

PROSPER CANADA
YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the directors of
PROSPER CANADA

Opinion

We have audited the financial statements of Prosper Canada, which comprise the statement of financial position as at March 31, 2023 and the statements of operations, changes in net assets, and cash flow 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 Prosper Canada as at March 31, 2023, its operations 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 ethical 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 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.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 organization's internal controls.
- 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 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.
- 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, amongst 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.

Stern Cohen LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
July 13, 2023

PROSPER CANADA

STATEMENT OF OPERATIONS

| For the year ended March 31, | Core \$ | OFEC-MCCSS \$ | Ontario Securities Commission \$ | Financial Empowerment Champions \$ | Tech-Enabled Financial Empowerment \$ | Prosperity Gateways \$ | System Change \$ | 2023 \$ | 2022 \$ |
|--|------------|------------------|---|---|--|------------------------------|------------------------|------------|------------|
| Revenues | | | | | | | | | |
| Grants/sponsorship | 5,000 | 1,742,933 | 949,209 | 1,168,202 | 1,225,957 | 455,578 | 166,688 | 5,713,567 | 4,024,143 |
| Donations | 373,764 | - | - | - | - | - | - | 373,764 | 81,165 |
| Interest & sundry | 117,026 | - | - | 814 | - | - | - | 117,840 | 56,842 |
| Consulting fees | 46,327 | - | - | 5,371 | - | - | - | 51,698 | 39,773 |
| | 542,117 | 1,742,933 | 949,209 | 1,174,387 | 1,225,957 | 455,578 | 166,688 | 6,256,869 | 4,201,923 |
| Expenditures | | | | | | | | | |
| Salaries & benefits | 229,010 | 295,186 | 514,455 | 644,048 | 590,420 | 385,171 | 142,784 | 2,801,074 | 2,472,677 |
| Program delivery fees | - | 1,342,934 | 174,448 | 317,573 | 438,681 | - | - | 2,273,636 | 1,493,721 |
| Program consulting fees | 54,355 | 5,015 | 40,142 | 7,688 | 78,548 | 1,663 | 62 | 187,473 | 113,085 |
| Occupancy | - | 13,200 | 44,435 | 48,642 | 34,008 | 35,848 | 3,082 | 179,215 | 170,327 |
| Resource materials | - | 36,366 | 90,966 | 28,451 | 9,822 | - | - | 165,605 | 94,588 |
| Translation | 94 | 1,745 | 1,746 | 84,083 | 36,396 | 3,000 | 5,158 | 132,222 | 85,358 |
| External media & communications | 13,015 | 6,397 | 29,103 | 2,806 | 1,133 | 20,831 | 728 | 74,013 | 82,422 |
| Printing/graphic design expenses | 11,423 | 10,319 | - | 25,091 | - | - | 12,140 | 58,973 | 49,623 |
| Office & general expenses | - | 2,400 | 26,449 | 5,018 | 8,712 | 1,664 | 842 | 45,085 | 54,062 |
| Organizational development | 43,581 | - | - | - | - | - | - | 43,581 | 1,995 |
| Equipment related expenses | 1,185 | 12,440 | 18,568 | 4,482 | 792 | - | 1,037 | 38,504 | 62,379 |
| Dues, fees, licenses, memberships | 19,926 | - | - | - | - | - | - | 19,926 | 25,510 |
| Audit & legal | 4,666 | 3,000 | 6,756 | 213 | 2,775 | 1,108 | 503 | 19,021 | 18,820 |
| Web-based solutions | 1,442 | 8,835 | - | - | 6,886 | - | - | 17,163 | 75,339 |
| Telephone & internet services | 4,359 | 3,600 | 2 | 3,846 | 4,752 | - | 352 | 16,911 | 18,418 |
| Corporate website hosting & maintenance | 5,258 | - | - | - | 3,291 | 6,184 | - | 14,733 | 36,286 |
| Honoraria | - | - | 2,139 | 2,446 | 9,450 | - | - | 14,035 | 8,207 |
| Professional development | 10,000 | - | - | - | - | - | - | 10,000 | 10,000 |
| Travel & meeting | 6,090 | 1,496 | - | - | 291 | 109 | - | 7,986 | (918) |
| Amortization | 27,398 | - | - | - | - | - | - | 27,398 | 33,812 |
| | 431,802 | 1,742,933 | 949,209 | 1,174,387 | 1,225,957 | 455,578 | 166,688 | 6,146,554 | 4,905,711 |
| Excess (deficiency) of revenues over expenses before the following: | 110,315 | - | - | - | - | - | - | 110,315 | (703,788) |
| Government subsidies | - | - | - | - | - | - | - | - | 361,011 |
| Excess (deficiency) of revenues over expenses for the year | 110,315 | - | - | - | - | - | - | 110,315 | (342,777) |

