

FINANCIAL STATEMENTS

CAPITALIZE FOR KIDS

December 31, 2021



Independent auditor's report

To the Directors of Capitalize for Kids

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capitalize for Kids (the Entity) as at December 31, 2021 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.

What we have audited

The Entity's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

As part of an audit in accordance with Canadian generally accepted 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

May 13, 2022

CAPITALIZE FOR KIDS**BALANCE SHEET****As at December 31, in Canadian Dollars**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current		
Cash and cash equivalents	\$404,288	\$678,398
Accounts receivable (Note 3)	14,128	56,857
Prepaid expense	<u>5,793</u>	<u>12,108</u>
	424,209	747,363
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 4)	80,229	101,568
Due to Capitalize for Kids Foundation	<u>35,642</u>	<u>444,085</u>
	115,871	545,653
Long term		
CEBA loan (Note 8)	<u>0</u>	<u>40,000</u>
Net assets		
Unrestricted	<u>\$308,338</u>	<u>\$161,710</u>

See accompanying notes

On behalf of the Board

DocuSigned by:

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 Director

CAPITALIZE FOR KIDS

STATEMENT OF OPERATIONS

Period ended December 31, in Canadian Dollars

	<u>2021</u>	<u>2020</u>
REVENUE		
Investors Conference	488,365	420,301
Corporate Sponsors	647,000	384,000
Donations	0	0
Other Income	<u>1,275</u>	<u>1,477</u>
	<u>\$1,136,640</u>	<u>\$805,778</u>
EXPENSES		
Wages and benefits	412,444	260,290
Donation C4K Foundation	100,000	150,000
Donations other and grants	0	5,000
Conference expenses	373,929	250,630
Event management	5,114	7,434
Processing fees	19,832	7,940
Advertising and promotion	57	2,258
Legal and Audit	10,249	14,232
Office	67,999	69,495
Interest and bank charges	<u>388</u>	<u>359</u>
	<u>990,012</u>	<u>767,638</u>
Excess of revenue over expenditures	146,628	38,140
Net assets beginning of year	<u>161,710</u>	<u>123,570</u>
Net assets end of year	<u>\$308,338</u>	<u>\$161,710</u>

CAPITALIZE FOR KIDS

STATEMENT OF CASH FLOWS

Period ended December 31, in Canadian Dollars

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses for the year	\$146,628	\$38,140
Add: Foreign exchange (gain) loss	(834)	24
Net change in non cash working capital (Note 5)	<u>(380,738)</u>	<u>249,490</u>
Cash provided by operating activities	(234,944)	287,654
INVESTING ACTIVITIES		
Cash used in investing activities	-	-
FINANCING ACTIVITIES		
Cash provided by financing activities (repayments)	<u>(40,000)</u>	<u>40,000</u>
Net increase(decrease) in cash and cash equivalents during the year	(274,944)	327,654
Cash and cash equivalents, beginning of year	678,398	350,768
Effects of exchange rate changes	<u>834</u>	<u>(24)</u>
Cash and cash equivalents, end of year	\$404,288	\$678,398

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Capitalize for Kids ("C4K" or the organization) is a not for profit 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 also provides funding to the Capitalize for Kids Foundation.

C4K's main initiative is the C4K 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.

CAPITALIZE FOR KIDS

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

Fees earned from the sale of Investors Conference tickets and sponsorships are recognized when the services have been provided, if the amount can be reasonably estimated and collection is reasonably assured.

The organization uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions, arising primarily from grants, are initially deferred and recognized as revenue in the year in which the related expenses are incurred and when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Government grants are recognized in the Statement of Operations during the year when there is reasonable assurance that the grants will be received and that the entity will comply with the terms of the respective grants.

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 \$834 (2020 - \$24 loss) within Other Income revenue.

CAPITALIZE FOR KIDS

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities

Financial liabilities are measured at amortized cost.

3. ACCOUNTS RECEIVABLE

Accounts receivable is broken down into the following categories

	<u>2021</u>	<u>2020</u>
Investors Conference	\$11,300	\$33,324
Other receivables	<u>2,828</u>	<u>23,533</u>
Total	<u>\$14,128</u>	<u>\$56,857</u>

4. GOVERNMENT REMITTANCES PAYABLE

As at December 31, 2021, accounts payable and accrued liabilities include government remittances payable of \$41,236 (2020 - \$37,084).

