

Hydrocephalus Canada

ANNUAL FINANCIAL STATEMENTS

February 28, 2025



CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

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INDEPENDENT AUDITORS' REPORT

To the members of
Hydrocephalus Canada

Opinion

We have audited the accompanying financial statements of **Hydrocephalus Canada**, which comprise the statement of financial position as at February 28, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at February 28, 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 organization 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.

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

Management is responsible for the preparation and fair presentation of these 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

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.

CS Chartered Professional Accountants LLP

Licensed Public Accountants

Toronto, Ontario

August 11, 2025

Hydrocephalus Canada

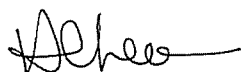
STATEMENT OF FINANCIAL POSITION

February 28, 2025

Statement 1

	2025	(note 13) 2024
ASSETS		
Current		
Cash and cash equivalents (note 5)	\$441,373	\$435,474
Accounts receivable	20,697	22,267
Deposits and prepaid expenses	21,178	23,196
	483,248	480,937
Endowment investments (note 2)	219,132	218,516
Equipment (note 3)	8,127	7,118
	\$710,507	\$706,571
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$14,064	\$13,863
Deferred contributions (note 4)	7,614	14,706
Deferred bingo revenue (note 5)	94,786	63,573
	116,464	92,142
NET ASSETS (note 6) (Statement 2)		
Net assets internally restricted for research	15,000	3,000
Net assets internally restricted for national expansion	44,344	50,000
Net assets restricted for scholarship endowments	218,278	218,278
Unrestricted net assets	316,421	343,151
	594,043	614,429
	\$710,507	\$706,571

APPROVED ON BEHALF OF THE BOARD:



, DIRECTOR



, DIRECTOR

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF CHANGES IN NET ASSETS

Year ended February 28, 2025

Statement 2

					2025	(note 13) 2024
Net assets	Restricted for research	Restricted for national expansion	Restricted for scholarship endowments	Unrestricted	Total	Total
Beginning of year	\$3,000	\$50,000	\$218,278	\$343,151	\$614,429	\$629,706
Revenues over expenses (Statement 3)	(3,000)	(5,656)	-	(11,730)	(20,386)	(15,277)
Internally restricted, transfers	15,000	-	-	(15,000)	-	-
End of year	\$15,000	\$44,344	\$218,278	\$316,421	\$594,043	\$614,429

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF OPERATIONS

Year ended February 28, 2025

Statement 3

	2025	(note 13) 2024
Revenues		
Fundraising		
Lottery and bingo (note 7)	\$242,605	\$240,374
Donations	119,983	92,806
Events and activities (note 8)	43,540	31,582
	406,128	364,762
Investment income (note 10)	29,113	18,018
Membership dues	1,295	1,155
Grants and subsidies (note 9)	1,258	5,262
	437,794	389,197
Expenses (Schedule 1)		
Programs and services		
Awareness and education	206,881	195,476
Care and support	113,770	96,619
Advocacy	26,729	22,801
Research	12,754	8,194
Scholarships	16,000	3,000
	376,134	326,090
Fund development	43,069	42,748
General administration	35,163	32,786
Amortization of equipment	3,814	2,850
	458,180	404,474
Excess of expenses over revenues for the year	(\$20,386)	(\$15,277)

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF CASH FLOWS

Year ended February 28, 2025

Statement 4

	2025	2024
Cash provided by (used for):		
Operating activities		
Operating revenue sources	\$432,774	\$387,854
Interest received	29,325	14,377
Payments on account of expenses	(450,761)	(393,403)
	11,338	8,828
Investing activities		
Purchases of equipment	(4,823)	(3,546)
Interest (allocated to) redeemed from endowment investments	(616)	4,445
	(5,439)	899
Net increase in cash for the year	5,899	9,727
Cash and cash equivalents, beginning of year	435,474	425,747
Cash and cash equivalents, end of year	\$441,373	\$435,474

Refer to the accompanying notes.

