

**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2023**

**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES**  
**Financial Statements**  
**March 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors of The Neighbourhood Group Community Services

*Qualified Opinion*

We have audited the financial statements of The Neighbourhood Group Community Services, which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Neighbourhood Group Community Services as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organization.

*Basis for Qualified Opinion*

In common with many charitable organizations, The Neighbourhood Group Community Services derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Neighbourhood Group Community Services and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023.

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 qualified 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.



**INDEPENDENT AUDITOR'S REPORT, continued**

*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 control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Akler Browning LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Canada  
September 12, 2023

# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Statement of Financial Position

March 31, 2023

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 12,097,357	\$ 23,452,569
Cash in trust (note 2)	263,218	231,804
Marketable securities (note 3)	7,173,987	1,457,785
Accounts receivable (note 9)	4,092,338	4,692,081
Grants receivable	2,064,432	1,576,269
HST rebate receivable	1,588,916	821,701
Prepays	225,491	112,421
<b>Total Current</b>	<b>27,505,739</b>	<b>32,344,630</b>
<b>Property and equipment (note 4)</b>	<b>3,330,488</b>	<b>3,189,344</b>
<b>Total Assets</b>	<b>\$ 30,836,227</b>	<b>\$ 35,533,974</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,833,754	\$ 5,745,332
Due to trustee participants	263,218	231,804
Deferred contributions (notes 5 and 7)	13,598,131	18,740,138
<b>Total Liabilities</b>	<b>20,695,103</b>	<b>24,717,274</b>
<b>Fund Balances</b>		
<b>Unrestricted fund</b>	<b>6,347,499</b>	<b>6,675,566</b>
<b>Property fund (note 6)</b>	<b>3,793,625</b>	<b>4,141,134</b>
<b>Total Fund Balances</b>	<b>10,141,124</b>	<b>10,816,700</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 30,836,227</b>	<b>\$ 35,533,974</b>

Approved on behalf of the Board:

*Sonia Yung*

Director

*Vanderker*

Director

**September 12, 2023**

Date

# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023

	2023	2022
<b>Revenues</b>		
Fees		
Home and Community Care Support Services	\$ 5,552,367	\$ 3,606,850
Fees from users	5,283,757	4,820,629
City of Toronto	3,341,320	2,608,498
Grants		
Province of Ontario	23,008,640	21,665,215
City of Toronto	12,325,132	10,758,012
Government of Canada (note 7)	9,174,078	9,113,259
United Way	1,553,631	1,502,317
Other		
Trustee funds	3,175,573	2,447,389
Partner agencies	2,513,493	4,770,634
Donations and fundraising events (note 9)	1,075,837	1,176,169
Investment	317,548	153,790
<b>Total revenues</b>	<b>67,321,376</b>	<b>62,622,762</b>
<b>Expenditures</b>		
Wages	40,586,605	36,282,511
Benefits	8,500,033	7,290,406
Program expenses	6,213,134	7,269,312
Occupancy costs (note 9)	4,202,959	3,492,447
Purchased services	2,652,033	2,503,018
Food services	1,601,835	1,315,973
Employer wage subsidy and participant support	1,385,967	1,041,230
Office and general	1,271,506	1,172,596
Amortization	725,402	886,531
Travel	460,792	397,361
Promotion and publicity	396,686	291,639
<b>Total expenditures</b>	<b>67,996,952</b>	<b>61,943,024</b>
<b>(Deficiency) excess of revenues over expenditures for the year</b>	<b>(675,576)</b>	<b>679,738</b>
<b>Fund balance, beginning of year</b>	<b>10,816,700</b>	<b>10,136,962</b>
<b>Fund balance, end of year</b>	<b>\$ 10,141,124</b>	<b>\$ 10,816,700</b>



