

KIDS BRAIN HEALTH NETWORK

Financial Statements
For the Year Ended March 31, 2025
and Auditor's Report

DRAFT 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 statement of financial position as at March 31, 2025, the statement of operations and changes in net assets and the statement of cash flows for the year 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, 2025, and its financial performance and its cash flows for the year 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

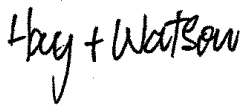
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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
September 8, 2025

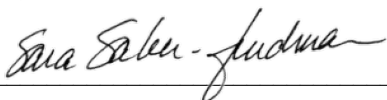
KIDS BRAIN HEALTH NETWORK

Statement of Financial Position As at March 31, 2025

	Notes	SSF Fund \$	NCE Fund \$	General Fund \$	Total 2025 \$	Total 2024 \$
Assets						
Current assets						
Cash and cash equivalents		244,566	-	321,406	565,972	359,941
Funds held in trust by Simon Fraser University		105,329	20,514	44,530	170,373	1,091,720
Accounts receivable		-	-	-	-	28,699
Contributions held at participating institutions	5	1,100,435	-	-	1,100,435	642,022
Prepaid expenses		205,399	-	-	205,399	142,562
		1,655,729	20,514	365,936	2,042,179	2,264,944
Capital assets	6	3,585	10,793	-	14,378	12,379
Deposit to secure credit cards		-	-	45,000	45,000	-
		1,659,314	31,307	410,936	2,101,557	2,277,323
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities		130,951	20,514	186	151,651	248,915
Deferred contributions	7	1,524,778	-	-	1,524,778	1,606,973
		1,655,729	20,514	186	1,676,429	1,855,888
Deferred capital asset contributions	7	3,585	10,793	-	14,378	12,379
		1,659,314	31,307	186	1,690,807	1,868,267
Fund balances						
		-	-	410,750	410,750	409,056
		1,659,314	31,307	410,936	2,101,557	2,277,323

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

Approved by the Board of Directors



Sara Saber Freedman, Chair, Board of Directors



William Kovalchuk, Chair, Finance and Audit

KIDS BRAIN HEALTH NETWORK

Statement of Operations and Changes in Fund Balances For the year ended March 31, 2025

	Notes	SSF Fund \$	NCE Fund \$	General Fund \$	Total 2025 \$	Total 2024 \$
Revenues						
Contributions from Strategic Science Fund	7	1,289,239	-	-	1,289,239	-
Contributions from Networks of Centres of Excellence	7	-	1,604,398	-	1,604,398	4,813,369
Other revenue		-	-	21,167	21,167	128,420
Amortization of deferred capital asset contributions	7	198	3,868	-	4,066	2,877
		1,289,437	1,608,266	21,167	2,918,870	4,944,666
Expenditures						
Amortization		198	3,868	-	4,066	2,877
Communications		7,668	181,096	-	188,764	203,711
Insurance		2,678	15,101	-	17,779	16,920
Knowledge and technology exchange and exploitation		33,183	188,036	-	221,219	524,029
Professional and consulting fees		261,024	158,352	930	420,306	324,288
Research project expenditures		32,303	590,778	-	623,081	1,909,861
Research support and training		86,185	80,635	-	166,820	672,264
Salaries and benefits		809,641	274,798	13,982	1,098,421	1,132,954
Supplies and office costs		2,233	14,935	2,839	20,007	23,315
Travel, meetings and networking		54,324	100,667	1,722	156,713	364,032
		1,289,437	1,608,266	19,473	2,917,176	5,174,251
Excess (Deficiency) of revenues over expenditures		-	-	1,694	1,694	(229,585)
Fund balances, beginning of year		-	-	409,056	409,056	638,641
Fund balances, end of year		-	-	410,750	410,750	409,056

