

PROSPER CANADA
YEAR ENDED MARCH 31, 2020

TABLE OF CONTENTS

	Page
Independent auditor's report	1 - 2
Financial statements:	
Statement of operations	3
Statement of changes in net assets	4
Statement of cash flow	5
Statement of financial position	6
Notes to financial statements	7 - 15

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, 2020 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, 2020, 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
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
July 23, 2020

PROSPER CANADA

STATEMENT OF OPERATIONS

For the year ended March 31,	Core \$	FEPS \$	Ontario FEC \$	National FEC \$	Expanding Financial Literacy for Newcomers \$	Benefit Screening Tool \$	The Centre \$	Financial Health Accelerator Planning \$	Equipping Financial Educators \$	ABLE Conference Note 5(b) \$	Prosperity Gateways \$	Consumer Debt in Canada \$	Sustainably Scaling Financial Empowerment \$	Virtual Tax Clinic Pilot \$	2020 \$	2019 \$
Revenues																
Donations	830,414	-	-	-	-	-	792,106	-	-	-	-	-	-	-	1,622,520	1,047,781
Grants	9,938	719,941	957,548	1,422,459	319,278	35,967	-	104,899	81,234	-	294,691	55,791	23,711	65,630	4,091,087	4,400,222
Conference sponsorship/fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262,079
Consulting	32,342	-	-	-	-	-	-	-	-	-	-	-	-	-	32,342	86,584
Interest and sundry	53,411	-	-	-	-	-	-	-	-	-	-	-	-	-	53,411	41,566
	926,105	719,941	957,548	1,422,459	319,278	35,967	792,106	104,899	81,234	-	294,691	55,791	23,711	65,630	5,799,360	5,838,232
Expenditures																
Program delivery fees	-	599,473	731,154	990,646	41,400	-	49,000	-	-	-	63,375	-	-	22,000	2,497,048	2,383,151
Wages and benefits	454,139	83,487	187,434	220,621	170,596	13,039	615,842	29,021	67,791	55,714	177,026	30,572	-	39,063	2,144,345	2,083,769
Program consulting	6,449	17,550	9,347	78,843	66,255	-	19,619	62,047	8,917	10,912	4,948	17,650	23,711	455	326,703	418,702
Rent	23,163	4,200	9,000	12,016	8,622	-	71,237	-	4,176	-	7,997	2,322	-	2,132	144,865	141,510
Travel and meetings	10,349	2,684	5,871	56,447	2,148	-	8,892	2,267	-	-	23,694	-	-	1,955	114,307	227,723
Printing/graphic design expenses	1,635	-	2,342	17,058	-	22,928	-	10,758	-	676	495	-	-	-	55,892	60,000
Website/web-based solution development	5,736	7,747	2,182	23,824	9,592	-	83	-	-	-	66	-	-	-	49,230	129,658
Promotion	16,324	-	-	1,797	13,098	-	778	735	-	2,342	1,455	-	-	-	36,529	18,307
Office and general	3,710	-	2,618	7,169	4,251	-	7,598	-	-	1,893	1,602	1,395	-	-	30,236	38,674
Dues, fees, licenses, memberships	16,325	-	-	-	-	-	7,661	-	-	5,620	-	-	-	-	29,606	6,190
Organizational development	27,753	-	-	-	-	-	-	-	-	-	-	-	-	-	27,753	64,729
Equipment	3,270	-	4,800	6,200	1,553	-	1,100	-	-	-	7,997	2,575	-	-	27,495	30,430
Telephone and internet	2,342	4,800	1,800	7,838	1,107	-	3,174	71	-	702	2,731	-	-	25	24,590	29,031
Professional development	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Audit and legal	2,359	-	1,000	-	656	-	6,413	-	-	-	3,201	927	-	-	14,556	16,350
Amortization	11,460	-	-	-	-	-	-	-	-	-	-	-	-	-	11,460	10,136
Resource materials	1,114	-	-	-	-	-	709	-	350	-	104	350	-	-	2,627	3,040
	606,128	719,941	957,548	1,422,459	319,278	35,967	792,106	104,899	81,234	77,859	294,691	55,791	23,711	65,630	5,557,242	5,681,400
Excess (deficiency) of revenues over expenses for the year	319,977	-	-	-	-	-	-	-	-	(77,859)	-	-	-	-	242,118	156,832

See accompanying notes.



PROSPER CANADA
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,	Unrestricted \$	Internally restricted \$	2020 Total \$	2019 Total \$
Beginning of year	165,665	1,150,000	1,315,665	1,158,833
Excess of revenues over expenses for the year	242,118	-	242,118	156,832
Transfer to Internally restricted	(250,000)	250,000	-	-
End of year	157,783	1,400,000	1,557,783	1,315,665

See accompanying notes.

