

**THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2024**

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES
Financial Statements
March 31, 2024

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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, 2024, and the statements of changes in fund balances, operations 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, 2024, 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, 2024, current assets and net assets as at March 31, 2024.

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 note 2 to the financial statements regarding a change in accounting policy.

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 10, 2024

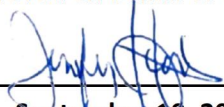
THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Statement of Financial Position

March 31, 2024

	2024	2023
Assets		
Current		
Cash	\$ 9,069,852	\$ 12,097,357
Cash in trust (note 3)	350,489	263,218
Marketable securities (note 4)	7,151,209	7,173,987
Accounts receivable (note 10)	5,529,150	4,161,589
Grants receivable	1,225,784	1,995,181
HST rebate receivable	531,313	1,588,916
Prepays	355,937	225,491
Total Current	24,213,734	27,505,739
Property and equipment (note 5)	3,401,510	3,330,488
Total Assets	\$ 27,615,244	\$ 30,836,227
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	\$ 8,226,086	\$ 6,720,234
Due to trustee participants	350,489	263,218
Deferred contributions (note 6)	10,881,112	13,711,651
Total Current	19,457,687	20,695,103
Deferred capital contributions (note 7)	291,248	489,738
Total Liabilities	19,748,935	21,184,841
Fund Balances		
Unrestricted fund	7,866,309	9,651,386
Total Liabilities and Fund Balances	\$ 27,615,244	\$ 30,836,227

Approved on behalf of the Board:



September 10, 2024
Date

Director



Director

Director

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES**Statement of Changes in Fund Balances****Year ended March 31, 2024**

	2024	2023
Fund balance, as previously stated	\$ 9,651,386	\$ 10,816,700
Prior period adjustment (note 2)	-	(700,472)
Fund balance, beginning of year, as restated	9,651,386	10,116,228
Deficiency of revenues over expenditures for the year	(1,785,077)	(464,842)
Fund balance, end of year	\$ 7,866,309	\$ 9,651,386

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Statement of Operations

Year ended March 31, 2024

	2024	2023
Revenues		
Fees		
Home and Community Care Support Services	\$ 7,368,108	\$ 5,552,367
Fees from users	4,619,408	5,082,063
City of Toronto	3,558,526	3,341,320
Grants		
Province of Ontario	24,414,794	23,006,048
City of Toronto	14,980,263	12,526,826
Government of Canada	10,411,883	9,174,078
United Way	1,317,271	1,553,631
Other		
Partner agencies	4,028,602	2,858,045
Trustee funds	2,687,677	3,175,573
Donations and fundraising events (note 10)	1,179,115	1,075,837
Investment	718,756	314,328
Amortization of deferred capital contributions (note 7)	209,076	216,546
Total revenues	75,493,479	67,876,662
Expenditures		
Wages	46,939,319	40,586,605
Benefits (note 12)	10,327,423	8,500,033
Program expenses	6,491,176	6,213,134
Occupancy costs (note 10)	4,961,544	4,202,959
Purchased services	2,763,426	2,996,585
Food services	1,794,039	1,601,835
Office and general	1,617,491	1,271,506
Employer wage subsidy and participant support	1,170,494	1,385,967
Amortization	817,570	725,402
Promotion and publicity	234,189	396,686
Travel	161,885	460,792
Total expenditures	77,278,556	68,341,504
Deficiency of revenues over expenditures for the year	\$ (1,785,077)	\$ (464,842)

