

**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2021**

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
Financial Statements
March 31, 2021

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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, 2021, 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, 2021, 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, 2021, current assets and net assets as at March 31, 2021.

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.

Emphasis of Matter

We draw attention to notes 13 and 14 to the financial statements regarding comparative figures.

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 28, 2021

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Statement of Financial Position

March 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 15,463,487	\$ 8,094,700
Cash in trust (note 2)	249,830	168,201
Marketable securities (note 3)	1,382,625	1,234,050
Accounts receivable (note 10)	3,898,335	1,699,484
Grants receivable (Note 8)	10,174,435	1,289,139
HST rebate receivable	294,310	152,689
Prepays	282,308	427,904
Total Current	31,745,330	13,066,167
Property and equipment (note 4)	3,524,767	3,417,024
Total Assets	\$ 35,270,097	\$ 16,483,191
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 5,987,794	\$ 4,312,162
Due to trustee participants (note 2)	249,830	168,201
Deferred contributions (notes 5 and 8)	18,895,511	2,603,710
Total Liabilities	25,133,135	7,084,073
Fund Balances		
Unrestricted fund	5,858,299	5,140,077
Property fund (note 6)	4,278,663	4,259,041
Total Fund Balances	10,136,962	9,399,118
Total Liabilities and Fund Balances	\$ 35,270,097	\$ 16,483,191

Approved on behalf of the Board:

Sonia Yung Director
September 28, 2021 Date

 Director

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2021

	2021	2020
Revenues		
Fees		
Toronto Central Community Care Access Centre	\$ 4,728,792	\$ 5,311,076
Fees from users	2,938,311	4,137,065
City of Toronto	2,226,429	3,355,426
Grants		
Province of Ontario	19,143,228	16,615,389
City of Toronto	6,825,151	5,964,710
Government of Canada (note 8)	6,306,696	3,645,637
United Way	1,735,240	1,843,120
Other		
Partner agencies	3,281,948	634,395
Donations and fundraising events	1,473,873	1,603,536
Trustee funds	1,180,198	297,112
Investment	208,951	120,625
Total revenues	50,048,817	43,528,091
Expenditures		
Wages	30,950,255	27,408,395
Benefits	6,121,931	5,536,116
Program expenses	4,006,673	2,342,921
Occupancy costs (note 10)	2,471,857	2,233,952
Purchased services	1,810,280	1,449,138
Office and general	1,002,436	737,753
Employer wage subsidy and participant support	864,692	1,465,256
Food services	806,642	698,400
Amortization	685,103	516,022
Travel	352,831	437,719
Promotion and publicity	238,273	255,419
Total expenditures	49,310,973	43,081,091
Excess of revenues over expenditures for the year	737,844	447,000
Fund balance, beginning of year	9,399,118	8,952,118
Fund balance, end of year	\$ 10,136,962	\$ 9,399,118

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
Statement of Operations and Changes in Fund Balances - Unrestricted Fund
Year ended March 31, 2021

	2021	2020
Revenues		
Fees		
Toronto Central Community Care Access Centre	\$ 4,728,792	\$ 5,311,075
Fees from users	2,938,311	4,137,065
City of Toronto	2,226,429	3,355,424
Grants		
Province of Ontario	19,066,726	16,604,450
City of Toronto	6,637,216	5,607,238
Government of Canada (note 8)	6,306,696	3,645,637
United Way Support	1,735,240	1,843,120
Other		
Partner agencies	3,281,948	634,395
Donations and fundraising events	1,440,473	1,503,536
Trustee funds	1,180,198	297,112
Investment income	198,153	111,410
	49,740,182	43,050,462
Expenditures		
Wages	30,950,255	27,408,394
Benefits	6,121,931	5,536,116
Program expenses	4,006,672	2,342,921
Occupancy costs (note 10)	2,471,857	2,233,952
Purchased services	1,810,280	1,449,138
Office and general	1,002,437	737,753
Employer wage subsidy and participant support	864,692	1,465,256
Food services	806,643	698,400
Amortization	396,090	349,161
Travel	352,830	437,719
Promotion and publicity	238,273	255,419
	49,021,960	42,914,229
Excess of revenues over expenditures	718,222	136,233
Fund balance, beginning of year	5,140,077	5,003,844
Fund balance, end of year	\$ 5,858,299	\$ 5,140,077