See accompanying notes.

PROSPER CANADA
STATEMENT OF CHANGES IN NET ASSETS

| For the year ended March 31, | Unrestricted | Internally restricted | | 2023 | 2022 |
|---|------------------|------------------------------------|---|------------------|-------------|
| | \$ | Capacity building fund \$ | Long term sustainability fund \$ | Total \$ | Total \$ |
| Beginning of year | 162,320 | 596,500 | 800,000 | 1,558,820 | 1,901,597 |
| Excess (deficiency) of revenues over expenses for the year | 110,315 | - | - | 110,315 | (342,777) |
| Transfer of funds | (100,000) | - | 100,000 | - | - |
| End of year | 172,635 | 596,500 | 900,000 | 1,669,135 | 1,558,820 |

See accompanying notes.

PROSPER CANADA
STATEMENT OF CASH FLOW

| For the year ended March 31, | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Operating activities | | |
| Excess (deficiency) of revenues over expenses for the year | 110,315 | (342,777) |
| Item not involving cash | | |
| Amortization of capital assets | 27,398 | 33,812 |
| Working capital from (required by) operations | 137,713 | (308,965) |
| Net change in non-cash working capital balances related to operations | 2,885,664 | 2,590,693 |
| Cash from operations | 3,023,377 | 2,281,728 |
| Investing activities | | |
| Acquisition of capital assets | (17,280) | (34,501) |
| Disposal of capital assets | 97 | - |
| Investments, net | (1,565,479) | (503,608) |
| | (1,582,662) | (538,109) |
| Change in cash and cash equivalents during the year | 1,440,715 | 1,743,619 |
| Cash and cash equivalents | | |
| Beginning of year | 2,594,997 | 851,378 |
| End of year | 4,035,712 | 2,594,997 |

See accompanying notes.

PROSPER CANADA
STATEMENT OF FINANCIAL POSITION

| As at March 31, | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 4,035,712 | 2,594,997 |
| Short-term investments (Note 2) | 3,577,145 | 1,507,929 |
| Grants and sponsorships receivable (Note 4) | 44,900 | 40,201 |
| Other receivables | 15,559 | 31,582 |
| HST rebate receivable | 79,695 | 65,363 |
| Prepaid expenses and deposits | 25,724 | 23,997 |
| | 7,778,735 | 4,264,069 |
| Long-term investments (Note 2) | - | 500,000 |
| Capital assets (Note 3) | 14,671 | 24,886 |
| | 7,793,406 | 4,788,955 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,052,695 | 732,171 |
| Deferred revenue - grants and sponsorships (Note 4) | 5,062,026 | 2,488,725 |
| Deferred revenue - courses | 9,550 | 9,239 |
| | 6,124,271 | 3,230,135 |
| NET ASSETS | | |
| Unrestricted | 172,635 | 162,320 |
| Internally restricted | | |
| Operating reserve fund | 900,000 | 800,000 |
| Capacity building reserve fund | 596,500 | 596,500 |
| | 1,496,500 | 1,396,500 |
| | 1,669,135 | 1,558,820 |
| | 7,793,406 | 4,788,955 |

Other information (Note 5)

See accompanying notes.

Approved on behalf of the Board:



Chair Audit Committee



PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

Prosper Canada is a not-for-profit organization federally incorporated without share capital and is registered with Canada Revenue Agency as a charity, within the meaning of the Income Tax Act.