**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES**  
**Statement of Operations and Changes in Fund Balances - Unrestricted Fund**  
**Year ended March 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Fees		
Home and Community Care Support Services	\$ 5,552,367	\$ 3,606,850
Fees from users	5,283,757	4,820,629
City of Toronto	3,341,320	2,608,498
Grants		
Province of Ontario	23,006,048	21,453,615
City of Toronto	12,325,132	10,750,502
Government of Canada (note 7)	9,174,078	9,113,259
United Way Support	1,553,631	1,502,317
Other		
Trustee funds	3,175,573	2,447,389
Partner agencies	2,513,493	4,770,634
Donations and fundraising events (note 9)	1,075,837	1,176,169
Investment income	314,328	153,790
	<b>67,315,564</b>	<b>62,403,652</b>
<b>Expenditures</b>		
Wages	40,586,605	36,282,511
Benefits	8,500,033	7,290,406
Program expenses	6,213,134	7,269,312
Occupancy costs (note 9)	4,202,959	3,492,447
Purchased services	2,652,033	2,503,018
Food services	1,601,835	1,315,973
Employer wage subsidy and participant support	1,385,967	1,041,230
Office and general	1,271,506	1,172,596
Travel	460,792	397,361
Promotion and publicity	396,686	291,639
Amortization	372,081	529,892
	<b>67,643,631</b>	<b>61,586,385</b>
<b>(Deficiency) excess of revenues over expenditures</b>	<b>(328,067)</b>	<b>817,267</b>
<b>Fund balance, beginning of year</b>	<b>6,675,566</b>	<b>5,858,299</b>
<b>Fund balance, end of year, end of year</b>	<b>\$ 6,347,499</b>	<b>\$ 6,675,566</b>

**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES**  
**Statement of Operations and Changes in Fund Balances - Property Fund**  
**Year ended March 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Other income	\$ 3,220	\$ -
Province of Ontario	2,592	211,600
City of Toronto - Grants	-	7,510
	5,812	219,110
<b>Expenditures</b>		
Amortization	353,321	356,639
<b>Deficiency of revenues over expenditures</b>	(347,509)	(137,529)
<b>Fund balance, beginning of year</b>	4,141,134	4,278,663
<b>Fund balance, end of year, end of year</b>	\$ 3,793,625	\$ 4,141,134



# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Statement of Cash Flows

Year ended March 31, 2023

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenditures for the year	\$ (675,576)	\$ 679,738
Adjustment for non-cash item		
Amortization	725,402	886,531
	49,826	1,566,269
Net change in non-cash working capital items		
Cash in trust	(31,414)	18,026
Accounts receivable	599,743	(1,057,301)
Grants receivable	(488,163)	8,598,166
HST rebate receivable	(767,215)	(263,835)
Prepays	(113,070)	169,887
Accounts payable and accrued liabilities	1,088,423	(242,466)
Due to trustee participants	31,414	(18,026)
Deferred contributions	(5,142,007)	(155,373)
	(4,822,289)	7,049,078
<b>Cash (Used in) Provided by Operating Activities</b>	(4,772,463)	8,615,347
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(5,716,202)	(75,160)
Purchase of property and equipment	(866,547)	(551,105)
<b>Cash Used in Investing Activities</b>	(6,582,749)	(626,265)
<b>Net (decrease) increase in cash</b>	(11,355,212)	7,989,082
<b>Cash, beginning of year</b>	23,452,569	15,463,487
<b>Cash, end of year</b>	\$ 12,097,357	\$ 23,452,569

# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### NATURE OF OPERATIONS

The mission of the organization is to work with individuals and communities in the City of Toronto to identify, prevent and eliminate social and economic inequality by creating and providing a range of effective and innovative programs. Existing programs aim to assist the most vulnerable members of our community: children, youth, seniors, newcomers to Canada, people who are homeless, people who are unemployed, people living in poverty, and people needing harm reduction supports.

The organization was incorporated as a non-profit corporation without share capital, is a registered charity and as such, is exempt from income taxation under Section 149(1)(f) of the Canadian Income Tax Act.

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### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) 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 specific activities and operations. These funds are as follows:

##### (i) Unrestricted Fund

The operating fund reports the revenues and expenditures, and resources invested in the operations of the organization. Unrestricted contributions and restricted contributions to be used for operations are reported in this fund.