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures for the year	\$ (1,785,077)	\$ (464,842)
Adjustments for non-cash items		
Amortization	817,570	725,402
Amortization of deferred capital contributions	(209,076)	(216,546)
	(1,176,583)	44,014
Net change in non-cash working capital items		
Cash in trust	(87,271)	97,405
Accounts receivable	(1,367,561)	530,492
Grants receivable	769,397	(418,912)
HST rebate receivable	1,057,603	(767,215)
Prepays	(130,446)	(113,070)
Accounts payable and accrued liabilities	1,505,852	1,088,422
Due to trustee participants	87,271	31,414
Deferred contributions	(2,830,539)	(5,142,007)
	(995,694)	(4,693,471)
Cash Used in Operating Activities	(2,172,277)	(4,649,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Marketable securities	22,778	(5,716,202)
Purchase of property and equipment	(888,592)	(866,547)
Cash Used in Investing Activities	(865,814)	(6,582,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital contributions	10,586	5,813
Cash Provided by Financing Activities	10,586	5,813
Net decrease in cash	(3,027,505)	(11,226,393)
Cash, beginning of year	12,097,357	23,323,750
Cash, end of year	\$ 9,069,852	\$ 12,097,357

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

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.

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) 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

(b) 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.

(c) 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.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

The organization uses the deferral method of accounting for its revenue contributions in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred.

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.

(e) Deferred capital contributions

Deferred contributions related to property and equipment represent restricted contributions for the purchase of buildings, leasehold improvements, equipment and vehicles. Deferred capital contributions are recognized as revenue on the same basis as the related property and equipment is being amortized.

(f) Government assistance

The organization was 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, 2024

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, excluding guaranteed investment certificate.

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.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

2. CHANGE IN ACCOUNTING POLICY

The organization has elected to use the deferral method of revenue recognition which is one of the options available to not-for-profit organizations. This reporting option change has been retroactively applied to the organization's financial statements. As a result, total fund balances as at March 31, 2023 have been decreased by \$489,738 and excess of revenues over expenditures as at March 31, 2023 have been increased by \$210,734.

March 31, 2023	Previously reported	Adjustments	Restated
	\$	\$	\$
Statement of Financial Position:			
Deferred capital contributions	-	489,738	489,738
Unrestricted fund	6,347,499	3,303,887	9,651,386
Property fund	3,793,625	(3,793,625)	-
Statement of Changes in Fund Balances:			
Total fund balances, beginning of year	10,816,700	(700,472)	10,116,228
Deficiency of revenues over expenditures for the year	(675,576)	210,734	(464,842)
Total fund balances, end of year	10,141,124	(489,738)	9,651,386
Statement of Operations:			
Amortization of deferred capital contributions	-	216,546	216,546
Partner agencies revenue	2,861,265	(3,220)	2,858,045
Grants - City of Toronto	12,529,418	(2,592)	12,526,826
Deficiency of revenues over expenditures for the year	(675,576)	210,734	(464,842)

3. CASH IN TRUST

As of March 31, 2024, the organization held funds in trust in the amount of \$350,489 (2023 - \$263,218) on behalf of its trustee clients.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

4. MARKETABLE SECURITIES

	2024	2023
Measured at amortized cost		
Guaranteed investment certificate	\$ 42,079	\$ 406,463
Measured at fair value		
Money market funds	-	2,748,518
Canadian fixed income funds	3,302,477	1,969,393
Foreign fixed income funds	1,097,494	499,776
Canadian equities funds	1,277,290	868,157
Foreign equities funds	1,431,869	681,680
	\$ 7,151,209	\$ 7,173,987

5. PROPERTY AND EQUIPMENT

	2024			2023	
	Cost	Accumulated amortization	Net		Net
Land	\$ 600,000	\$ -	\$ 600,000	\$	600,000
Buildings	2,915,745	2,915,744	1		1
Leasehold improvements	4,571,732	2,485,126	2,086,606		1,812,197
Computer equipment	1,497,642	980,078	517,564		603,118
Equipment	1,041,552	889,427	152,125		237,645
Vehicles	264,814	219,600	45,214		77,527
	\$ 10,891,485	\$ 7,489,975	\$ 3,401,510	\$	3,330,488

6. DEFERRED CONTRIBUTIONS

	2024	2023
City of Toronto	\$ 4,872,024	\$ 2,893,457
Government of Canada	4,828,011	9,530,541
Foundations and other	916,486	901,716
Province of Ontario	264,591	385,937
	\$ 10,881,112	\$ 13,711,651

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

7. DEFERRED CAPITAL CONTRIBUTIONS

	2024	2023
Balance, beginning of year	\$ 489,738	\$ 703,692
Additions	10,586	2,592
Amortization of deferred capital contributions	(209,076)	(216,546)
Balance, end of year	\$ 291,248	\$ 489,738

8. GOVERNMENT ASSISTANCE

Included in Government of Canada revenue and deferred contributions respectively, is \$4,445,080 (2023 - \$4,047,682) and \$4,828,011 (2023 - \$9,273,091) of government assistance related to subsidies received in prior years under the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs.

