Hydrocephalus Canada

ANNUAL FINANCIAL STATEMENTS

February 28, 2026

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, 2026, 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, 2026 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
July 6, 2026

Hydrocephalus Canada

STATEMENT OF FINANCIAL POSITION

February 28, 2026

Statement 1

	2026	2025
ASSETS		
Current		
Cash and cash equivalents *(note 5)*	**$504,520**	$441,373
Accounts receivable	**16,893**	20,697
Deposits and prepaid expenses	**19,173**	21,178
	540,586	483,248
Endowment investments *(note 2)*	**220,752**	219,132
Equipment *(note 3)*	**6,245**	8,127
	$767,583	$710,507
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$13,693**	$14,064
Deferred contributions *(note 4)*	**42,008**	7,614
Deferred bingo revenue *(note 5)*	**141,484**	94,786
	197,185	116,464
NET ASSETS *(note 6) (Statement 2)*		
Net assets internally restricted for research	**10,000**	15,000
Net assets internally restricted for national expansion	**39,001**	44,344
Net assets restricted for scholarship endowments	**218,278**	218,278
Unrestricted net assets	**303,119**	316,421
	570,398	594,043
	$767,583	$710,507

APPROVED ON BEHALF OF THE BOARD:

Amy St-Aubin, DIRECTOR

_______________, DIRECTOR

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF CHANGES IN NET ASSETS

Year ended February 28, 2026 Statement 2

					2026	2025
Net assets	Restricted for research	Restricted for national expansion	Restricted for scholarship endowments	Unrestricted	**Total**	Total
Beginning of year	$15,000	$44,344	$218,278	$316,421	**$594,043**	$614,429
Revenues over expenses *(Statement 3)*	(5,000)	(5,343)	-	(13,302)	**(23,645)**	(20,386)
Internally restricted, transfers	-	-	-	-	**-**	-
End of year	$10,000	$39,001	$218,278	$303,119	**$570,398**	$594,043

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF OPERATIONS

Year ended February 28, 2026 | Statement 3

	2026	2025
Revenues		
Fundraising		
Lottery and bingo *(note 7)*	**$257,510**	$242,605
Donations	**134,820**	119,983
Events and activities *(note 8)*	**42,540**	43,540
	434,870	406,128
Grants and subsidies *(note 9)*	**15,473**	1,258
Investment income *(note 10)*	**11,144**	29,113
Membership dues	**2,114**	1,295
	463,601	437,794
Expenses *(Schedule 1)*		
Programs and services		
Awareness and education	**209,444**	206,881
Care and support	**109,335**	113,770
Research	**56,030**	12,754
Advocacy	**23,942**	26,729
Scholarships	**5,000**	16,000
	403,751	376,134
Fund development	**41,279**	43,069
General administration	**37,918**	35,163
Amortization of equipment	**4,298**	3,814
	487,246	458,180
Excess of expenses over revenues for the year	**($23,645)**	($20,386)

Refer to the accompanying notes.

Hydrocephalus Canada

STATEMENT OF CASH FLOWS

Year ended February 28, 2026 Statement 4

	2026	2025
Cash provided by (used for):		
Operating activities		
Operating revenue sources	**$513,769**	$432,774
Interest received	**19,081**	29,325
Government grants received	**16,001**	-
Payments on account of expenses	**(481,668)**	(450,761)
	67,183	11,338
Investing activities		
Purchases of equipment	**(2,416)**	(4,823)
Interest (allocated to) redeemed from endowment investments	**(1,620)**	(616)
	(4,036)	(5,439)
Net increase in cash for the year	**63,147**	5,899
Cash and cash equivalents, beginning of year	**441,373**	435,474
Cash and cash equivalents, end of year	**$504,520**	$441,373

Refer to the accompanying notes.

Hydrocephalus Canada

SCHEDULE OF EXPENSE COMPONENTS

Year ended February 28, 2026 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:

				2026				2025
	Personnel remuneration	Occupancy costs	Direct program, postage and other	**Total**	Personnel remuneration	Occupancy costs	Direct program, postage and other	Total
Awareness and education	$142,512	$20,254	$46,678	**$209,444**	$141,965	$19,423	$45,493	$206,881
Care and support	67,902	18,631	22,802	**109,335**	66,426	17,734	29,610	$113,770
Research	7,981	440	47,609	**56,030**	7,449	423	4,882	12,754
Advocacy	15,793	2,642	5,507	**23,942**	15,363	2,630	8,736	26,729
Fund development	31,456	881	8,942	**41,279**	29,902	845	12,322	43,069
General administration	3,127	1,321	33,470	**37,918**	3,354	1,339	30,470	35,163
	$268,771	$44,169	$165,008	**$477,948**	$264,459	$42,394	$131,513	$438,366

Refer to the accompanying notes.

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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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

	2026	2025
Bank guaranteed investment certificates; interest at 2.7% (2025 - 4.5%) maturing 2027	**$179,889**	$179,889
Credit Union term deposit, bearing interest at 4.25% (2025 - 4.25%) receivable annually, maturing 2028	**38,072**	38,072
Savings accounts	**2,791**	1,171
	$220,752	$219,132

3 / Equipment

			2026	2025
	Cost	Accumulated Amortization	**Net**	Net
Office equipment	$1,465	$1,465	**-**	$293
Computers & peripherals	20,024	13,779	**6,245**	7,834
	$21,489	$15,244	**$6,245**	$8,127

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:

	2026	2025
Balance, beginning of year	**$7,614**	$14,706
Restricted amounts deferred for research in the year	**39,768**	-
Other restricted amounts deferred in the year	**23,866**	4,011
Net restricted amounts recognized as income during the year	**(29,240)**	(11,103)
Balance, end of year	**$42,008**	$7,614

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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 $158,453 (2025 - $94,786).

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

	2026	2025
Break open lottery proceeds net of awarded prizes	**$66,967**	$91,714
Less: Retailer commissions and supplier fees	**(16,591)**	(22,280)
Provincial fees and licences	**(5,429)**	(6,318)
Ticket printing and other direct costs	**(18,838)**	(24,555)
	26,109	38,561
Bingo revenues	**231,401**	204,044
	$257,510	$242,605

8 / Fundraising Event and Activity Revenues

	2026	2025
Golf tournaments, walks and third-party events	**$69,935**	$70,429
Less direct costs	**(27,395)**	(26,889)
	$42,540	$43,540

9 / Grants and Subsidies

The organization received $14,900 in funding in a prior year from the Ontario Trillium Foundation (OTF). These funds were fully disbursed for their intended purposes in the year.

The organization also received $5,000 from the Department of Canadian Heritage and $10,823 through the Canada Summer Jobs program.

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10 / Investment Income

	2026	2025
Income earned on unrestricted resources	**$7,996**	$12,792
Income earned on resources held for scholarship endowments	**7,014**	21,296
Total investment income earned in the period	**15,010**	34,088
Less amount added to deferred contributions	**(3,866)**	(4,975)
Investment income recognized as revenue for the year	**$11,144**	$29,113

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:

2027	18,619
2028	14,983
	$33,602

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, 2026 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.