5. STATEMENTS OF CASH FLOWS

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

	<u>2021</u>	<u>2020</u>
Prepaid expenses and other assets	\$49,044	\$75,256
Accounts payable and accrued liabilities	<u>(429,782)</u>	<u>174,234</u>
Net change in working capital	<u>(\$380,738)</u>	<u>\$249,490</u>

CAPITALIZE FOR KIDS

NOTES TO THE FINANCIAL STATEMENTS

6. RELATED PARTY TRANSACTIONS

The organization is related to the Capitalize for Kids Foundation (the 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 pledged to donate \$100,000 to the Foundation which is shown as an expense in the Statement of Operations (2020 - \$150,000).

Included in liabilities is an amount of \$35,642 (2020 - \$444,085) due to Capitalize for Kids Foundation mainly for a donation provided to the Foundation. C4K provides marketing and fund raising support to the Foundation and recovers a portion of salaries and wages for this service.

7. COMMITMENTS

The organization has an operating lease for its premises that covers the period December 1, 2020 to November 30, 2023. The lease includes monthly operating costs at an estimated rate of \$3,750 per month. Estimated minimum annual lease payments for the term of the lease and other contractual commitments are as follows:

2022	\$46,352
2023	\$43,538

The organization has entered into a contract to rent the Arcadian Court premises for its annual investors conference for 2022. The minimum cost shall be \$71,238. An 18% event administration fee will also be charged in respect of all food and beverage services.

8. CEBA LOAN

The organization received a \$60,000 loan from the Federal government through the Canada Emergency Business Account program (CEBA) during 2020. During 2021, \$40,000 was repaid which resulted in \$20,000 of the loan being forgiven. The forgivable portion of the loan was offset against wages and benefits in the Statement of Operations in 2020.

CAPITALIZE FOR KIDS

NOTES TO THE FINANCIAL STATEMENTS

9. GOVERNMENT ASSISTANCE

The organization took advantage of government support to help reduce the impact of COVID-19 on the organization through the Canada Emergency Wage Subsidy (CEWS).

During the year the company received \$92,916 (2020 - \$125,275) in wage subsidies under the CEWS program from the Federal government to September 2021. The wage subsidy has been recorded as an offset against salaries and wages in the Statement of Operations.

10. IMPACT OF COVID-19

The impact of the COVID-19 outbreak continues to be monitored. The organization has a comprehensive business continuity plan that ensures its readiness to appropriately address and mitigate regulatory and business risks as they arise.

FINANCIAL STATEMENTS

CAPITALIZE FOR KIDS FOUNDATION

December 31, 2021



Independent auditor's report

To the Directors of Capitalize for Kids Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capitalize for Kids Foundation (the Entity) as at December 31, 2021 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.

What we have audited

The Entity's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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Those charged with governance are responsible for overseeing the Entity'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.

As part of an audit in accordance with Canadian generally accepted 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

May 13, 2022

CAPITALIZE FOR KIDS FOUNDATION**BALANCE SHEET**

As at December 31, in Canadian Dollars

	<u>2021</u>	<u>2020</u>
ASSETS		
Current		
Cash and cash equivalents	\$3,167,887	\$2,585,668
Due from Capitalize for Kids	35,642	444,085
Accounts receivable	<u>92,378</u>	<u>126,199</u>
	3,295,907	3,155,952
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	-	36,156
Deferred revenue (Note 4)	<u>514,973</u>	<u>523,990</u>
	514,973	560,146
Net assets		
Unrestricted	<u>\$2,780,934</u>	<u>\$2,595,806</u>

See accompanying notes

On behalf of the Board

DocuSigned by:

