PROSPER CANADA

YEAR ENDED MARCH 31, 2025

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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, 2025 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, 2025, 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.

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 17, 2025

PROSPER CANADA

STATEMENT OF OPERATIONS

For the year ended March 31,	Employment and Social Development Canada $	Ontario Securities Commission $	Financial Empowerment Champions $	Tech-Enabled Financial Empowerment $	Prosperity Gateways $	System Change $	2025 $	2024 $
Revenues								
Government grants	1,347,724	677,297	-	-	-	-	**2,025,021**	2,557,825
Corporate grants	-	-	1,492,848	169,851	579,127	124,526	**2,366,352**	2,098,090
Foundation grants	-	-	556,331	36,462	276,747	249,294	**1,118,834**	1,448,212
Sponsorships	-	-	198,654	657,058	-	-	**855,712**	592,042
Donations	-	-	87,869	102,719	72,719	72,719	**336,026**	160,766
Other income	-	-	21,017	-	-	39,634	**60,651**	100,723
	1,347,724	677,297	2,356,719	966,090	928,593	486,173	**6,762,596**	6,957,658
Expenditures								
Salaries and benefits	477,471	188,432	696,706	544,107	619,674	357,597	**2,883,987**	2,945,261
Program fees	695,681	368,855	910,667	292,352	384	-	**2,267,939**	2,967,721
Purchased services	105,391	48,245	124,295	32,791	63,399	151,362	**525,483**	381,524
Travel and meetings	-	10,459	14,695	3,686	22,073	16,943	**67,856**	37,833
Office expenses	-	44,035	157,970	774	572	645	**203,996**	219,561
Promotion and publicity	44,360	-	14,977	36,464	35,751	7,679	**139,231**	233,923
Information systems	19,458	-	163,358	-	14,149	-	**196,965**	104,829
Membership dues, fees and subscriptions	-	48	9,530	353	-	5,373	**15,304**	21,501
HR expenses	-	12,835	20,150	-	-	3,685	**36,670**	-
Training and development	1,200	-	42,912	90	1,647	-	**45,849**	60,244
Other expenses	4,163	4,388	41,318	16,529	12,799	5,424	**84,621**	50,891
Amortization	-	-	8,548	-	-	-	**8,548**	12,700
	1,347,724	677,297	2,205,126	927,146	770,448	548,708	**6,476,449**	7,035,988
Excess (deficiency) of revenues over expenses before the following:	-	-	151,593	38,944	158,145	(62,535)	**286,147**	(78,330)
Interest income	-	-	267,722	-	-	-	**267,722**	295,753
Excess (deficiency) of revenues over expenses for the year	-	-	419,315	38,944	158,145	(62,535)	**553,869**	217,423

See accompanying notes.

PROSPER CANADA

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,	Unrestricted $	Internally restricted: Capacity building fund $	Internally restricted: Long term sustainability fund $	2025 Total $	2024 Total $
Beginning of year	**190,058**	**796,500**	**900,000**	**1,886,558**	1,669,135
Excess of revenues over expenses for the year	**553,869**	**-**	**-**	**553,869**	217,423
Transfer of funds	**(403,500)**	**103,500**	**300,000**	**-**	-
End of year	**340,427**	**900,000**	**1,200,000**	**2,440,427**	1,886,558

See accompanying notes.

PROSPER CANADA

STATEMENT OF CASH FLOW

For the year ended March 31,	**2025** **$**	2024 $
Operating activities		
Excess of revenues over expenses for the year	**553,869**	217,423
Item not involving cash		
Amortization of capital assets	**8,548**	12,700
Working capital from operations	**562,417**	230,123
Net change in non-cash working capital balances related to operations	**(2,025,974)**	(12,171)
Cash from (required by) operations	**(1,463,557)**	217,952
Investing activities		
Acquisition of capital assets	**(9,458)**	(5,708)
Investments, net	**1,773,712**	(963,988)
	1,764,254	(969,696)
Change in cash and cash equivalents during the year	**300,697**	(751,744)
Cash and cash equivalents		
Beginning of year	**3,283,968**	4,035,712
End of year	**3,584,665**	3,283,968

See accompanying notes.

