

KIDS BRAIN HEALTH NETWORK INC.

Financial Statements
For the Years Ended March 31, 2023 and 2022
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, 2023 and 2022, 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, 2023 and 2022, 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.

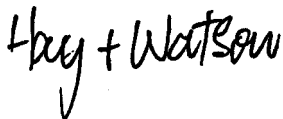
Auditor's Responsibilities for the Audit of the Financial Statements

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 26, 2023

KIDS BRAIN HEALTH NETWORK INC.

Statements of Financial Position As at March 31, 2023 and 2022

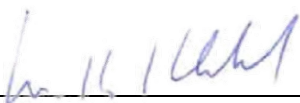
	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash – held in trust by Simon Fraser University		4,692,990	8,989,364
Cash – held at bank		219,823	341,767
Accounts receivable		10,000	693
Receivable from participating institutions		31,026	-
Unspent research grants paid to participating institutions	5	1,579,685	1,129,244
Unspent knowledge mobilization grants paid to participating institutions	6	201,018	166,337
Unspent training grants paid to participating institutions	7	147,964	32,608
Prepaid expenses		320,369	175,204
		7,202,875	10,835,217
Non-current assets			
Equipment	8	7,906	9,287
		7,210,781	10,844,504
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		136,542	121,702
Deferred contributions	9	6,427,692	10,196,551
Deferred capital asset contributions	9	7,906	9,287
		6,572,140	10,327,540
Net assets		638,641	516,964
		7,210,781	10,844,504

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, 2023 and 2022**

	Notes	2023	2022
		\$	\$
Receipts			
Contribution from Networks of Centres of Excellence	9	4,032,030	3,480,470
Contribution from Ministry of Health	9	196,555	87,325
Contribution from Kids Brain Health Foundation	9	150,839	351,864
Conference registration fees and other support		25,000	48,075
Amortization of deferred capital contributions	9	2,963	2,836
		4,407,387	3,970,570
Expenditures			
Amortization		2,963	2,836
Communications		97,808	125,901
Insurance		15,862	14,062
Knowledge and technology exchange and exploitation		262,257	134,831
Professional and consulting fees		308,782	463,014
Research grant expenditures	5	1,996,371	1,967,704
Research support and training		394,231	245,602
Salaries and benefits		872,582	641,685
Supplies and office costs		21,720	20,003
Travel, meetings and networking		313,134	135,558
		4,285,710	3,751,196
Excess of receipts over expenditures		121,677	219,374
Net assets, beginning of year		516,964	297,590
Net assets, end of year		638,641	516,964

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, 2023 and 2022**

	2023	2022
	\$	\$
Cash flows from (used in) operating activities		
Excess of receipts over expenditures	121,677	219,374
Non-cash items		
Amortization	2,963	2,908
Changes in working capital items		
Accounts receivable	(9,307)	2,650
Receivable from participating institutions	(31,026)	(1,706)
Unspent research grants	(450,441)	(377,507)
Unspent knowledge mobilization grants	(34,681)	(19,046)
Unspent training grants	(115,356)	(66,568)
Prepaid expenses	(145,165)	3,926
Accounts payable and accrued liabilities	14,840	9,152
Payable to Natural Sciences and Engineering Research Council	-	268,612
Deferred contributions	(3,770,240)	1,417,595
	(4,416,736)	1,483,598
Cash flows used in investing activities		
Purchase of equipment	(1,582)	(5,330)
Increase (decrease) in cash	(4,418,318)	30,275
Cash, beginning of year	9,331,131	9,300,856
Cash, end of year	4,912,813	9,331,131
Cash composed of:		
Cash – held in trust by Simon Fraser University	4,692,990	8,989,364
Cash – held at bank	219,823	341,767
	4,912,813	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, 2023 and 2022

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.

KBHN is a national network that develops and harnesses scientific advances in technologies, interventions and supports with the goal of helping children with neurodevelopmental disabilities and their families live the best lives. The science of children's brain health is making advancements and KBHN is bridging the gaps between these scientific advances and implementing solutions that directly address the needs of children and families. In delivering on its mission, KBHN is advancing federal responsibilities and priorities aimed at building a healthier future for all kids.

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. As described further in Note 4, KBHN's funding agreement with the NCE will end on March 31, 2024. NCE funding represented 92% of receipts for the year ended March 31, 2023 (2022: 88%) and there can be no certainty that KBHN will be able to obtain new funding agreements or maintain its current level of operations once the NCE funding agreement has ended.

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, 2023.

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, 2023 and 2022

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, 2023, 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, 2023 and 2022

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, Kids Brain Health Foundation ("KBHF") agreements and Ministry of Health ("MOH") agreement, the funding received from the NCE, 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, 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, 2023 and 2022

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 \$60,822 (2022: \$47,172).

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 <i>received</i>
Total	11,729,000

The annual contributions were 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, 2023 and 2022

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 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, 2023, KBHN had received the full amount of this grant from MOH and incurred eligible research expenditures of \$175,496 for the year ended March 31, 2023.

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, 2023, KBHF was granted \$40,000 (2022: \$186,500) from donors to support a Neurodevelopmental Disabilities Resource and Navigation Program. KBHF's Board of Directors approved research grants of \$44,925 during the year ended March 31, 2023 to KBHN (2022: \$186,500) for the Neurodevelopmental Disabilities Resource and Navigation Program.