PROSPER CANADA
STATEMENT OF CASH FLOW

For the year ended March 31,	2020 \$	2019 \$
Operating activities		
Excess of revenues over expenses for the year	242,118	156,832
Item not involving cash Amortization of capital assets	11,460	10,136
Working capital from operations	253,578	166,968
Net change in non-cash working capital balances related to operations	572,760	488,791
Cash from operations	826,338	655,759
Investing activities		
Acquisition of capital assets	(10,004)	(3,758)
Investments, net	(987,505)	(18,199)
	(997,509)	(21,957)
Change in cash and cash equivalents during the year	(171,171)	633,802
Cash and cash equivalents		
Beginning of year	1,704,246	1,070,444
End of year	1,533,075	1,704,246

See accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at March 31,	2020 \$	2019 \$
ASSETS		
Current assets		
Cash and cash equivalents	1,533,075	1,704,246
Short-term investments (Note 2)	1,827,009	-
Grants receivable (Note 4)	229,221	69,801
Other receivables	64,412	18,687
HST rebate receivable	66,663	72,340
Prepaid expenses and deposits	28,052	18,997
	3,748,432	1,884,071
Long-term investments (Note 2)	500,000	1,339,504
Capital assets (Note 3)	26,673	28,129
	4,275,105	3,251,704
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	638,311	438,259
Deferred revenue - grants (Note 4)	1,976,011	1,497,780
	2,614,322	1,936,039
Deferred revenue - conference (Note 5(b))	103,000	-
	2,717,322	1,936,039
NET ASSETS		
Unrestricted	157,783	165,665
Internally restricted		
Operating reserve fund	800,000	650,000
Capacity building reserve fund	600,000	500,000
	1,400,000	1,150,000
	1,557,783	1,315,665
	4,275,105	3,251,704

Other information (Note 5)

See accompanying notes.

Approved on behalf of the Board: _____


 Chair Audit Committee

PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

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:

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

Financial Empowerment and Problem Solving Program ("FEPS"): is funded by the Ontario Ministry of Children Community and Social Services. Building on the expansion and replication of the program over 2015-2017, the FEPS program helps Ontarians living on low incomes to improve their financial situation by accessing government income transfers and building their capacity for financial security.

Ontario Financial Empowerment Champions project ("Ontario FECs"): is funded by the Government of Ontario. Prosper Canada will work with five Financial Empowerment Champion organizations across Ontario to expand delivery of proven financial empowerment interventions that will improve the financial well-being of over 50,000 Ontarians living on low incomes.

National Financial Empowerment Champions project (NFECs): is funded by the Government of Canada's Social Development Partnerships Program. Prosper Canada will work in collaboration with five organizations across Canada over the five-year period to expand delivery of proven financial empowerment interventions that will improve the financial well-being of Canadians living on low incomes.

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

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

Expanding Financial Literacy for Newcomers project: is funded by Immigration, Refugees and Citizenship Canada (IRCC). This three-year project aims to provide frontline staff at settlement agencies with training and resources to enable them to accurately assess newcomers' financial literacy, connect newcomers to appropriate information and help them plan financially for successful settlement.

Benefits Screening Tool (BST) project: is funded by Maytree Foundation and St. Michael's Hospital Foundation. Building on the work from Phase 1 of this project, Prosper Canada will enhance the tool, develop additional training and follow-up supports, pilot the BST in more Toronto and Winnipeg sites, and evaluate the impact on patients when screening for poverty.

The Prosper Canada Centre for Financial Literacy ("the Centre"): is co-founded and funded by TD Bank Group. The renewal gift for three years (Jan 1, 2018 to Dec 31, 2020) will help the Centre to reach its goal of building the financial capability of one million Canadians living on low incomes by 2020.

Financial Health Accelerator Planning project: is a one-year initiative funded by JP Morgan Chase Foundation. The goal of the project is to generate specific insights for the robust program design of a financial health startup accelerator for solutions that are targeted towards financially vulnerable Canadians, as well as to generate broader market insights on the fintech and the financial health landscape in Canada. The project will explore the needs of financially vulnerable Canadians, the potential role that technology plays in addressing these needs, and the opportunities to support organizations and entrepreneurs that are working on technology-based solutions.

Equipping Financial Educators: is a two-year project funded by Investment Industry Regulatory Organization of Canada (IIROC) to develop evidence-based advice for financial educators, helping them to better equip Canadians to build financial well-being in the face of disruptive new forces and opportunities.

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

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

2020 ABLE Financial Empowerment Conference: The ABLE Financial Empowerment Conference is a national biennial gathering of leading experts from all sectors dedicated to developing sustainable financial empowerment solutions that enable people living on low income to build their financial security. The 2020 conference was cancelled and has been rescheduled to September 2021 - see Note 5(b).

Prosperity Gateways: is a three-year project funded by Maytree Foundation. Prosper Canada is working with cities to expand access to financial empowerment supports for Canadians living on low incomes nationwide. By building financial help into city services like employment, housing, social assistance and healthcare, cities can enable residents to move from poverty to prosperity and improve service outcomes.

