

FINANCIAL STATEMENTS

CAPITALIZE FOR KIDS

December 31, 2016



July 18, 2017

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, 2016 and the statement of operations and statement of cash 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capitalize for Kids as at December 31, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

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

CAPITALIZE FOR KIDS

BALANCE SHEET

Period ended December 31

	<u>2016</u>	<u>2015</u>
ASSETS		
Current		
Cash and cash equivalents	\$111,346	\$163,034
Accounts receivable	59,890	0
Prepaid expense	<u>14,859</u>	<u>18,584</u>
	186,095	181,618
 LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	74,494	53,512
 Net assets		
Unrestricted	\$111,601	\$128,106

See accompanying notes

On behalf of the Board



Director



Director

CAPITALIZE FOR KIDS**STATEMENT OF OPERATIONS**

Period ended December 31

	<u>2016</u>	<u>2015</u>
REVENUE		
Investors Conference	\$1,057,626	\$795,132
EXPENSES		
Wages and benefits	89,314	0
Donation C4K Foundation	140,000	0
Donations Other	10,000	0
Donation Sick Kids Foundation	395,874	321,855
Venue and catering	165,932	117,363
Website design	8,973	17,037
Event management	55,254	80,111
Contract administration	118,635	28,709
Gifts for participants	0	1,585
Stripe processing fee	3,326	1,217
Branding	625	53,089
Advertising and promotion	39,847	26,958
Legal and Audit	3,675	0
Office	38,080	7,302
Interest and bank charges	<u>4,596</u>	<u>3,027</u>
	<u>1,074,131</u>	<u>658,253</u>
Excess (deficit) of revenue over expenditures	(16,505)	136,879
Net assets beginning of year	<u>128,106</u>	<u>(8,773)</u>
Net assets end of year	<u>\$111,601</u>	<u>\$128,106</u>

CAPITALIZE FOR KIDS

STATEMENT OF CASH FLOWS

Period ended December 31

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses for the year	\$(16,505)	\$136,879
Less: Unrealized foreign exchange gain	(27,529)	(33,791)
Net change in working capital	<u>(35,183)</u>	<u>10,855</u>
Cash provided by operating activities	(79,217)	113,943
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	(79,217)	113,943
Cash and cash equivalents, beginning of year	163,034	15,300
Effects of exchange rate changes	<u>27,529</u>	<u>33,791</u>
Cash and cash equivalents, end of year	<u>\$111,346</u>	<u>\$163,034</u>

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 pediatric health-science centers in the world.

C4K's main initiative is the Capitalize For Kids Investors Conference which is an investment forum where 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 exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Canada 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 uses the deferral method of accounting for contributions. Donations and unrestricted contributions are recognized as revenue when received. Unrestricted corporate sponsorships are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Fees earned from the sale of tickets are recognized when the services, in the form of attendance 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 loss of \$7,916 (2015 - \$21,198 gain) within Investors Conference revenue.

Financial Liabilities

Financial liabilities are measured at amortized cost.

3. GOVERNMENT REMITTANCES PAYABLE

As at December 31, 2016, accounts payable and accrued liabilities include government remittances payable of \$25,374 (\$45,936 - 2015).

4. STATEMENTS OF CASH FLOWS

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

	<u>2016</u>	<u>2015</u>
Prepaid expenses and other assets	\$(56,165)	(13,584)
Accounts payable and accrued liabilities	<u>20,982</u>	<u>24,439</u>
Net change in working capital	<u>\$(35,183)</u>	<u>10,855</u>

5. RELATED PARTY TRANSACTIONS

The organization is related to the Capitalize for Kids Foundation which is a registered charity. The Foundation was established to receive and maintain funds and to develop an income stream from these funds. It will disburse funds from time to time to qualified donees within the meaning of the Canadian Income Tax Act. Several officers and directors of the organization hold similar positions with the Foundation. During the year Capitalize for Kids donated \$140,000 to the Foundation which is shown as an expense in the statement of operations.

FINANCIAL STATEMENTS

CAPITALIZE FOR KIDS FOUNDATION

December 31, 2016



July 18, 2017

Independent Auditor's Report

To the Directors of Capitalize for Kids Foundation

We have audited the accompanying financial statements of Capitalize for Kids Foundation, which comprise the balance sheet as at December 31, 2016 and the statement of operations and statement of cash 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capitalize for Kids Foundation as at December 31, 2016 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 for the period from June 25, 2015 (date of incorporation) to December 31, 2015 are unaudited.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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CAPITALIZE FOR KIDS FOUNDATION

BALANCE SHEET

Period ended December 31

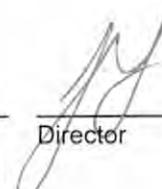
	<u>2016</u>	<u>2015</u> (Unaudited)
ASSETS		
Current		
Cash and cash equivalents	<u>\$156,323</u>	<u>\$1</u>
Net assets		
Unrestricted	<u>\$156,323</u>	<u>\$1</u>

See accompanying notes

On behalf of the Board



Director



Director

CAPITALIZE FOR KIDS FOUNDATION

STATEMENT OF OPERATIONS

Period ended December 31

	<u>2016</u>	<u>2015</u> (from date of incorporation) (Unaudited)
REVENUE		
Donations	\$156,560	\$0
EXPENDITURES		
Collection fees and bank charges	<u>238</u>	<u>0</u>
Excess of revenues over expenditures	156,322	0
Net assets beginning of year	<u>1</u>	<u>0</u>
Net assets end of year	<u>\$156,323</u>	<u>\$0</u>

STATEMENT OF CASH FLOWS

Period ended December 31

OPERATING ACTIVITIES

Excess of revenue over expenditures	<u>\$156,322</u>	<u>\$0</u>
Cash provided by operating activities	<u>156,322</u>	<u>0</u>

FINANCING ACTIVITIES

Cash provided by financing activities	<u>0</u>	<u>1</u>
Net increase in cash and cash equivalents during the year	156,322	1
Cash and cash equivalents, beginning of year	<u>1</u>	<u>0</u>
Cash and cash equivalents, end of year	<u>\$156,323</u>	<u>\$1</u>

See accompanying notes

CAPITALIZE FOR KIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Capitalize for Kids Foundation is a registered charity. It was created to receive and maintain a fund or funds and to apply all or part of the principal and income there from, from time to time, to one or more qualified donees within the meaning of the Income Tax Act (Canada) as amended from time to time. It undertakes activities ancillary and incidental to the attainment of the above charitable purpose.

The Foundation is exempt from income taxes and is able to issue donation receipts for income tax purposes. It was incorporated June 25, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Canada 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 uses the deferral method of accounting for contributions. Donations and unrestricted contributions are recognized as revenue when received. Unrestricted corporate sponsorships are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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

Cash and cash equivalents

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Contributed materials and services

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date.

3. RELATED PARTY TRANSACTIONS

The organization is related to Capitalize for Kids which is a not for profit entity devoted to fund raising activities. Several officers and directors of the Foundation hold similar positions within Capitalize for Kids. During the year the Foundation received a \$140,000 donation from Capitalize for kids which is recorded as donation revenue in the statement of operations.