# PROSPER CANADA

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED

# MARCH 31, 2015

# PROSPER CANADA

# MARCH 31, 2015

## CONTENTS

## INDEPENDENT AUDITOR'S REPORT

To the Members of Prosper Canada

We have audited the accompanying financial statements of Prosper Canada, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended and 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 is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*
In our opinion, these financial statements present fairly, in all material respects, the financial position of Prosper Canada as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Akler, Browning, Frimet
& Landzberg LLP

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, CANADA
JUNE 30, 2015

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **ASSETS** | | |
| **CURRENT** | | |
| Cash | 1,519,401 | 1,253,623 |
| Term deposits | 898,316 | 422,562 |
| TD financial literacy funds (Note 2) | - | 1,834,357 |
| Grant receivable | 8,068 | 167,370 |
| HST rebate receivable | 37,772 | 51,403 |
| Sundry receivables | 64,602 | 51,561 |
| Prepaids and deposits | 37,714 | 13,195 |
| | 2,565,873 | 3,794,071 |
| TD FINANCIAL LITERACY FUNDS (Note 2) | - | 860,576 |
| PROPERTY AND EQUIPMENT (Note 3) | 37,838 | 39,521 |
| | 2,603,711 | 4,694,168 |
| **LIABILITIES AND FUND BALANCES** | | |
| **CURRENT** | | |
| Accounts payable and accrued liabilities | 184,978 | 262,676 |
| Deferred contributions (Note 4) | 1,973,663 | 3,259,327 |
| | 2,158,641 | 3,522,003 |
| DEFERRED CONTRIBUTIONS (Note 4) | - | 744,894 |
| | 2,158,641 | 4,266,897 |
| **FUND BALANCES** | | |
| Net assets invested in property and equipment | 37,838 | 39,521 |
| Unrestricted net assets | 407,232 | 387,750 |
| | 445,070 | 427,271 |
| | 2,603,711 | 4,694,168 |

APPROVED ON BEHALF OF THE BOARD:

CHAIR OF AUDIT COMMITTEE

See accompanying notes to the financial statements

| | Invested In Property and Equipment $ | Unrestricted $ | 2015 Total $ | 2014 Total $ |
|---|---|---|---|---|
| BALANCE, BEGINNING OF YEAR | 39,521 | 387,750 | 427,271 | 568,099 |
| Investment in property and equipment | 12,443 | (12,443) | - | - |
| Excess (deficiency) of revenues over expenditures | (14,126) | 31,925 | 17,799 | (140,828) |
| BALANCE, END OF YEAR | 37,838 | 407,232 | 445,070 | 427,271 |

