

Understanding our Financials

At Capitalize for Kids, we take pride in our innovative approach to philanthropy. As an incorporated non-profit, we run revenue generating initiatives and allocate the net proceeds to solving the toughest challenges in children’s brain and mental health.

In the spirit of full transparency, we work with PricewaterhouseCoopers LLP to conduct annual audits of our financials. However, as an innovator in the space, our audited financial statements do not capture the full extent of our impact. In 2015 alone, our financials did not include over a half million dollars that was donated directly to SickKids as a result of our initiatives.

We believe in being transparent and we believe in recognizing the full impact of our supporters. As such, we have prepared this report to supplement our audited financial statements.

\$ 1,318,338

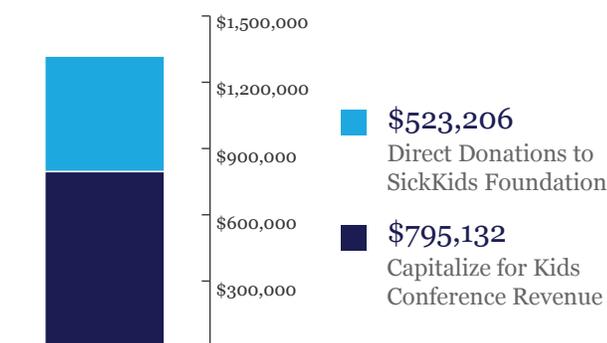
Total funds raised in 2015

\$ 0.26

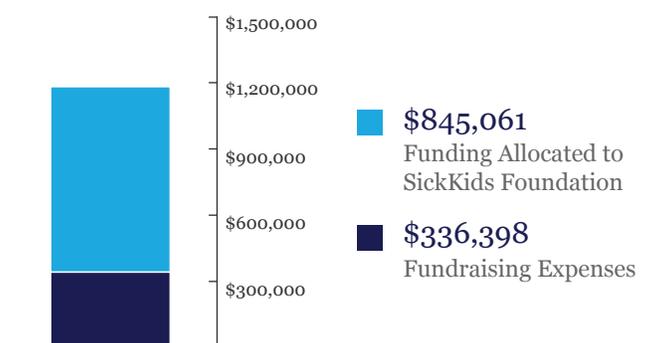
Cost per dollar raised in 2015

2015 Fundraising Overview

2015 Funds Raised - \$1,318,338



2015 Funds Allocated - \$1,181,459



\$136,879 was retained as working capital for 2016

What we Funded in 2015

With your support, we are helping to solve the toughest challenges in children's brain and mental health.

SickKids was the sole beneficiary of Capitalize for Kids funding in 2015. The majority of that funding was directed to a number of key areas at their Centre for Brain & Mental Health:

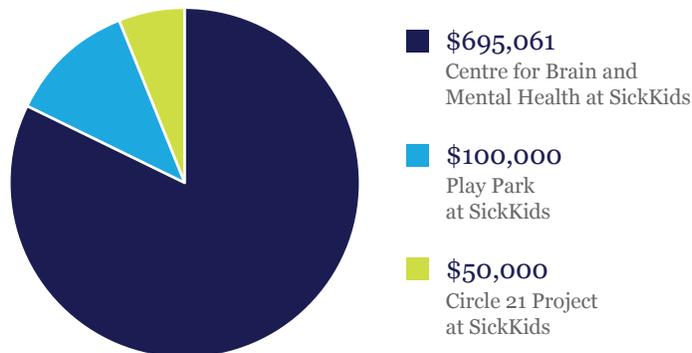
- **Catalyst Grants** - By funding catalyst grants, we were able to target our support to new ideas that could have a huge impact. Our support allowed the Centre to increase the number of grants available from four to seven.
- **Cross-Disciplinary Training** - We funded innovative fellowships in cross-disciplinary training. One example included providing Dr. Guilia Longoni, a Neurologist, with advanced training in brain imaging research. This is keeping SickKids physicians, like Guilia, at the leading edge of an increasingly complex sector.
- **Knowledge Translation** - What happens at SickKids, shouldn't stay at SickKids. We funded knowledge translation to help spread their expertise across the sector.
- **Matching Funding** - Through our matching funding program, we helped researchers in Neuro-Immune Interactions and Traumatic Brain Injury unlock two multi-million dollar grants from Brain Canada.



To learn more about our work with SickKids, download our 2015 Impact Report:

www.capitalizeforkids.org/impact.php

2015 SickKids Funding Breakdown



Thank You

A note from the leadership at the SickKids Centre for Brain & Mental Health.

Since its inception in 2007, the Centre for Brain & Mental Health has undergone significant growth and development, fuelled by vital philanthropic support. However, beginning in 2014, the funds generously donated by Capitalize for Kids have truly transformed the Centre, turning it into a hive of activity.

With your support, we are now able to pursue a number of long-held goals with the resources we need to achieve them. Our Executive is able to look to the future, envisioning how we might continue to evolve, instead of narrowly focusing on what we are able to accomplish in the next six to 12 months. And most importantly, our membership is able to engage in our vision on a whole new level, participating in our grant competitions, providing mentorship to fellows, seeking opportunities to leverage innovation funds, and driving our rapidly expanding suite of community outreach and knowledge translation activities.

We are tremendously grateful to Capitalize for Kids for believing in our vision that every child deserves a healthy start, a strong mind and a bright future. And for rallying the investment community around the important cause of paediatric brain and mental health. This report outlines the many ways you are making a difference, not just to our work in the Centre for Brain & Mental Health, but in the lives of the thousands of patients we care for.

On behalf of everyone at the Centre and at SickKids, thank you.