##### (ii) Property Fund

The property fund includes restricted grants from the government, other amounts and internally restricted funds designated for the financing of the property acquisition, improvements and furniture and equipment. Costs directly relating to the properties excluding building, leasehold improvements and building renovations amortization used for programs and interest expenditures are charged to the fund and the balance of the fund consists of capital assets, cash and investment reserves for property acquisition and improvements.

# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (b) Property and equipment

Property and equipment are accounted for at cost and amortized on a straight-line basis over their estimated useful life using the following durations:

Buildings	20 years
Leasehold improvements	5 - 45 years
Computer equipment	3 years
Equipment	5 years
Vehicles	3 years

#### (c) Impairment of long-lived assets

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### (d) Funds held in trust

The organization receives funds which it holds in trust to be disbursed in accordance with the terms of the underlying trust arrangement. In addition, the organization acts as administrator of funds for projects undertaken jointly with other agencies. The unexpended balances of such funds are shown as an asset and liability on the statement of financial position.

#### (e) Revenue recognition

The organization uses the restricted fund method of accounting for its revenue contributions in which contributions for which there is an appropriate restricted fund are recognized as revenue when received. Restricted contributions for which there is not an appropriate restricted fund are recognized in accordance with the deferral method whereby contributions related to expenditures of future periods are deferred and recognized as revenue in the operating fund in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue of the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

User fees, investment income and other revenues are recognized on the accrual basis.

The organization manages and mentors other not-for-profit organizations which includes signing agreements on the behalf of the organizations, receiving and disbursing funds to these organizations. The related revenue and expenditures including the fees earned to provide this service is recognized as revenue and expenditures of the unrestricted fund.



# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (f) Government assistance

The organization is entitled to the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy, which are accounted for using the income approach. Under this approach, government subsidies are recognized as revenue in the period in which those expenses are incurred.

#### (g) Contributed materials and services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The fair market value of donated property and equipment is recognized as donation revenue in the year the property and equipment are donated, if the fair market value can be reasonably estimated.

#### (h) 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 periods covered. The main estimates relate to the estimated useful lives of the property and equipment and the impairment of financial assets.



# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Financial instruments

##### Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at 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 of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, cash in trust, guaranteed investment certificate, accounts receivable, grants receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to trustee participants.

Financial assets measured at fair value include investments in marketable securities.

##### Impairment

For financial assets measured at amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net excess of revenues over expenditures.

#### (j) Allocated expenses

The organization engages in various programs and services. The costs of each program includes the cost of personnel and other expenditures that are directly related to providing the services. The organization also incurs other expenditures that are common to the management and operations of the organization and each of its programs.

The organization allocates certain of its administration expenditures by identifying the appropriate basis of allocating each component expenditure, and applies the basis consistently each year according to contracts with the Federal, Provincial and Municipal governments.

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### 2. CASH IN TRUST

As of March 31, 2023, the organization held funds in trust in the amount of \$263,218 (2022 - \$231,804) on behalf of its trustee clients.

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## THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

### Notes to the Financial Statements

March 31, 2023

#### 3. MARKETABLE SECURITIES

	2023	2022
Measured at amortized cost		
Guaranteed investment certificate	\$ 406,463	\$ 406,461
Measured at fair value		
Money market funds	2,748,518	-
Canadian fixed income funds	1,969,393	481,343
Foreign fixed income funds	499,776	-
Canadian equities funds	868,157	430,060
Foreign equities funds	681,680	139,921
	\$ 7,173,987	\$ 1,457,785

#### 4. PROPERTY AND EQUIPMENT

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Land	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Buildings	2,915,745	2,915,744	1	36,491
Leasehold improvements	3,908,829	2,096,632	1,812,197	1,786,981
Computer equipment	1,277,959	674,841	603,118	382,579
Equipment	1,035,547	797,902	237,645	332,023
Vehicles	264,814	187,287	77,527	51,270
	\$ 10,002,894	\$ 6,672,406	\$ 3,330,488	\$ 3,189,344

#### 5. DEFERRED CONTRIBUTIONS

	2023	2022
Government of Canada	\$ 9,530,541	\$ 13,572,484
City of Toronto	2,893,457	2,865,649
Foundations and other	901,716	2,050,625
Province of Ontario	272,417	159,556
United Way	-	91,824
	\$ 13,598,131	\$ 18,740,138

# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

### 6. PROPERTY FUND

Below is a summary of the net assets of the Property Fund:

	2023	2022
Land and buildings	\$ 600,000	\$ 636,490
Other property and equipment	2,730,488	2,552,852
Cash	331,098	822,973
Cash held for supportive housing	132,039	128,819
	\$ 3,793,625	\$ 4,141,134

### 7. GOVERNMENT ASSISTANCE

Included in Government of Canada revenue and deferred contributions respectively, is \$4,047,682 (2022 - \$4,357,667) and \$9,273,091 (2022 - \$13,320,773) of government assistance related to subsidies received under the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs. To meet the program requirements, the organization must show a reduction in revenues based on calculation methods as required by the Government of Canada.

### 8. CONTRACTUAL OBLIGATION

The organization's total obligations, under property lease agreements for its existing premises and for software under an operating lease are summarized as follows:

#### Leased Premises

The organization is obligated under various property lease agreements, exclusive of occupancy costs as follows:

2024	\$ 1,152,323
2025	665,284
2026	478,384
2027	479,310
2028	175,003
Subsequent years	3,441,000
	\$ 6,391,304

#### Software

The organization is obligated to minimum subscription fees under a payroll software agreement as follows:

2024	\$ 353,808
2025	353,808
2026	265,356
	\$ 972,972



# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### 9. ORGANIZATIONS UNDER SIGNIFICANT INFLUENCE

The organization exercises significant influence over The Neighbourhood Group Foundation and Neighbourhood Link Homes by sharing management and administrative resources. Transactions with The Neighbourhood Group Foundation and Neighbourhood Link Homes are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The Neighbourhood Group Foundation was incorporated with a general object to undertake charitable work within Canada, and is a registered charity under the Income Tax Act. Included in donations and fundraising events is \$405,041 (2022 - \$518,000) received from The Neighbourhood Group Foundation. Included in accounts receivable is \$270,316 (2022 - \$270,316) owing from The Neighbourhood Group Foundation.

Neighbourhood Link Homes, was incorporated with the object to deal in residential property to provide adequate living accommodation for elderly persons, to provide social and recreational facilities for elderly persons and to promote understanding and undertake problems of the elderly, and is a registered charity under the Income Tax Act. Included in occupancy costs are amounts paid to Neighbourhood Link Homes of \$252,668 (2022 - \$231,073). Included in accounts receivable is \$2,178,967 (2022 - \$1,698,714) owing from Neighbourhood Link Homes.

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### 10. 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) 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 mainly in respect to its trade accounts payable and accrued liabilities. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of fees and grants from its funders.

#### (b) 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 organization's main credit risk relates to accounts and grants receivable and HST rebate receivable.

#### (c) 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 has exposure to interest rate and other price risk.



# THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

## Notes to the Financial Statements

March 31, 2023

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### 10. FINANCIAL INSTRUMENTS, continued

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the organization to a fair value risk while the floating rate instruments subject the organization to cash flow risk. The organization is exposed to this type of risk as a result of its variable rate credit facility and investments in fixed income funds and guarantee investment certificates. The exposure to these risks also fluctuates as the debts and investments change from year to year.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in marketable securities for which the value fluctuates with the quoted market price.

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### 11. SUBSEQUENT EVENT

In accordance with the terms of an Asset Transfer Agreement ("ATA") between the organization and Kensington-Bellwoods Community Legal Services ("KBCLS") dated March 31, 2023, effective April 1, 2023, the organizations merged to form a single entity that will continue under the name The Neighbourhood Group Community Services. On April 1, 2023, the organization acquired all of KBCLS' assets and assumed the obligation for KBCLS' liabilities as defined in the ATA, the net balance being \$26,018. KBCLS was formed to provide equal access to quality legal services for the low-income members of the Kensington-Bellwoods community of Toronto and is primarily funded by Legal Aid Ontario. The primary reason for this merger was to enable the combined entity to provide improved services to those who use their services.

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### 12. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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