PROSPER CANADA

STATEMENT OF FINANCIAL POSITION

As at March 31,	**2025** **$**	2024 $
ASSETS		
Current assets		
Cash and cash equivalents	**3,584,665**	3,283,968
Short-term investments (Note 2)	**2,767,421**	4,339,493
Other receivables	**1,704**	5,000
HST rebate receivable	**97,888**	78,653
Prepaid expenses and deposits	**41,068**	29,508
	6,492,746	7,736,622
Long-term investments (Note 2)	**-**	201,640
Capital assets (Note 3)	**8,589**	7,679
	6,501,335	7,945,941
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**753,527**	1,294,746
Deferred revenue - grants and sponsorships (Note 4)	**2,952,381**	4,734,637
Deferred revenue - donations (Note 5)	**355,000**	30,000
	4,060,908	6,059,383
NET ASSETS		
Unrestricted	**340,427**	190,058
Internally restricted		
Operating reserve fund	**1,200,000**	900,000
Capacity building reserve fund	**900,000**	796,500
	2,100,000	1,696,500
	2,440,427	1,886,558
	6,501,335	7,945,941

Other information (Note 6)

See accompanying notes.

Approved on behalf of the Board: C Riccio

Chair Audit Committee

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.

Other income is recognized as services are rendered. Interest income from all short-term investments is recognized and allocated to programs as earned.

(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.

1. Significant accounting policies (cont'd)

(b) Fund accounting (cont'd)

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. In the current year, the organization allocated all of the core revenue and expenses to other specific programs.

EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA

Resilient Futures is a four-year, $60 million, national project aimed at expanding free financial help services for people with low incomes to every region of Canada. Funding will enable selected nonprofit community organizations to deliver free year-round tax filing, benefit assistance, and financial coaching and counselling services to 1 million people with low incomes over the life of the project, and to connect them to an estimated $2 billion in additional income. Resilient Futures is funded by the Government of Canada through the *Social Development Partnerships Program - Children and Families* of Employment and Social Development Canada (ESDC).

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.

1. Significant accounting policies (cont'd)

(b) Fund accounting (cont'd)

FINANCIAL EMPOWERMENT CHAMPIONS (FECs)

Financial Wellness in First Nations Communities was 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 support the establishment of, pilot, and document new financial help approaches to meet the needs of First Nation communities. Project funding was renewed for two additional years to reach 35+ First Nation communities in Manitoba and Ontario.

Capacity Building and Community of Practice is a three-year project funded by Coast Capital aimed at building the capacity of 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.

Expanding Financial Empowerment for Black Canadians is a five-year project committed to expanding FE for Black Canadians living on low income which includes deepening the understanding of opportunities for Black Canadians in achieving greater financial health and security. This project is funded by Definity Foundation.

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 aimed at 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.

1. Significant accounting policies (cont'd)

(b) Fund accounting (cont'd)

Expanding Financial Education and Protection for Financially Vulnerable Canadians is a three-year initiative funded by the Financial Services Regulatory Authority of Ontario (FSRA) and the Canadian Investment Regulatory Organization (CIRO) to build the capacity of community service providers to deliver financial support services to financially vulnerable people and develop tailored consumer protection resources for Indigenous audiences in partnership with AFOA Canada.

TECH-ENABLED FINANCIAL EMPOWERMENT

Benefits Wayfinder is a six-year project funded by TD Bank Group, Maple Leaf Centre for Food Security and Tax-Filer Empowerment Canada. This project aims to develop and scale the take-up of a national, bilingual, online benefit navigator to help 350,000+ 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.