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

KIDS BRAIN HEALTH NETWORK

Statement of Cash Flows For the year ended March 31, 2025

	2025	2024
	\$	\$
Cash flows from (used in) operating activities		
Excess (Deficiency) of revenues over expenditures	1,694	(229,585)
Non-cash items		
Amortization	4,066	2,877
Loss on disposition of assets	293	-
Changes in non-cash working capital items		
Accounts receivable	28,699	12,327
Contributions held at participating institutions	(458,413)	1,286,645
Prepaid expenses	(62,837)	177,807
Accounts payable and accrued liabilities	(97,264)	112,373
Deferred contributions	(80,196)	(4,816,246)
	(663,958)	(3,453,802)
Cash flows used in investing activities		
Purchase of equipment	(6,358)	(7,350)
Cash flows used in financing activities		
Deposit to secure credit cards	(45,000)	-
Decrease in cash	(715,316)	(3,461,152)
Cash, beginning of year	1,451,661	4,912,813
Cash, end of year	736,345	1,451,661
Cash composed of:		
Cash and cash equivalents	565,972	359,941
Funds held in trust by Simon Fraser University	170,373	1,091,720
	736,345	1,451,661

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

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

1. Nature of Operations

Kids Brain Health Network ("KBHN" or the "Network") is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act.

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.

KBHN was originally established under the Government of Canada's Networks of Centres of Excellence ("NCE") Program on December 9, 2009. KBHN's funding agreement with the NCE ended on March 31, 2025. On November 30, 2023, KBHN was selected as one of the recipients of the Government of Canada's Strategic Science Fund ("SSF") and KBHN entered into a funding agreement with SSF on July 4, 2024. This funding will play a pivotal role in sustaining and expanding KBHN's objectives, enabling KBHN to continue delivering proven solutions addressing core challenges in early identification, early intervention, effective treatment, and family support.

KBHN's ongoing operations are substantially dependent on contributions under its funding agreement with SSF and the Network may not be able to continue its current operations were that funding to be reduced or ended.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") effective as of March 31, 2025.

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 below. These financial statements are presented using the deferral method of accounting for contributions.

Fund Accounting

The Network applies a fund accounting presentation for financial reporting purposes to enhance transparency regarding its activities and the use of externally restricted contributions. The resources and activities of the Network have been classified into the following funds:

- SSF Fund: This fund consists of contributions from the SSF and eligible expenditures as set out in the Network's funding agreement with the SSF and the SSF Program Guide. Contributions are recognized as revenues when eligible expenditures are incurred.
- NCE Fund: This fund consists of resources and contributions from the NCE and eligible expenditures as set out in the Network's funding agreement with the NCE and the NCE Program Guide. Contributions are recognized as revenues when eligible expenditures are incurred.
- General Fund: This fund consists of unrestricted contributions and revenues available for the Network's general operations.

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

2. Significant Accounting Policies (continued)

Use of Estimates

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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of three months or less.

Funds Held in Trust by Simon Fraser University

Funds held in trust by Simon Fraser University ("SFU") consist of cash held in SFU's bank accounts and are administered by SFU on behalf of the Network.

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, 2025, the recorded amounts of financial assets and financial liabilities approximate their 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.

Contributions Held at Participating Institutions

Contributions held at participating institutions are deferred until the participating institution incurs eligible research costs, at which time they are recognized as research project and knowledge and technology exchange and exploitation expenditures.

Capital Assets

Capital assets consist of computer equipment which is recorded at cost and amortized on a declining balance basis over the estimated useful life at an annual rate of 30%.

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

2. Significant Accounting Policies (continued)

Recognition of Revenues

The Network follows the deferral method of accounting for contributions. Contributions may be received from agencies of the Government of Canada, the host institution, and other private and public sector partners. Unrestricted contributions are recognized as revenues when received. Contributions which have external restrictions governing the types of activities which they can be used to fund are deferred and recognized as revenues when the eligible expenditures are incurred. Contributions approved but not yet received at the end of the reporting period are accrued when persuasive evidence of an arrangement exists, the amount is fixed or determinable, and collection is reasonably assured.