KBHN incurred insurance and professional costs of \$2,786 (2022: \$1,217) related to the establishment and development of KBHF for the year ended March 31, 2023 which are included in the statement of operations and changes in net assets.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2023 and 2022

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, 2022 \$	Research Grants, Current Year \$	Research Expenditures, Current Year \$	Unspent Funds Returned \$	Accounts Receivable, March 31, 2023 \$	Unspent Balance, March 31, 2023 \$
NCE Grants						
Carleton University	-	129,257	(81,266)	-	-	47,991
Centre for Addiction and Mental Health	22,578	49,121	-	-	-	71,699
CHEO Research Institute	-	78,642	(4,468)	-	-	74,174
Dalhousie University	206,199	198,799	(208,959)	-	-	196,039
Holland Bloorview	29,121	298,834	(264,413)	-	-	63,542
McGill University Research Institute	19,883	97,200	(69,248)	-	-	47,835
McMaster University	76,039	169,968	(93,122)	-	-	152,885
Queen's University	14,673	400,000	(356,220)	-	-	58,453
Simon Fraser University	41,105	199,790	(132,050)	-	-	108,845
University of Alberta	45,846	208,410	(66,327)	(3,970)	(31,026)	152,933
University of British Columbia	205,420	128,420	(164,037)	-	-	169,803
University of Calgary	26,750	49,750	(17,754)	-	-	58,746
University of Guelph	2,859	42,833	(25,245)	-	-	20,447
University of Manitoba	85,590	-	(33,515)	-	-	52,075
University of Ottawa	-	49,500	-	-	-	49,500
University of Victoria	209,952	198,177	(153,411)	-	-	254,718
	986,015	2,298,701	(1,670,035)	(3,970)	(31,026)	1,579,685
MOH Grants						
University of British Columbia	35,437	140,059	(175,496)	-	-	-
KBHF Grants						
McGill University	6,967	-	(6,967)	-	-	-
Sunny Hill Health Centre for Children	1,877	-	-	(1,877)	-	-
University of British Columbia	-	4,925	(4,925)	-	-	-
University of Calgary	98,948	40,000	(138,948)	-	-	-
	107,792	44,925	(150,840)	(1,877)	-	-
Total	1,129,244	2,483,685	(1,996,371)	(5,847)	(31,026)	1,579,685

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2023 and 2022

6. Knowledge Mobilization Grants and Expenditures

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

	Unspent Balance, March 31, 2022	Knowledge Mobilization Grants, Current Year	Knowledge Mobilization Grants Expenditures, Current Year	Unspent Balance, March 31, 2023
	\$	\$	\$	\$
NCE Grants				
McMaster University	74,792	125,905	(84,749)	115,948
University of Calgary	91,545	100,000	(106,475)	85,070
Total	166,337	225,905	(191,224)	201,018

7. Training Grants and Expenditures

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

	Unspent Balance, March 31, 2022	Training Grants, Current Year	Training Grants Expenditures, Current Year	Unspent Balance, March 31, 2023
	\$	\$	\$	\$
NCE Grants				
McMaster University	32,608	154,995	(39,639)	147,964
Total	32,608	154,995	(39,639)	147,964

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2023 and 2022

8. Equipment

	\$
Cost	
Balance at March 31, 2021	33,144
Additions	5,330
Balance at March 31, 2022	38,474
Additions	1,582
Balance at March 31, 2023	40,056
Accumulated Depreciation	
Balance at March 31, 2021	26,351
Amortization	2,836
Balance at March 31, 2022	29,187
Amortization	2,963
Balance at March 31, 2023	32,150
Carrying Amount	
At March 31, 2022	9,287
At March 31, 2023	7,906

9. Deferred Contributions

Deferred Capital Asset Contributions

	March 31, 2023	March 31, 2022
	\$	\$
Balance at the beginning of year	9,287	6,793
Allocation of deferred contributions	1,582	5,330
Amounts amortized to revenue	(2,963)	(2,836)
Balance at the end of year	7,906	9,287

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2023 and 2022

9. Deferred Contributions (continued)

Deferred Contributions

	March 31, 2023	March 31, 2022
	\$	\$
NCE Funds		
Balance at the beginning of year	9,892,204	9,644,504
Grants from the NCE	319,100	3,483,500
Grants from the Host Institution	250,000	250,000
Amounts recognized as receipts during the year	(4,032,030)	(3,480,470)
Amounts applied toward equipment purchased during the year	(1,582)	(5,330)
	6,427,692	9,892,204
MOH Funds		
Balance at the beginning of year	196,555	283,880
Amounts recognized as receipts during the year	(196,555)	(87,325)
	-	196,555
KBHF Funds		
Balance at the beginning of year	107,792	273,156
Grants from the KBHF	43,048	186,500
Amounts recognized as receipts during the year	(150,840)	(351,864)
	-	107,792
Balance at the end of year	6,427,692	10,196,551

10. 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 is on deposit at insured financial institutions or held in trust by the host institution.

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.

KIDS BRAIN HEALTH NETWORK INC.

Notes to the Financial Statements
March 31, 2023 and 2022

11. 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.