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
Statement of Operations and Changes in Fund Balances - Property Fund
Year ended March 31, 2021

	2021	2020
Revenues		
City of Toronto - Grants	\$ 187,935	\$ 357,473
Province of Ontario	76,501	10,940
Donations and fundraising	33,401	100,001
Other income	10,798	9,215
	308,635	477,629
Expenditures		
Amortization	289,013	166,862
Excess of revenues over expenditures	19,622	310,767
Fund balance, beginning of year	4,259,041	3,948,274
Fund balance, end of year	\$ 4,278,663	\$ 4,259,041

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 737,844	\$ 447,000
Adjustment for non-cash item		
Amortization	685,103	516,023
	1,422,947	963,023
Net change in non-cash working capital items		
Cash in trust	(81,629)	4,908
Accounts receivable	(2,198,851)	36,868
Grants receivable	(8,885,296)	(1,151,818)
HST rebate receivable	(141,621)	(69,059)
Prepays	145,596	(134,468)
Accounts payable and accrued liabilities	1,675,632	213,640
Due to trustee participants	81,629	(4,908)
Deferred contributions	16,291,801	980,667
	6,887,261	(124,170)
Cash Provided by Operating Activities	8,310,208	838,853
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities net of disposals	(148,575)	51,112
Purchase of property and equipment	(792,846)	(950,987)
Cash Used in Investing Activities	(941,421)	(899,875)
Net increase (decrease) in cash	7,368,787	(61,022)
Cash, beginning of year	8,094,700	8,155,722
Cash, end of year	\$ 15,463,487	\$ 8,094,700

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

NATURE OF OPERATIONS

On April 1, 2020, The Neighbourhood Group Community Services and St. Stephen's Community Home, previously independent organizations, combined to form one entity known as The Neighbourhood Group Community Services.

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.

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) Basis of presentation

These financial statement includes assets, liabilities and activities of the organization. As both predecessor organizations agreed to a voluntary combination, the combination has been accounted for as a merger in accordance with Canadian accounting standards for not-for-profit organizations, whereby the carrying values of the assets, liabilities and net assets of the predecessor organizations have been reported on a combined basis.

(b) 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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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:

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

(d) 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.

(e) 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.

(f) 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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

(h) 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.

(i) 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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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 index pooled funds.

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.

(k) 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.

2. CASH IN TRUST

As of March 31, 2021, the organization held funds in trust in the amount of \$249,830 (2020 - \$168,201) on behalf of its trustee clients.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

3. MARKETABLE SECURITIES

	2021	2020
Measured at amortized cost		
Guaranteed investment certificate	\$ 406,108	\$ 409,016
Measured at fair value		
Indexed pooled funds:		
Canadian fixed income	460,105	455,756
Canadian equities	382,727	274,592
Foreign equities	133,685	94,686
	\$ 1,382,625	\$ 1,234,050

4. PROPERTY AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Land	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Buildings	2,915,745	2,733,471	182,274	328,059
Leasehold improvements	3,228,486	1,135,483	2,093,003	1,851,352
Computer equipment	645,550	268,911	376,639	69,427
Equipment	984,249	807,218	177,031	491,781
Vehicles	211,208	115,388	95,820	76,405
	\$ 8,585,238	\$ 5,060,471	\$ 3,524,767	\$ 3,417,024

5. DEFERRED CONTRIBUTIONS

	2021	2020
Government of Canada	\$ 13,653,001	\$ 822,347
City of Toronto	2,389,315	845,950
Foundations and other	1,986,520	663,929
Province of Ontario	774,851	155,862
United Way	91,824	115,622
	\$ 18,895,511	\$ 2,603,710

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

6. PROPERTY FUND

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

	2021	2020
Land and buildings	\$ 782,274	\$ 928,059
Other property and equipment	2,742,493	2,488,965
Cash	628,928	720,861
Cash held for supportive housing	124,968	121,156
	\$ 4,278,663	\$ 4,259,041

7. CREDIT FACILITIES

A revolving line of credit to a maximum of \$400,000 is available to the organization. The line of credit bears interest at the bank's prime lending rate, is due on demand and is secured by a general security agreement covering all assets of the organization. As at March 31, 2021, the credit balance amounted to \$Nil.