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 Director

CAPITALIZE FOR KIDS FOUNDATION

STATEMENT OF OPERATIONS

Period ended December 31, in Canadian Dollars

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$912,346	\$941,263
Bay Street games	98,955	34,280
Grants	9,017	88,798
Other revenue	<u>68,271</u>	<u>27,608</u>
	<u>\$1,088,589</u>	<u>\$1,091,949</u>
 EXPENDITURES		
Donation Sick Kids Foundation	500,000	500,000
Salaries and wages	269,356	222,455
Impact program	130,569	104,969
Collection fees and bank charges	<u>3,536</u>	<u>3,044</u>
	<u>903,461</u>	<u>830,468</u>
 Excess of revenues over expenditures	185,128	261,481
 Net assets beginning of year	<u>2,595,806</u>	<u>2,334,325</u>
 Net assets end of year	<u>\$2,780,934</u>	<u>\$2,595,806</u>

CAPITALIZE FOR KIDS FOUNDATION

STATEMENT OF CASH FLOWS

Period ended December 31, in Canadian Dollars

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$185,128	\$261,481
Add: Foreign exchange (gain) loss	1,728	5,039
Net change in non cash working capital	<u>397,091</u>	<u>(355,757)</u>
Cash provided (or used) by operating activities	<u>583,947</u>	<u>(89,237)</u>
INVESTING ACTIVITIES		
Cash used in investing activities	-	-
FINANCING ACTIVITIES		
Cash provided by financing activities	-	-
Net increase (decrease) in cash and cash equivalents during the year	583,947	(89,237)
Cash and cash equivalents, beginning of year	2,585,668	2,679,944
Effects of exchange rate charges	<u>(1,728)</u>	<u>(5,039)</u>
Cash and cash equivalents, end of year	<u>\$3,167,887</u>	<u>\$2,585,668</u>

See accompanying notes

CAPTIALIZE FOR KIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Capitalize for Kids Foundation (the 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 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 on 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 Standards for Not-for-Profit Organizations, 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. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions, arising primarily from grants, are initially deferred and recognized as revenue in the year in which the related expenses are incurred and when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Government grants are recognized in the Statement of Operations during the year when there is reasonable assurance that the grants will be received and that the entity will comply with the terms of the respective grants.

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 \$1,728 (2020 - loss of \$5,039) within Donations and grants revenue.

CAPITALIZE FOR KIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities

Financial liabilities are measured at amortized cost.

3. RELATED PARTY TRANSACTIONS

The Foundation 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 \$100,000 (2020 - \$150,000) *pledge* from Capitalize for Kids which is recorded as donation revenue in the Statement of Operations. Included in assets is an amount of \$35,642 (2020 - \$444,085) due from Capitalize for Kids mainly for a donation provided to the Foundation and allocated salaries and wages. Capitalize for Kids provides marketing and fund raising support to the Foundation and recovers a portion of salaries and wages for this service.

4. IMPACT PROGRAM

The Foundation entered into a agreement with East Metro Youth Services during 2019 to expand the capacity of mental health services in Toronto. Funding for the agreement in the amount of \$686,472 was received in 2019 which represents the total value of the agreement. During the year \$9,017 was recognized as revenue to offset expenses incurred under the project. The balance of funding is recorded in deferred revenue in the amount of \$514,973. Consequently, \$514,973 of the cash and cash equivalents balance is restricted to be used only for expenses relating to the East Metro Youth Services project. East Metro Youth Services is now called Strides.

The above project is one of several projects the Foundation is undertaking under its Impact program. The program was designed to allow the Foundation to work with different mental health agencies to identify business opportunities to increase the capacity of their existing services. The Foundation partners with for profit companies to design solutions and then fund the required changes to an agency's operations. Other impact projects are not funded by the grant from Strides.

5. GOVERNMENT ASSISTANCE

The Foundation took advantage of government support to help reduce the impact of COVID-19 on the Foundation including the Canada Emergency Wage Subsidy (CEWS) which it received until September 2021.

During the year the company received \$42,436 (2020 - \$96,488) in wage subsidies under the CEWS program from the Federal government. The wage subsidy has been recorded as an offset against salaries and wages in the Statement of Operations.

CAPITALIZE FOR KIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

6. IMPACT OF COVID-19

The impact of the COVID-19 outbreak continues to be monitored. The organization has a comprehensive business continuity plan that ensures its readiness to appropriately address and mitigate regulatory and business risks as they arise.

7. COMMITMENTS

The organization has pledged a \$382,705 donation to the Toronto Sick Kids Hospital Foundation Centre for Brain and Mental Health.