9. CONTRACTUAL OBLIGATIONS

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:

2025	\$ 1,614,673
2026	1,553,709
2027	1,473,897
2028	1,033,134
2029	994,510
Subsequent years	3,357,885
	\$ 10,027,808

Software

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

2025	\$ 348,909
2026	186,682
	\$ 535,591

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

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 donations and fundraising events is \$344,349 (2023 - \$405,041) received from The Neighbourhood Group Foundation. Included in accounts receivable is \$Nil (2023 - \$270,316) owing from The Neighbourhood Group Foundation. Included in accounts payable is \$44,813 (2023 - \$Nil) owing to 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 \$250,785 (2023 - \$252,668). Included in accounts receivable is \$2,849,332 (2023 - \$2,178,967) owing from Neighbourhood Link Homes.

11. CREDIT FACILITIES

A revolving line of credit to a maximum of \$650,000 is available to the organization. The line of credit bears interest at the bank's prime lending rate plus 0.5%, is due on demand and is secured by a general security agreement covering all assets of the organization and a collateral mortgage on the property located at 260 Augusta Avenue. As at March 31, 2024, the credit balance amounted to \$Nil (2023 - \$Nil).

12. PENSION PLAN

The organization participates in a multi-employer defined contribution pension plan, which includes certain full time and part time employees. The organization also contributes to a defined contribution plan which was established for its remaining full time and part time employees. Participation in these plans is mandatory. Contributions made by the organization are recognized as benefits expense in the Statement of Operations.

13. 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.

THE NEIGHBOURHOOD GROUP COMMUNITY SERVICES

Notes to the Financial Statements

March 31, 2024

13. FINANCIAL INSTRUMENTS, continued

(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.

(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.

14. 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.

**THE NEIGHBOURHOOD GROUP FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

THE NEIGHBOURHOOD GROUP FOUNDATION
Financial Statements
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Neighbourhood Group Foundation

Qualified Opinion

We have audited the financial statements of The Neighbourhood Group Foundation, which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets 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 organization as at December 31, 2023, 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.

Basis for Qualified Opinion

In common with many charitable organizations, The Neighbourhood Group Foundation 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 Foundation 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 December 31, 2023, current assets and net assets as at December 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
June 25, 2024

THE NEIGHBOURHOOD GROUP FOUNDATION**Statement of Financial Position****December 31, 2023**

	2023	2022
Assets		
Current		
Cash	\$ 720,442	\$ 632,649
Marketable securities (note 2)	1,764,167	1,620,041
HST rebate receivable	2,921	2,153
Accounts receivable (note 4)	-	134,924
Total Assets	\$ 2,487,530	\$ 2,389,767
Liabilities		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 234,133	\$ 10,000
Deferred contributions (note 3)	44,271	47,271
Total Liabilities	278,404	57,271
Fund Balance		
Net assets	2,209,126	2,332,496
Total Liabilities and Fund Balance	\$ 2,487,530	\$ 2,389,767

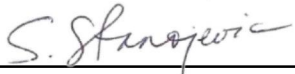
Approved on behalf of the Board:



June 25, 2024

Director

Date



Director

Director

THE NEIGHBOURHOOD GROUP FOUNDATION
Statement of Operations and Changes in Net Assets
Year ended December 31, 2023