# PROSPER CANADA
## STATEMENT OF OPERATIONS
## YEAR ENDED MARCH 31, 2015

| | Prosper Canada Core $ | TD Financial Literacy Grant Fund $ | ILA 2014 $ | ILA Match Fund $ | Scaling Financial Empowerment $ | The MPower Money Coaching Program $ | Prosper Canada CFL $ | Ontario First Nations Financial Wellness $ | Financial Literacy for Newcomers $ | 2015 $ | 2014 $ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | |
| Financial Literacy Fund | - | 2,510,940 | - | - | - | - | 687,349 | - | - | 3,198,289 | 4,616,836 |
| Grants | - | - | 99,315 | - | 28,437 | 19,136 | 2,175 | 36,958 | 224,900 | 410,921 | 726,554 |
| Donations | 6,299 | - | - | 43,787 | - | - | 255,535 | - | - | 305,621 | 23,527 |
| Consulting | 20,000 | - | - | - | - | - | 182,595 | - | - | 202,595 | 43,028 |
| Interest and sundry | 11,718 | 26,167 | - | - | - | - | 5,636 | - | - | 43,521 | 117,254 |
| Event tickets | - | - | - | - | - | - | - | - | - | - | 75,887 |
| | 38,017 | 2,537,107 | 99,315 | 43,787 | 28,437 | 19,136 | 1,133,290 | 36,958 | 224,900 | 4,160,947 | 5,603,086 |
| **EXPENDITURES** | | | | | | | | | | | |
| Grant disbursement | - | 2,307,607 | - | - | - | - | - | - | - | 2,307,607 | 3,606,478 |
| Wages and benefits | (48,351) | 201,627 | 45,189 | - | 26,037 | 14,946 | 751,106 | 24,000 | 101,552 | 1,116,106 | 1,137,165 |
| Program consulting | 1,871 | 3,881 | 26,551 | - | - | - | 167,789 | 6,402 | 12,488 | 218,982 | 256,265 |
| Program delivery | - | - | 19,666 | 333 | - | - | 14,038 | - | 75,000 | 109,037 | 185,470 |
| Rent | 13,165 | 9,000 | 2,600 | - | 600 | 3,030 | 67,741 | 3,195 | 9,360 | 108,691 | 100,102 |
| Website/web-based solutions development | 11,113 | - | - | - | - | - | 38,480 | - | 15,022 | 64,615 | 53,185 |
| Match funds | - | - | - | 43,175 | - | - | - | - | - | 43,175 | 114,543 |
| Office and general | 8,532 | 3,876 | 2,006 | 279 | 600 | 107 | 23,666 | 310 | 2,386 | 41,762 | 34,650 |
| Travel and meetings | 2,783 | 880 | 137 | - | - | 927 | 17,681 | 1,851 | 3,042 | 27,301 | 39,317 |
| Professional fees | 591 | 5,201 | - | - | - | - | 14,000 | - | 1,200 | 20,992 | 22,126 |
| Equipment | (5,728) | 2,400 | 800 | - | 1,200 | - | 16,149 | 600 | 2,815 | 18,236 | 23,735 |
| Organization development | 15,538 | - | - | - | - | - | - | - | - | 15,538 | 79,873 |
| Amortization | 14,126 | - | - | - | - | - | - | - | - | 14,126 | 9,806 |
| Telephone and internet | 1,500 | 2,426 | 1,813 | - | - | 76 | 7,158 | 600 | 364 | 13,937 | 12,079 |
| Printing and stationery | 627 | 209 | 553 | - | - | 50 | 10,806 | - | 1,671 | 13,916 | 21,030 |
| Promotion | 2,688 | - | - | - | - | - | 3,899 | - | - | 6,587 | 18,275 |
| Resource materials | 1,763 | - | - | - | - | - | 777 | - | - | 2,540 | 3,935 |
| Special events | - | - | - | - | - | - | - | - | - | - | 25,880 |
| | 20,218 | 2,537,107 | 99,315 | 43,787 | 28,437 | 19,136 | 1,133,290 | 36,958 | 224,900 | 4,143,148 | 5,743,914 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR** | 17,799 | - | - | - | - | - | - | - | - | 17,799 | (140,828) |

See accompanying notes to the financial statements

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenditures for the year | 17,799 | (140,828) |
| Adjustment for non-cash item | | |
| Amortization | 14,126 | 9,806 |
| | 31,925 | (131,022) |
| Net changes in non-cash working capital items | | |
| Grants receivable | 159,302 | 81,315 |
| HST rebate receivable | 13,631 | (2,638) |
| Sundry receivables | (13,041) | (35,290) |
| Prepaids and deposits | (24,519) | 12 |
| Accounts payable and accrued liabilities | (77,698) | 52,759 |
| Deferred contributions | (2,030,558) | (4,672,257) |
| Cash Used In Operating Activities | (1,940,958) | (4,707,121) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Term deposits | (475,754) | 182,220 |
| TD Financial Literacy Funds | 2,694,933 | 5,169,601 |
| Purchase of property and equipment | (12,443) | (5,622) |
| Cash Provided By Investing Activities | 2,206,736 | 5,346,199 |
| NET INCREASE IN CASH | 265,778 | 639,078 |
| CASH, BEGINNING OF YEAR | 1,253,623 | 614,545 |
| CASH, END OF YEAR | 1,519,401 | 1,253,623 |

## Nature Of Operations

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.