Dr. Steven Miller
Head, Centre for Brain & Mental Health

FINANCIAL STATEMENTS

CAPITALIZE FOR KIDS

December 31, 2015



July 13, 2016

Independent Auditor's Report

To the Directors of Capitalize for Kids

We have audited the accompanying financial statements of Capitalize for Kids, which comprise the balance sheet as at December 31, 2015 and the statements of operations and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capitalize for Kids as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The financial statements of Capitalize for Kids for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on November 27, 2015.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

CAPITALIZE FOR KIDS

BALANCE SHEET

Period ended December 31

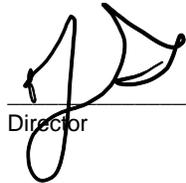
	<u>2015</u> \$	<u>2014</u> \$
ASSETS		
Current		
Cash and cash equivalents	163,034	15,300
Prepaid expense	<u>18,584</u>	<u>5,000</u>
	181,618	20,300
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	53,512	29,073
Net assets		
Unrestricted	128,106	(8,773)

See accompanying notes

On behalf of the Board



Director



Director

CAPITALIZE FOR KIDS**STATEMENT OF OPERATIONS****Period ended December 31**

	<u>2015</u>	<u>2014</u>
	\$	\$
REVENUE		
Investors Conference	795,132	878,961
EXPENSES		
Donation to Sick Kids	321,855	505,000
Venue and catering	117,363	158,245
Website design	17,037	114,811
Event management	80,111	36,439
Contract administration	28,709	0
Gifts for participants	1,585	16,290
Research	0	15,099
Stripe processing fee	1,217	10,103
Conference video	0	8,988
Sickkids innovators	0	8,850
Branding	53,089	6,075
Advertising and promotion	26,958	0
Legal	0	1,624
Office	7,302	2,127
Interest and bank charges	3,027	0
Miscellaneous	<u>0</u>	<u>4,083</u>
	<u>658,253</u>	<u>887,734</u>
Excess of revenue over expenditures	136,879	(8,773)
Net assets beginning of year	<u>(8,773)</u>	<u>0</u>
Net assets end of year	<u>128,106</u>	<u>(8,773)</u>

CAPITALIZE FOR KIDS

STATEMENT OF CASH FLOWS

Period ended December 31

	<u>2015</u>	<u>2014</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses for the year	136,879	(8,773)
Less: Unrealized foreign exchange gain	(33,791)	0
Net change in working capital	<u>10,855</u>	<u>24,073</u>
Cash provided by operating activities	113,943	15,300
INVESTING ACTIVITIES		
Cash used in investing activities	0	0
FINANCING ACTIVITIES		
Cash provided by financing activities	0	0
Net increase in cash and cash equivalents during the year	113,943	15,300
Cash and cash equivalents, beginning of year	15,300	0
Effects of exchange rate changes	<u>33,791</u>	<u>0</u>
Cash and cash equivalents, end of year	163,034	15,300

See accompanying notes

1. ORGANIZATION

Capitalize for Kids ("C4K" or the organization) is a charitable organization that was founded with the goal of becoming a permanent and growing source of capital for the Hospital for Sick Children, one of the largest and most respected pediatric health-science centers in the world.

C4K's main initiative is the Capitalize For Kids Investors Conference which is an investment forum where renowned portfolio managers donate their time to present their best ideas. C4K earns revenues from tickets sold to investors or other interested individuals who pay money to hear these portfolio managers pitch their ideas, and from sponsorship and/or donations institutions who have committed to support this cause.

C4K, which is incorporated under the Canada Not for Profits Act, is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Canadian Institute of Chartered Accountants' ("CICA") Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The organization follows the deferral method of accounting for donations. Donations and sponsorship are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in accounts.

Fees earned from the sale of tickets are recognized when the services, in the form of investment ideas presented at the conference, have been provided.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses on these transactions are included in the statement of operations and changes in unrestricted net assets. The statement of operations includes a foreign exchange gain of \$21,198.

3. GOVERNMENT REMITTANCES PAYABLE

As at December 31, 2015, accounts payable and accrued liabilities include government remittances payable of \$45,936 (\$26,669 - 2014)

4. STATEMENTS OF CASH FLOWS

(a) The net change in non-cash working capital balances related to operations consists of the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Prepaid expenses and other assets	(13,584)	(5,000)
Accounts payable and accrued liabilities	<u>24,439</u>	<u>29,073</u>
Net change in working capital	10,855	24,073

5. RECLASSIFICATION

Prior year comparatives have been reclassified to conform to the current years presentation. HST has been removed from the following 2014 line items to reflect the amounts gross of HST. Revenue and expenses have been reduced by \$77,609.

	<u>PER 2014</u> <u>FINANCIALS</u>	<u>LESS</u> <u>HST</u>	<u>2014</u> <u>FIGURES</u> <u>RESTATED</u>
REVENUE	956,570	77,609	878,961
EXPENSES			
DONATION TO SICK KIDS	505,000		505,000
VENUE AND CATERING	180,000	21,755	158,245
WEBSITE DESIGH	129,736	14,925	114,811
EVENT MANAGEMENT	41,177	4,738	36,439
HST EXPENSE	26,669	26,669	0
GIFTS FOR PARTICIPANTS	18,408	2,118	16,290
RESEARCH	17,062	1,963	15,099
STRIPE PROCESSING FEE	11,417	1,314	10,103
CONFERENCE VIDEO	10,156	1,168	8,988
SICK KIDS INNOVATORS	10,000	1,150	8,850
BRANDING	6,865	790	6,075
LEGAL	1,835	211	1,624
OFFICE	2,404	277	2,127
MISCELLANEOUS	<u>4,614</u>	<u>531</u>	<u>4,083</u>
	<u>965,343</u>	<u>77,609</u>	<u>887,734</u>