Under the terms of the agreements with the NCE and with the SSF, the funding received from these entities will be disbursed as contributions to the Network's participating institutions and directed to the payment of the Network's operating and capital expenditures. When received, 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 designated for the purchase of equipment are deferred and recorded as revenues at the rate corresponding to the amortization rate of the related equipment.

Other revenue, consisting of conference registration fees and other support, are recognized as revenues when the relevant conditions have been fulfilled 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.

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 \$75,832 (2024: \$76,096).

Income Taxes

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

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

3. Funding Agreements

Contribution from the Government of Canada's SSF

On July 4, 2024, KBHN entered into an agreement ("Strategic Science Fund Contribution Agreement") with the Government of Canada, which will make a non-repayable contribution to KBHN to a maximum of \$17,042,400 over five years, from April 1, 2024 to March 31, 2029. As at March 31, 2025, KBHN had received \$2,817,800 and incurred eligible expenditures of \$1,289,437 for the year ended March 31, 2025.

Contribution from the NCE

In December 2019, the Government of Canada through the NCE Program agreed to contribute \$11,729,000 for a third cycle of funding from 2020 to 2023. On September 14, 2020, the 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. A revised Tri-agency Guide on Financial Administration, effective April 1, 2024, included an additional one-year no-cost extension year for wind-down, allowing KBHN to continue using this grant until March 31, 2025.

Contributions from the NCE were 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	

Contribution from Simon Fraser University

On June 4, 2019, KBHN entered into an agreement with Simon Fraser University (the "SFU Host Agreement") under which SFU agreed to 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 provided 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.

On December 18, 2020, KBHN entered into an extension agreement with SFU under which SFU agreed to continue serving as the host institution to March 31, 2024. On March 7, 2024, KBHN and SFU signed an amendment to extend the agreement to May 31, 2025. On July 10, 2025, KBHN and SFU signed an amendment to extend the agreement to March 31, 2029.

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

4. Related Parties

Kids Brain Health Foundation

Kids Brain Health Foundation ("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 to support research into neurodevelopmental disabilities in children.

Membership in KBHF is restricted to the incorporators of KBHF and the directors of KBHN. Two directors of KBHN are also directors of KBHF.

KBHN incurred insurance, professional and supplies costs of \$19,414 (2024: \$33,205) related to the administration and development of KBHF for the year ended March 31, 2025 which are included in the statement of operations and changes in fund balances.

KBHN has also entered a services agreement with KBHF under which it will provide services in connection with the provision of grants to qualified donees and grant administration. KBHN may retain a fee for the services, calculated as a percentage of each grant, provided that such fee is contemplated by the applicable grant agreement.

KBHN has not consolidated KBHF in these financial statements. The following table summarizes the financial information of KBHF for the years ended March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	\$	\$
Total assets	187,222	25,809
Total liabilities	115,000	-
Net assets	72,222	25,809

	Year ended	Year ended
	March 31, 2025	March 31, 2024
	\$	\$
Revenues	361,182	226,920
Expenses	314,769	239,390
Cash flows from operating activities	167,188	(5,199)

Kids Brain Health Innovation Fund

Kids Brain Health Innovation Fund ("KBH-IF") was incorporated in Alberta under the Business Corporations Act on February 19, 2025. As of March 31, 2025, KBH-IF's sole shareholder is KBHN. All five directors of KBH-IF also serve as directors of KBHN. KBH-IF's purpose is to focus on investments that enhance the scale, distribution, and accessibility of proven supports for children with neurodevelopmental disabilities and their families.

KBHN incurred professional costs of \$6,938 (2024: \$nil) related to the establishment of KBH-IF for the year ended March 31, 2025 which are included in the statement of operations and changes in fund balances.

There were no transactions recorded by KBH-IF during the year ended March 31, 2025.