PROSPERITY GATEWAYS

Prosperity Gateways is a three-year project, funded by the Maytree Foundation, CIBC 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.

1. Significant accounting policies (cont'd)

(b) Fund accounting (cont'd)

Embedded Financial Coaching and Client Data Outcomes Platform is a project funded by JP Morgan Chase Foundation, RBC Foundation, the Ontario Securities Commission (OSC), Ontario Trillium Foundation, to develop, test, and iteratively refine a new shared client data outcomes platform, an approach to embedding financial coaching, and scale both 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 build their financial resilience and wellbeing.

SYSTEM CHANGE

System Change focuses on two project areas: Solutions Lab and Government Policy Change.

Solutions Lab / Financial Help Project is a three-year project funded by Co-operators, Max Bell Foundation, McConnell Foundation, and Manulife. Phase 1 of this project developed consensus on the current gap in access to affordable, appropriate and trustworthy financial help services for people with low incomes in Canada, including the need for further investment in community-delivered financial help (leading to advocacy for the investment in Resilient Futures). This year focused on identifying actions the government, business and community sectors can take to close this financial help gap.

Government Policy Change, with support from by Co-operators, Max Bell Foundation, McConnell Foundation and Manulife, this program aims to advance sustainable funding for community financial help services and to promote policy solutions that advance financial inclusion and empowerment, strengthen financial consumer protection, and build financial wellbeing for people with low incomes. We mobilize evidence, frontline insights, and allied partners to promote "upstream" solutions that remove systemic barriers, protect vulnerable consumers, and make government programs and commercial financial services more relevant, accessible and effective for people with low incomes.

1. Significant accounting policies (cont'd)

(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

(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.

1. Significant accounting policies (cont'd)

(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.

(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

	2025 **$**	2024 $
Guaranteed investment certificates - short-term	**2,767,421**	4,339,493
Guaranteed investment certificates - long-term	**-**	201,640
	2,767,421	4,541,133

The guaranteed investment certificates bear a yield to maturity of 3.35% to 5.00% (2024 - 4.75% to 5.55%) with staggered maturity dates from June 19, 2025 to February 3, 2026 (2024 - June 19, 2024 to January 29, 2026).

3. Capital assets

	Cost $	Accumulated amortization $	Net Book Value **2025** **$**	Net Book Value 2024 $
Furniture and fixtures	40,144	36,284	**3,860**	4,825
Computer equipment and software	15,166	10,437	**4,729**	2,854
	55,310	46,721	**8,589**	7,679

4. Deferred revenue - 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 2025 is summarized as follows:

	Beginning of year			End of year
	Deferred Revenue $	**Received in the year $**	**Recognized as revenue $**	**Deferred Revenue $**
ESDC	-	1,430,374	(1,347,724)	**82,650**
ONTARIO SECURITIES COMMISSION	677,297	-	(677,297)	**-**
FINANCIAL EMPOWERMENT CHAMPIONS	1,982,418	981,389	(2,247,833)	**715,974**
TECH-ENABLED FINANCIAL EMPOWERMENT	1,600,246	1,096,460	(863,371)	**1,833,335**
PROSPERITY GATEWAYS	474,676	636,155	(855,874)	**254,957**
SYSTEM CHANGE	-	439,285	(373,820)	**65,465**
	4,734,637	4,583,663	(6,365,919)	**2,952,381**

5. Deferred revenue - donations

The organization records general donations as deferred revenue until the period for which the donation pertains to passes, at which point donation revenue is recorded. These deferred revenue donations will be allocated to specific programs at a future time.

6. Other Information

(a) Lease obligation

The organization is committed under a net lease for premises until January 31, 2029. Annual rents are approximately as follows:

	$
2026	200,000
2027	202,300
2028	204,600
2029	172,100
	779,000

6. Other information (cont'd)

(b) 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.

(c) Comparative figures

The fiscal 2024 figures have been reclassified where necessary to conform to the presentation adopted in the current year