8. GOVERNMENT ASSISTANCE

Included in Government of Canada revenue, deferred contributions and grants receivable respectively, is \$2,704,877 (2020 - \$NIL), \$13,326,637 (2020 - \$485,153) and \$8,277,643 (2020 - \$485,153) 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.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

9. 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 that expire between March 31, 2022 and March 31, 2027, as follows:

2022	\$	1,095,728
2023		1,111,508
2024		1,050,638
2025		395,081
2026		279,248
Subsequent years		279,248
		<hr/>
		\$ 4,211,451

Software

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

2022	\$	47,616
2023		19,840
		<hr/>
		\$ 67,456

10. 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 accounts receivable is \$284,637 (2020 - \$286,088) 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 \$137,678 (2020 - \$NIL). Included in accounts receivable is \$1,186,418 (2020 - \$416,125) owing from Neighbourhood Link Homes.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

11. UNCERTAINTY DUE TO COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (COVID-19). Many businesses and organizations across Canada have been negatively affected by the COVID-19 pandemic and the resulting downturn in the overall economy. The government and public health officials initiated a number of measures to mitigate against the severity and impact of the virus. The organization has implemented a number of these measures to maintain a safe operating environment. The length and severity of the impact on the organization's operations and financial reporting are uncertain and cannot be determined at this time.

12. 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 organization's main credit risk relates to accounts and grants receivable and HST rebate receivable.

(b) 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.

(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 is mainly exposed to interest rate risk and other price risk.

(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.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

12. FINANCIAL INSTRUMENTS, continued

(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.

13. COMPARATIVE FIGURES

The financial statements of SSCH for the year ended March 31, 2020 were reported on by another firm of Chartered Professional Accountants who issued an unqualified opinion in their Independent Auditor's Report dated September 8, 2020.

Certain comparative figures have been reclassified in order to conform with the presentation adopted in the current year.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2021

14. MERGER

On April 1, 2020, The Neighbourhood Group Community Services ("TNG") was combined with St. Stephen's Community House ("SSCH") and the combined entity retained the name The Neighbourhood Group Community Services. Both TNG and SSCH had common objects, mission, vision and values and the merger was undertaken to collectively improve operational efficiencies and enhance their programs. The combination is accounted for as a merger in accordance with Section 4449, Combinations by not-for-profit organizations in Part III of the CPA Canada Handbook.

The results for the year ended March 31, 2021 are the aggregated results for the period from April 1, 2020 to March 31, 2021 for TNG and SSCH.

The prior year comparative figures present the aggregated results for TNG and SSCH when they were operating independently. The aggregated results include adjustments made to the comparative balances of TNG and SSCH to align the prior year accounting policies with those of the combined organization.

At the combination date, the principal components of the statement of financial position are as follows:

	TNG	SSCH	Adjustments	Total
Total assets	\$ 5,628,782	\$ 10,854,409	\$ -	\$ 16,483,191
Total liabilities	3,925,879	3,314,688	(156,494)	7,084,073
Fund balances:				
Unrestricted fund	1,702,903	-	3,437,174	5,140,077
General reserve fund	-	3,559,516	(3,559,516)	-
Property fund	-	3,980,208	278,833	4,259,041

The combined entity will be maintaining two funds, the unrestricted and property funds. The general reserve fund was adjusted to the unrestricted fund to align with the fund accounting policy.

For the year ended March 31, 2020, the principal components of the statement of operations are as follows:

	TNG	SSCH	Adjustments	Total
Total revenue	\$ 22,805,361	\$ 20,859,580	\$ (136,850)	\$ 43,528,091
Total expenditures	(22,758,006)	(20,394,292)	71,207	(43,081,091)
Excess of revenues over expenditures for the year	\$ 47,355	\$ 465,288	\$ (65,643)	\$ 447,000