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

5. Contributions and Expenditures

KBHN provides research project funding and knowledge and technology exchange and exploitation funding for eligible projects to the participating post-secondary institutions, research hospitals, not-for profit organizations, Indigenous organizations and governments, and research networks ("Ultimate Recipient") of the principal investigators of approved projects. The contribution funds are held in trust by the participating Ultimate Recipient until eligible expenses are incurred by the principal investigators.

	Balance, March 31, 2024 \$	Contributions, Current Year \$	Expenditures, Current Year \$	Funds Returned \$	Balance, March 31, 2025 \$
SSF Research Contributions					
Centre for Addiction and Mental Health	-	99,958	-	-	99,958
Dalhousie University	-	6,875	(6,875)	-	-
Holland Bloorview*	-	375,904	(25,427)	-	350,477
Interwoven Connections	-	100,000	-	-	100,000
Simon Fraser University	-	100,000	-	-	100,000
University of British Columbia	-	50,000	-	-	50,000
University of Calgary	-	200,000	-	-	200,000
University of Manitoba	-	100,000	-	-	100,000
	-	1,032,737	(32,302)	-	1,000,435
NCE Research Contributions					
Carleton University	81,792	-	(35,077)	(46,715)	-
Centre for Addiction and Mental Health	-	50,852	(50,852)	-	-
Holland Bloorview	100,708	-	(100,708)	-	-
McGill University Research Institute	83,256	-	(83,256)	-	-
McMaster University	26,021	10,000	(36,021)	-	-
Simon Fraser University	125,703	-	(125,703)	-	-
University of Alberta	119,536	-	(70,185)	(49,351)	-
University of British Columbia	33,179	30,000	(63,179)	-	-
University of Calgary	-	5,000	(5,000)	-	-
University of Guelph	40,727	-	(20,798)	(19,929)	-
	610,922	95,852	(590,779)	(115,995)	-
SSF Knowledge Mobilization Contributions					
McMaster University	-	100,000	-	-	100,000
NCE Knowledge Mobilization Contributions					
University of Calgary	31,100	-	(31,100)	-	-
Total	642,022	1,228,589	(654,181)	(115,995)	1,100,435

*In April 2025, Holland Bloorview forwarded \$111,150 to Queen's University for the co-principal investigator of an approved research project.

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

6. Capital Assets

	Cost \$	Accumulated Amortization \$	Net Book Value March 31, 2025 \$	Net Book Value March 31, 2024 \$
Computer equipment	46,210	31,832	14,378	12,379

7. Deferred Contributions

Deferred Contributions

	March 31, 2025 \$	March 31, 2024 \$
SSF Funds		
Contributions from the Government of Canada	2,817,800	-
Amounts recognized as revenues during the year	(1,289,239)	-
Amounts applied toward equipment purchased during the year	(3,783)	-
	1,524,778	-
NCE Funds		
Balance at the beginning of year	1,606,973	6,427,692
Amounts recognized as revenues during the year	(1,604,398)	(4,813,369)
Amounts applied toward equipment purchased during the year	(2,575)	(7,350)
	-	1,606,973
Balance at the end of year	1,524,778	1,606,973

Deferred Capital Asset Contributions

	March 31, 2025 \$	March 31, 2024 \$
Balance at the beginning of year	12,379	7,906
Deferred capital asset contributions	6,358	7,350
Amounts amortized to revenue	(4,066)	(2,877)
Write-offs	(293)	-
Balance at the end of year	14,378	12,379

KIDS BRAIN HEALTH NETWORK

Notes to the Financial Statements
For the year ended March 31, 2025

8. Financial Risk Management

KBHN's financial instruments are exposed 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 and cash equivalents, funds held in trust by Simon Fraser University, and accounts receivable. 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 and accounts receivable are monitored regularly for collectability.

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. Commitments

The Network has entered into research contribution agreements with participating institutions for future contributions, aggregating \$662,349 for the year ending March 31, 2026, subject to the satisfactory completion of mutually agreed-upon milestones and deliverables.