The organization was founded as an innovative response to high levels of unemployment and welfare dependency in Canada and has evolved into an innovator and producer/manager of effective Canadian self-sufficiency policies and programs.

1. Significant accounting policies

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) 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.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Consulting fees are recognized when services have been rendered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Ticket sales and event sponsorships are recognized when the corresponding event occurs.

Investment income from all short-term investments is recognized in the core fund as earned.

1. **Significant accounting policies (cont'd)**

(b) *Fund accounting*

The financial statements include the following funds:

- Internally restricted: as approved by the Board of Directors, two funds have been designated and set aside to address specific future requirements. The Operating reserve fund is to provide an internal source of funds to address unanticipated budget shortfalls to ensure the stability of the organization's operations and has a target of 25-35% of annual core operating costs. The Capacity building reserve fund is to provide funds for strategic organizational capacity building priorities to ensure ongoing capacity to advance Prosper Canada's mission and/or to respond to specific opportunities to improve and/or expand our impact; and
- Unrestricted: reflects the cumulative net excess of revenues over expenses in excess of any funds internally restricted as described above.

The programs that Prosper Canada participate in are as follows:

CORE

The Prosper Canada Core Fund ("Core") accounts for the organization's strategic planning, fundraising and administrative activities.

OFEC-MCCSS

Ontario Financial Empowerment Champions is a one-year project extension funded by the Ontario Ministry of Children, Community, and Social Services (MCCSS) to enable a network of community-based Financial Empowerment Champion organizations and their local partners to deliver financial empowerment interventions to 46,000+ Ontarians living in or at high risk of poverty and Prosper Canada to promote and support the integration of FE services into Ontario Works programs across the province.

1. Significant accounting policies (cont'd)

(b) Fund accounting (cont'd)

ONTARIO SECURITIES COMMISSION

The Financial Information, Literacy, and Capability Project is a three-year initiative funded by the Ontario Securities Commission (OSC) to sustainably scale the provision of tailored financial information, education, and counselling to Ontarians with low and moderate incomes. The project aims to equip participants to measurably build their financial capability and stability and support them to build savings and become informed investors.

FINANCIAL EMPOWERMENT CHAMPIONS (FECs)

Financial Wellness in First Nations Communities is a two-year project funded by Investors Group to support the collaboration of two Financial Empowerment Champion community partners and 4+ First Nation communities in Manitoba and in Ontario to pilot, document, and support the establishment of new financial help approaches to meet the needs of First Nation communities.

Capacity Building and Community of Practice is a one-year project funded by Coast Capital aimed at building the capacity of 160+ community service staff to provide tailored financial help services to financially vulnerable Canadians. Prosper Canada will also convene a Community of Practice to engage participating organizations and practitioners in peer-to-peer knowledge exchange and problem solving.

Financial Empowerment Service Delivery is a one-year initiative funded by United Way to support a network of 15 community-based non-profit Financial Empowerment Champions to deliver critical financial empowerment services that build the financial well-being of vulnerable Canadians, including help to file taxes, applying for income benefits, and personalized financial counselling.

The **Lawson Foundation** provided one-time funding to support the printing and distribution of *Managing Your Money* booklets to support financial literacy in Indigenous communities.

Decreasing Barriers Faced by Low Income Communities is a three-year project funded by Seneca College of Applied Arts & Technology to develop an online appointment scheduling tool for tax clinics across Canada.

1. **Significant accounting policies (cont'd)**

(b) *Fund accounting (cont'd)*

Virtual Self-File is a one-year project funded by Intuit Financial Freedom Foundation. The project aims to adapt and scale the virtual tax clinic pilot which supports people on low incomes to self-file, creating a new virtual version with enhanced free Intuit software and volunteer and client training and resources. The program will be piloted by several community agencies across Canada.

Financial Empowerment Foundations Course is a six-month long project funded by Capital One to develop and launch a foundational training course for frontline staff serving Canadians with low incomes.

Expanding Local Financial Empowerment Services Through Building Community Infrastructure and Capacity is a three-year project to support a network of community financial empowerment providers with a focus on building partnerships with black-led, black-serving, and black-focused (B3) organizations to expand FE services for Black Canadians. This project is supported primarily by the Definity Foundation, McConnell Foundation, and Manulife.