Hydrocephalus Canada

SCHEDULE OF EXPENSE COMPONENTS

Year ended February 28, 2025

Schedule 1

Expenses shown on the Statement of Operations are presented by program, service and function. The components of those expenses, by major category, are as follows:

	2025				2024			
	Personnel remuneration	Occupancy costs	Direct program, postage and other	Total	Personnel remuneration	Occupancy costs	Direct program, postage and other	Total
Awareness and education	\$141,965	\$19,423	\$45,493	\$206,881	\$116,166	\$19,135	\$60,175	\$195,476
Care and support	66,426	17,734	29,610	113,770	53,368	17,585	25,666	\$96,619
Advocacy	15,363	2,630	8,736	26,729	11,874	2,474	8,453	22,801
Research	7,449	423	4,882	12,754	5,753	413	2,028	8,194
Fund development	29,902	845	12,322	43,069	23,578	825	18,345	42,748
General administration	3,354	1,339	30,470	35,163	2,625	1,236	28,925	32,786
	\$264,459	\$42,394	\$131,513	\$438,366	\$213,364	\$41,668	\$143,592	\$398,624

Refer to the accompanying notes.

Hydrocephalus Canada

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2025

Nature of Organization

Hydrocephalus Canada ("the organization") is dedicated to empowering those impacted by hydrocephalus and spina bifida to experience the best life possible. The organization's efforts are focussed on creating solutions to support prevention and early, accurate diagnosis of hydrocephalus, access to safe, effective and appropriate treatment, the advancement of new treatments, optimal outcomes and ultimately, the discovery of a cure. Activities for the organization fall under four primary areas of influence. These are education, awareness, support and research.

The organization is organized under the Canada Not-for-profit Corporations Act. It is a registered charity under provisions of the Income Tax Act of Canada.

The financial objective of Hydrocephalus Canada, as is typical of not-for-profit organizations, is to have sufficient resources available to provide for its charitable programs and other expenses while upholding the long term financial stability of the organization. Annual net asset increases or decreases resulting from operations can be expected to fluctuate from year to year due to the unpredictable timing of certain revenues and program needs. Such fluctuations are factored into planning by management to achieve the objective.

1 / Significant Accounting Policies

These financial statements have been prepared based on the following accounting policies, in accordance with Canadian accounting standards for not-for-profit organizations.

a. Financial instruments

All of the organization's financial instruments are stated at amortized cost, less impairment of value if any.

b. Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Gaming revenue is recognized when the related event takes place or when winning tickets are drawn. Unrestricted contributions and fundraised amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

c. Contributed services and goods

The work of the organization is highly dependent on the efforts of its volunteers. Since the monetary value of volunteers' contributed services is difficult to determine, the value of these services has not been recognized in these financial statements. Donated goods are recorded at fair value at the time they are acquired by the organization.

d. Allocations of expenses

In addition to expenses directly attributable to a program or service function, each program or service is allocated a share of certain other expenses, such as personnel costs, rent, office equipment, etc. Allocations are estimated on the basis of actual time, space and other usage criteria, as appropriate to each expense. Expenses not reasonably attributable to any other program or service are added to general administrative expense.

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Hydrocephalus Canada

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2025

1 / Significant Accounting Policies *(continued)*

e. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect various amounts reported in these financial statements. Actual results can vary from these estimates.

f. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, charitable bingo funding restricted in its use, balances on current deposit and short-term deposits redeemable at any time, all with chartered banks, and which are not restricted for endowments. See also note 5.

2 / Endowment Investments

	2025	2024
Bank guaranteed investment certificates; interest at 4.5% (2024 - 4.5%) maturing 2026	\$179,889	\$179,889
Credit Union term deposit, bearing interest at 4.25% (2024 - 4.25%) receivable annually, maturing 2028	38,072	38,072
Savings accounts	1,171	555
	\$219,132	\$218,516

3 / Equipment

	2025		2024	
	Cost	Accumulated Amortization	Net	Net
Office equipment	\$1,465	\$1,172	\$293	\$586
Computers & peripherals	\$17,608	\$9,774	\$7,834	\$6,532
	\$19,073	\$10,946	\$8,127	\$7,118

The organization is still in possession of various pieces of equipment that are not reflected in the figures above because their costs of acquisition have been fully amortized.