Consumer Debt in Canada project: is funded by Capital One Bank. Focusing on low and moderate-income consumers, non-mortgage consumer debt, and the Canadian policy landscape, Prosper Canada will conduct research to understand, inform and empower credit users and consumers, with the goal of ensuring that all financially vulnerable Canadians have access to the policies, programs, products and advise necessary to improve their financial well-being.

Sustainably Scaling Financial Empowerment: is an eighteen-month project funded by JPMorgan Chase Foundation. This fund would support market research, planning, and strategy development to mobilize Canada's financial industry behind our goal of sustainable, free, high quality financial help for every Canadian who needs it, through a concerted campaign.

Virtual Tax Clinic Pilot: is funded by Intuit Financial Freedom Foundation (IFFF). The fund is to provide Prosper Canada with financial support to pilot a new tax clinic model and to host a tax symposium to help government, private sector and non-profit stakeholders to better understand the current tax filing experience of low income Canadians and learn about potential solutions to improve the tax filing supports.

(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.

1. Significant accounting policies (cont'd)

(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
Leasehold improvements	-	straight line over term of the lease

(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. Actual results could differ from these estimates.

PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

1. Significant accounting policies (cont'd)

(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.

The organization's financial instruments that are measured at amortized cost consist of cash and cash equivalents, short-term investments, accounts receivable, other receivables, accounts payable and accrued liabilities, and deferred revenue.

2. Investments

	2020 \$	2019 \$
Guaranteed investment certificates - short term	1,827,009	-
Guaranteed investment certificates - long term	500,000	1,339,504
	2,327,009	1,339,504

The guaranteed investment certificates bear a yield to maturity of 0.65% to 2.05% (2019 - 1.10% to 2.05%) with staggered maturity dates from June 10, 2020 to December 12, 2022 (2019 - June 10, 2020 to September 28, 2022).

3. Capital assets

	Cost \$	Accumulated amortization \$	Net Book Value	
			2020 \$	2019 \$
Furniture and fixtures	40,689	28,759	11,930	14,913
Computer equipment and software	12,084	7,082	5,002	1,040
Leasehold improvements	63,640	53,899	9,741	12,176
	116,413	89,740	26,673	28,129

PROSPER CANADA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

4. Deferred revenue - grants

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 2020 is summarized as follows:

	Beginning of year \$	Receivable, beginning of year \$	Received in the year \$	Recognized as revenue \$	Receivable, end of year \$	End of year \$
Prosper Canada Core	37,853	-	35,975	(31,873)	-	41,955
FEPS	4,997	556	730,556	(719,941)	-	15,056
Ontario FEC	-	69,245	881,444	(957,548)	145,349	-
National FEC	-	-	1,470,927	(1,422,459)	-	48,468
Financial Empowerment for Newcomers	-	-	235,406	(319,278)	83,872	-
Benefit Screening Tool	31,292	-	4,675	(35,967)	-	-
The Centre	850,569	-	1,000,000	(792,106)	-	1,058,463
Financial Health Accelerator Planning	104,899	-	-	(104,899)	-	-
Equipping Financial Educators	153,733	-	-	(81,234)	-	72,499
Prosperity Gateways	200,000	-	200,000	(294,691)	-	105,309
Consumer Debt in Canada	-	-	80,000	(55,791)	-	24,209
Scaling Financial Empowerment	-	-	300,000	(23,711)	-	276,289
Virtual Tax Clinic Pilot	65,630	-	146,870	(65,630)	-	146,870
Match fund	48,807	-	-	-	-	48,807
Exploration of Emergency Savings Initiative in Canada	-	-	138,086	-	-	138,086
	1,497,780	69,801	5,223,939	(4,905,128)	229,221	1,976,011

5. Other Information

(a) *Lease obligation*

The organization is committed under a net lease for premises until January 2021. Annual rents are approximately as follows:

	\$
2021	120,700

5. Other information (cont'd)

(b) ABLE Financial Empowerment conference

The deferred revenue balance relates to corporate sponsorships collected for the 2020 ABLE Financial Empowerment conference originally scheduled for May 2020. As a result of COVID-19 the conference was cancelled and is tentatively rescheduled for September 2021. Prosper Canada is reaching out to sponsors to confirm the carryover of their sponsorship to the 2021 conference. The organization incurred expenses \$77,859 related to the cancelled 2020 conference which are reflected in these financial statements.

(c) Financial instruments

The organization is exposed to the following significant financial risks:

(i) 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.

(ii) 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.

(iii) 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.

5. Other information (cont'd)

(d) COVID-19

The outbreak of the novel coronavirus (“COVID-19”), in March 2020, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which have included travel bans, state and country lockdowns, self-imposed quarantine periods and social distancing have created material disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unknown at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results of the organization nor its future condition and operations in future periods.