## Note 1: Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

### Fund Accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting by which resources for various purposes are classified for accounting and reporting purposes into funds relating to the specific activities and operations. These funds are as follows:

(a) **Invested in Property and Equipment** reports the assets, liabilities, revenues and expenditures related to the organization's property and equipment.

(b) **The Prosper Canada Core Fund** accounts for the organization's strategic planning and administrative activities. This fund reports unrestricted resources and internally restricted operating resources.

(c) **The TD Financial Literacy Grant Fund** represents funding for the purpose of making grants to charitable or other not-for-profit organizations who serve low income and otherwise economically disadvantaged persons and groups in Canada to support and promote financial literacy. The TD Financial Literacy Grant Fund shall be disbursed on or before December 31, 2015. Funds expensed in the current year of the grant fund are for grant fund management and grant disbursement.

Note 1: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

(d) **The Independent Living Account ("ILA") program**, combining financial literacy training with incentivized savings accounts, enables low-income people living in Toronto transitional and shelter housing facilities to acquire the financial knowledge, skills and savings they need to move into secure housing and expand their economic opportunities. Its operation and administrative costs were funded by the City of Toronto. Match funds were provided by Toronto Dominion Bank and other individual donors. This program operated in six transitional housing facilities/shelters.

(e) **Scaling Financial Empowerment** is funded by the J.W. McConnell Family Foundation over a two-year period to support the organization's national financial empowerment scaling strategy. This grant will enable the organization to access financial empowerment technical assistance, training and program resources from the U.S. Cities for Financial Empowerment Fund and to partner with leading community experts here to adapt these for use in Canada. Working together, our goal is to develop a complete suite of program methodologies, tools and resources to benefit community organizations working with low-income Canadians. The funding will also support the organization's efforts to build a national financial empowerment agenda in partnership with members of ABLE (Asset Building Learning Exchange).

(f) **The MPower Money Coaching Program** is a one year pilot project developed by the organization and delivered through three City of Toronto employment centres. The program will help participating individuals who are on social assistance and/or seeking employment to identify, plan for, and achieve personal financial goals supported by volunteer professional financial planners trained to provide financial coaching to people with low-incomes. The pilot program is funded by a consortium of companies including: AGF, Bridgehouse Asset Managers, Dynamic Funds, Franklin Templeton Investments, IA Clarington Investments Inc., The Investment Funds Institute of Canada, SunLife Global Investments, and Zavitz Insurance. Volunteers from the financial planning community are being recruited with the assistance of three professional associations - Advocis, the Financial Planning Standards Council, and Independent Financial Brokers of Canada.

Note 1: Significant Accounting Policies - cont'd

Fund Accounting - cont'd

(g) **The Prosper Canada Centre for Financial Literacy ("CFL")** was created by the organization and TD Bank Group and is funded by various public and private supporters. Funds are restricted to building and developing financial literacy among low income Canadians. The CFL's initial funding of $3,500,000 was provided by the CFL co-founder TD Bank Group effective July 9, 2009 to support the activities of the CFL over a five year period ending December 31, 2014. TD Bank Group renewed its commitment to the Centre with $3 million in November 2014. Provided over the next three years, the gift will help the Centre to reach its goal of building the financial capability of 1 million vulnerable Canadians by 2020.

(h) **Ontario First Nations Financial Wellness** is funded by the Ontario Trillium Foundation to provide financial literacy training and one-on-one coaching in four First Nations communities in Northern and Southern Ontario as well as other assistance as identified by the communities. Conducted in partnership with AFOA Canada, the project aims to identify community financial wellness goals and develop local capacity to deliver sustainable financial education and coaching services and one additional selected financial wellness initiative over a two year period. Tools and resources will be shared with other First Nations communities and twelve additional First Nations communities will be trained to help them establish similar programs in their communities.