4 / Deferred Contributions

Deferred contributions represent contributions received but not expended for purposes specified by the contributor as well as accumulated undisbursed interest earned on scholarship endowments. Changes in the deferred contributions balance are as follows:

	2025	2024
Balance, beginning of year	\$14,706	\$17,212
Restricted amounts deferred in the year	4,011	3,955
Net restricted amounts recognized as income during the year	(11,103)	(6,461)
Balance, end of year	\$7,614	\$14,706

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Hydrocephalus Canada

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2025

5 / Deferred Bingo Revenue

Funds received through the bingo charitable gaming program are deferred when received, until disbursed for a purpose approved under that program.

Undisbursed bingo funds are included in year-end cash and cash equivalents. This cash is restricted and held in separate bank accounts, in accordance with the regulatory framework that governs charitable gaming programs in Ontario. Total such funds held at year end were \$94,786 (2024 - \$63,573).

6 / Net Assets

Internally restricted amounts are only available for designated purposes. Such restrictions are imposed by the Board of Directors and may only be changed with the approval of the Board.

Net assets restricted for endowments are maintained in segregated bank accounts and investment certificates. Endowment resources are to be maintained permanently, while the interest on the permanent endowment may be used to pay scholarships.

7 / Lottery and Bingo Revenues

	2025	2024
Break open lottery proceeds net of awarded prizes	\$91,714	\$129,931
Less: Retailer commissions and supplier fees	(22,280)	(30,348)
Provincial fees and licences	(6,318)	(8,378)
Ticket printing and other direct costs	(24,555)	(34,228)
	38,561	56,977
Bingo revenues net of awarded prizes	204,044	183,397
	\$242,605	\$240,374

8 / Fundraising Event and Activity Revenues

	2025	2024
Golf tournaments, walks and third-party events	\$70,429	\$53,616
Less direct costs	(26,889)	(22,034)
	\$43,540	\$31,582

9 / Grants and Subsidies

The organization received \$14,900 in funding in a prior year from the Ontario Trillium Foundation (OTF). \$1,067 of this OTF grant is deferred to future periods when the related expenses are expected to be incurred.

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Hydrocephalus Canada

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2025

10 / Investment Income

	2025	2024
Income earned on unrestricted resources	\$12,792	\$13,127
Income earned on resources held for scholarship endowments	21,296	8,847
Total investment income earned in the period	34,088	21,974
Less amount added to deferred contributions	(4,975)	(3,956)
Investment income recognized as revenue for the year	\$29,113	\$18,018

11 / Commitments

The organization has entered into a lease for its office premises and into contracts for equipment operating leases. Minimum future payments under these commitments are as follows:

2026	17,242
2027	18,619
2028	14,983
	<u>\$50,844</u>

In addition to the base rent payments included above, additional rent for a share of building operating costs is payable throughout the lease, which at February 28, 2025 was \$2,334 monthly. Also, the organization has made a specific commitment to provide awards of \$5,000 annually until 2027.

12 / Financial Instrument Risks

The organization's investments are subject to interest rate risk, which refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. Investments and amounts receivable are also subject to credit risk, being the possibility that parties could default on their financial obligations. Liquidity risk that financial obligations may not be met exists as is does for all entities.

13 / Comparative Figures

In the current year, the organization retrospectively adjusted the accounting for bingo revenues to be under the deferral method of accounting. Under the deferral method, revenues of this nature are deferred when received and recognized in income in the period in which related expenses are incurred. In prior years, amounts were recognized as revenue in the period received or receivable. As a result, the following adjustments were made to the 2024 comparative financial results:

	Revised	Original	Change
Lottery and bingo revenue	240,374	261,589	(21,215)
(Deficiency) excess of revenues over expenses	(15,277)	5,938	(21,215)
Accounts receivable	22,267	40,206	(17,939)
Deferred gaming revenue	(63,573)	-	(63,573)
Net assets - ending	614,429	695,941	(81,512)
Net assets - opening	629,706	690,003	(60,297)