Client Data Outcomes Platform is a project funded by JP Morgan Chase Foundation to develop, test, and iteratively refine a new shared client data outcomes platform and scale it for national adoption. The piloting of this platform will be done as part of Prosper Canada's efforts to develop an in-depth, clearly defined financial coaching service model (including minimum training, accreditation and service requirements aligned with proven practices) to support Canadians who need further help to advance on the path to greater financial resilience.

TECH-ENABLED FINANCIAL EMPOWERMENT

Benefits Wayfinder is a three-year project funded by TD Bank Group and Maple Leaf Centre for Food Security. This project aims to develop and scale the take-up of a national, bilingual, online benefit navigator to help 100,000+ financially struggling Canadians to access income benefits. The Benefits Wayfinder offers Canadians a trusted, one-stop resource to help them find and navigate income benefits they are eligible for, but not receiving, and to apply for benefits with confidence. Additional funding for longitudinal evaluation on this project is provided by the McConnell Foundation.

1. **Significant accounting policies (cont'd)**

(b) *Fund accounting (cont'd)*

Financial Empowerment for People with Disabilities is a three-year project funded by Employment and Social Development Canada. The project aims to develop an effective benefits service, with the potential for sustainable scaling, that can support people with disabilities – at no or low cost to them – to access government benefits they are eligible for but not yet receiving.

PROSPERITY GATEWAYS

Prosperity Gateways is a three-year project, funded by the Maytree Foundation and the JP Morgan Chase Foundation, aimed at supporting cities across Canada to build effective financial health interventions into their services (e.g. employment, housing, social assistance and health care) to help residents improve their financial stability and health, as well as improve city service outcomes. This project builds on our original Prosperity Gateways project, funded by Maytree from 2018-2021. Developmental Evaluation support for this project is funded by the McConnell Foundation.

SYSTEM CHANGE

System Change is a new program area that focuses on two project areas: Solutions Lab and Government Policy Change.

Solutions Lab / Financial Help Project is a two-year project funded by Co-operators aimed at building cross-sector consensus on the current gap in access to affordable, appropriate and trustworthy financial help services for people with low incomes in Canada. This is phase one of a longer initiative intended to develop and advance solutions to close this gap.

- **Financial Help Gap** is a three-year project funded by The Max Bell Foundation to support system change activities related to closing the tax filling gap for people with low incomes. This is one of the areas identified in the Financial Help Report.

1. **Significant accounting policies (cont'd)**

(b) *Fund accounting (cont'd)*

Government Policy Change is a two-year initiative funded in part by the McConnell Foundation and Manulife to advance policy solutions related to generating sustainable funding in the field of financial inclusion and use frontline feedback to drive coordinated advocacy on “upstream” solutions that remove systemic barriers, protect vulnerable consumers, and make government programs/financial services more relevant, accessible, and effective for people with low incomes.

(c) *Cash and cash equivalents*

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk in changes in value.

(d) *Capital assets*

Capital assets are stated at cost. Amortization is recorded at rates calculated to charge the cost of the assets to operations over their estimated useful lives. Maintenance and repairs are charged to operations as incurred. Gains and losses on disposals are calculated on the remaining net book value at the time of disposal and included in income.

Amortization is charged to operations at the following annual rates:

| | | |
|------------------------|---|-----------------------|
| Furniture and fixtures | - | 20% declining balance |
| Computer equipment | - | 2 years straight line |

1. Significant accounting policies (cont'd)

(e) Allocation of expenses

Project expenditures include both costs that are specifically identifiable with the project and costs that have been allocated to the project. The organization allocates these expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

Expenses are allocated on the following basis:

Salaries and benefits - based on management's estimate of time spent by staff on each project.

Other supplies and services - based on management's estimate of the usage of such resources by the project.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the period. Significant items subject to such estimates include the estimated useful life of capital assets as well as allocation of expenses to projects. Actual results could differ from these estimates.

(g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost consist of cash and cash equivalents, short-term investments, accounts receivable, other receivables,.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities, and deferred revenue.

PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

1. Significant accounting policies (cont'd)

(h) Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of revenues and expenses when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.

During the fiscal year, legal and consulting services were donated to the organization. These contributions are not recognized in the financial statements as they would not have otherwise been purchased by the organization. There were no other contributions of services recognized in the financial statements.

The organization benefits from services in the form of volunteer time to fulfill its mission. Since these invaluable services are not purchased by the organization and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.

2. Investments

| | 2023 \$ | 2022 \$ |
|---|------------------|------------|
| Guaranteed investment certificates - short-term | 3,577,145 | 1,507,929 |
| Guaranteed investment certificates - long-term | - | 500,000 |
| | 3,577,145 | 2,007,929 |

The guaranteed investment certificates bear a yield to maturity of 0.75% to 5.20% (2022 - 0.60% to 1.75%) with staggered maturity dates from May 18, 2023 to January 31, 2024 (2022 - October 12, 2022 to January 29, 2024).

PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

3. Capital assets

| | Cost \$ | Accumulated amortization \$ | Net Book Value | |
|------------------------------------|---------------|-----------------------------------|----------------|---------------|
| | | | 2023 \$ | 2022 \$ |
| Furniture and fixtures | 40,144 | 34,113 | 6,031 | 7,635 |
| Computer equipment and software | 51,781 | 43,141 | 8,640 | 17,251 |
| | 91,925 | 77,254 | 14,671 | 24,886 |

4. Deferred revenue and receivables - grants and sponsorships

The organization records restricted contributions as deferred revenue until it is expended for the purpose of the related grant. The change in the amount of deferred grants for fiscal 2023 is summarized as follows:

| | Beginning of year | | Received in the year \$ | Repaid in the year \$ | Recognized as revenue \$ | End of year | |
|--|---------------------------|------------------|-------------------------------|-----------------------------|--------------------------------|---------------------------|------------------|
| | Deferred Revenue \$ | Receivable \$ | | | | Deferred Revenue \$ | Receivable \$ |
| CORE | - | - | 5,000 | - | (5,000) | - | - |
| OFEC-MCCSS | 68,920 | 3,025 | 1,750,000 | (68,920) | (1,742,933) | 7,067 | 3,025 |
| ONTARIO SECURITIES COMMISSION | 683,076 | - | 912,687 | - | (949,209) | 646,554 | - |
| FINANCIAL EMPOWERMENT CHAMPIONS | 462,995 | 12,000 | 3,479,207 | - | (1,168,202) | 2,774,000 | 12,000 |
| TECH-ENABLED FINANCIAL EMPOWERMENT | 963,258 | 15,176 | 1,435,364 | - | (1,225,957) | 1,157,489 | - |
| PROSPERITY GATEWAYS | 164,701 | - | 608,831 | - | (455,578) | 317,954 | - |
| SYSTEM CHANGE | 145,775 | 10,000 | 150,000 | 10,000 | (166,688) | 158,962 | 29,875 |
| | 2,488,725 | 40,201 | 8,341,089 | (58,920) | (5,713,567) | 5,062,026 | 44,900 |

5. Other Information

(a) *Lease obligation*

The organization is committed under a net lease for premises until January 2029. Annual rents are approximately as follows:

| | \$ |
|------------|-----------|
| 2024 | 179,700 |
| 2025 | 182,000 |
| 2026 | 184,300 |
| 2027 | 186,500 |
| 2028 | 188,800 |
| Thereafter | 158,900 |
| | 1,080,200 |

(b) *Financial instruments*

The organization is exposed to the following significant financial risks:

(ii) *Liquidity risk*

Liquidity risk is the risk that the organization may not be able to meet its financial obligations as they become due. The organization manages its liquidity risk by monitoring and managing the cash requirements to ensure the organization has sufficient funds to meet its operational requirements.

(iii) *Credit risk*

The organization is exposed to credit risk in the event of non-payment by contributors in connection with its accounts receivable. The exposure to credit risk is the carrying value of accounts receivable on the statement of financial position.

(iv) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed only to interest rate risk as a result of its investments. However, the risk associated with these investments is low, since these assets are guaranteed investment securities.