

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.

PricewaterhouseCoopers LLP
18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"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

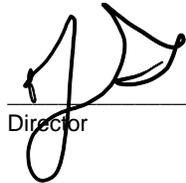
	<u>2015</u> \$	<u>2014</u> \$
ASSETS		
Current		
Cash and cash equivalents	163,034	15,300
Prepaid expense	<u>18,584</u>	<u>5,000</u>
	181,618	20,300
 LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	53,512	29,073
 Net assets		
Unrestricted	128,106	(8,773)

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>