributions

Deferred Capital Asset Contributions

	March 31, 2022	March 31, 2021
	\$	\$
Balance at the beginning of year	6,793	4,422
Allocation of deferred contributions	5,330	5,279
Amounts amortized to revenue	(2,836)	(2,908)
Balance at the end of year	9,287	6,793

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

7. Deferred Contributions (continued)

Deferred Contributions

	March 31, 2022	March 31, 2021
	\$	\$
NCE Funds		
Balance at the beginning of year	9,644,504	8,008,314
Grants from the NCE	3,483,500	4,044,400
Grants from the Host Institution	250,000	250,000
Amounts recognized as receipts during the year	(3,480,470)	(2,652,931)
Amounts applied toward equipment purchased during the year	(5,330)	(5,279)
	9,892,204	9,644,504
KBHF Funds		
Balance at the beginning of year	273,156	341,002
Grants from the KBHF	186,500	214,000
Amounts recognized as receipts during the year	(351,864)	(281,846)
	107,792	273,156
MOH Funds		
Balance at the beginning of year	283,880	437,000
Amounts recognized as receipts during the year	(87,325)	(153,120)
	196,555	283,880
NSERC Funds		
Balance at the beginning of year	-	-
Grants from the NSERC	-	625,547
Amounts recognized as receipts during the year	-	(356,935)
Unused (residual) funds repayable to NSERC	268,612	(268,612)
Unspent grants returned to the IHSTS	(268,612)	-
	-	-
Balance at the end of year	10,196,551	10,201,540

8. Risk Management

KBHN's activities expose it to financial risks which include credit risk and liquidity risk. The Network's risk management program focuses on the unpredictability of financial markets and seeks to maximize the Network's ability to meet its mandate.

Credit Risk

Credit risk is the risk of financial loss to KBHN if a counterparty to a financial instrument fails to meet its contractual obligations. The Network is exposed to credit risk from its cash. The Network considers this risk to be minimal as cash as is on deposit at insured financial institutions or held in trust by the host institution.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2022 and 2021

8. Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Network will not be able to meet its financial obligations as they come due. Accounts payable and accrued liabilities are due within the current operating period. KBHN's overall exposure to liquidity risk is minimal as the Network has sufficient assets to meet outstanding obligations.

9. Capital Management

KBHN defines its capital as the amounts included in net assets, deferred contributions and deferred capital contributions.

KBHN's capital management objectives are to meet its obligations under its funding agreements and to safeguard its ability to continue to pursue the objectives of the Network.

KBHN has certain external restrictions on the use of deferred contributions and deferred capital contributions, as set out in Notes 3 and 4. KBHN has internal control processes to ensure that the restrictions are met prior to utilization of these resources and has been in compliance with these restrictions throughout the periods presented in these financial statements.