(i) **The Financial Literacy for Newcomers project** is funded by Citizenship and Immigration Canada. This project's objective is to aid newcomers to integrate into society more quickly through financial literacy supports and services; and to build a community of practice in order to support more organizations to include financial literacy programs as part of the services offered to newcomers.

## Note 1: Significant Accounting Policies - cont'd

### Property and Equipment

Property and equipment are accounted for at cost and amortized over their estimated useful life using the following methods and rates or duration:

| | | |
|---|---|---|
| Furniture and equipment | 20% | declining balance |
| Computer equipment and software | 50% | straight-line |

Amortization of leasehold improvements is recorded over the remaining term of the lease.

### Revenue Recognition

The organization follows the deferral method of accounting for contributions. 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, interest income and other revenues are recognized on an accrual basis.

### Allocation of Expenses

Project expenditures include both costs that are specifically identifiable with the project and costs that have been allocated to the project. Salaries and employee benefits are allocated based on management's estimate of time spent by staff on each project. Certain other supplies and services are allocated based on management's estimate of the usage of such resources by the project.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered.

The main estimates relate to the impairment of financial assets and the useful life of property and equipment.

## Note 1: Significant Accounting Policies - cont'd

### Financial Instruments

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

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

Financial assets measured at amortized cost include cash, term deposits, grant receivable, HST rebate receivable and sundry receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization has not designated any financial asset or financial liability to be measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators for impairment. The amount of any write-down is recognized in excess (deficiency) of revenues over expenditures. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations.

## Note 2: TD Financial Literacy Funds

TD Financial Literacy Funds consist of cash and fixed income Canadian instruments and are externally restricted for use as follows:

| | CFL Operating Fund $ | TD Financial Literacy Grant Fund $ | March 31 2015 $ | March 31 2014 $ |
|---|---|---|---|---|
| Cash | - | - | - | 352,012 |
| Short term notes | - | - | - | - |
| Fixed income investments | - | - | - | 2,342,921 |
| | - | - | - | 2,694,933 |

## Note 3: Property And Equipment

| | Cost<br>$ | Accumulated Amortization<br>$ | Net 2015<br>$ | Net 2014<br>$ |
|---|---|---|---|---|
| Furniture and equipment | 31,753 | 21,138 | 10,615 | 13,269 |
| Computer equipment and software | 12,444 | 6,222 | 6,222 | - |
| Leaseholds | 36,461 | 15,460 | 21,001 | 26,252 |
| | 80,658 | 42,820 | 37,838 | 39,521 |

## Note 4: Deferred Contributions

Deferred contributions represent unspent resources received in the current or a prior period that is related to a period subsequent to the year end and consist of the following:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Current portion** | | |
| TD Financial Literacy Grant Fund | 663,454 | 2,429,500 |
| Prosper Canada Centre for Financial Literacy | 961,140 | 687,349 |
| Ontario First Nations Financial Wellness | 88,042 | - |
| ILA's Match Fund | 71,964 | 110,751 |
| ABLE Conference | 40,000 | - |
| Scaling Financial Empowerment | 149,063 | - |
| Other | - | 31,727 |
| | 1,973,663 | 3,259,327 |
| **Long term portion** | | |
| TD Financial Literacy Grant Fund | - | 744,894 |
| | - | 744,894 |

## Note 5: Contractual Obligations

The organization is obligated under a premises lease to total minimum rentals, (excluding certain occupancy charges and property taxes) as follows:

| | |
|---|---|
| 2016 | $ 49,315 |
| 2017 | 51,011 |
| 2018 | 21,282 |
| | $ 121,608 |

## Note 6: Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The organizations main credit risk relate to its grants receivable, sundry receivables and term deposits. The grants receivable were received soon after its fiscal year-end, the organization assesses, on a continuous basis, sundry receivables on the basis of amounts it is virtually certain to receive and term deposits are invested with large financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk in respect to its trade accounts payable. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

(b) Market risk

Market risk is the risk that the fair value of 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 does not have significant exposure to any of these types of risk.