	2023	2022
Revenues		
Investment income (loss)	\$ 169,145	\$ (107,666)
Donations (note 4)	142,264	666,004
Total revenues	311,409	558,338
Expenditures		
Donations	405,041	166,000
Investment management fees	19,864	15,007
Professional fees	9,874	9,874
Total expenditures	434,779	190,881
(Deficiency) excess of revenues over expenditures for the year	(123,370)	367,457
Net assets, beginning of year	2,332,496	1,965,039
Net assets, end of year	\$ 2,209,126	\$ 2,332,496

THE NEIGHBOURHOOD GROUP FOUNDATION**Statement of Cash Flows****Year ended December 31, 2023**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenditures for the year	\$ (123,370)	\$ 367,457
Net change in non-cash working capital items		
HST rebate receivable	(768)	(2,153)
Accounts receivable	134,924	(134,924)
Accounts payable and accrued liabilities	224,133	(104,316)
Deferred contributions	(3,000)	-
	355,289	(241,393)
Cash Provided by Operating Activities	231,919	126,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Marketable securities	(144,126)	114,193
Cash (Used in) Provided by Investing Activities	(144,126)	114,193
Net increase in cash	87,793	240,257
Cash, beginning of year	632,649	392,392
Cash, end of year	\$ 720,442	\$ 632,649

THE NEIGHBOURHOOD GROUP FOUNDATION

Notes to the Financial Statements

December 31, 2023

NATURE OF OPERATIONS

The Neighbourhood Group Foundation was incorporated on December 22, 1995 under the Canada Corporations Act with a general object to undertake charitable work within Canada. Effective January 1, 1997, the organization was granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. On December 8, 2016, the organization changed its name from Senior Link Foundation to The Neighbourhood Group Foundation.

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) 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 expenditures are incurred. Unrestricted contributions are recognized as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized on the accrual basis as earned.

(b) 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.

(c) Financial instruments

Measurement of 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 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, accounts receivable and HST rebate receivable.

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

The organization has designated its marketable securities to be measured at fair value.

THE NEIGHBOURHOOD GROUP FOUNDATION

Notes to the Financial Statements

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial instruments, continued

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.

(d) Use of estimates

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

2. MARKETABLE SECURITIES

	2023	2022
Money market funds	\$ 41,527	\$ 81,353
Canadian exchange traded funds	1,123,822	-
Foreign exchange traded funds	598,818	-
Canadian bond funds	-	706,969
Foreign bond funds	-	16,080
Canadian equity funds	-	408,572
Foreign equity funds	-	407,067
	\$ 1,764,167	\$ 1,620,041

3. DEFERRED CONTRIBUTIONS

	2023	2022
Refugee support	\$ 44,271	\$ 47,271

THE NEIGHBOURHOOD GROUP FOUNDATION

Notes to the Financial Statements

December 31, 2023

4. ORGANIZATIONS UNDER SIGNIFICANT INFLUENCE

The Neighbourhood Group Community Services exercises significant influence over the organization by sharing management and administrative resources. Transactions with The Neighbourhood Group Community Services 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 Community Services was incorporated with a general object to undertake charitable work within Canada. The Neighbourhood Group Community Services is a registered charity under the Income Tax Act. Included in donations are distributions paid to The Neighbourhood Group Community Services amounting to \$405,041 (2022 - \$166,000). Included in accounts receivable is \$0 (2022 - \$134,924) receivable from The Neighbourhood Group Community Services. Included in accounts payable and accrued liabilities is \$224,134 (2022 - \$NIL) owing to The Neighbourhood Group Community Services.

5. 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 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. The organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

(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. The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization to the risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.

THE NEIGHBOURHOOD GROUP FOUNDATION

Notes to the Financial Statements

December 31, 2023

5. FINANCIAL INSTRUMENTS, continued

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of 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.

6. SUBSEQUENT EVENTS

On May 9, 2023, the Board of Directors passed the following resolutions: to voluntarily dissolve and transfer all of its net assets to another registered Canadian charity, being The Neighbourhood Group Community Services; to request of the Canada Revenue Agency's Charities Directorate that the organization's status as Canadian registered charity be revoked; and to legally dissolve the organization once all of its funds have been transferred and its charitable status has been revoked. These events have not yet occurred.
