

MEALS ON WHEELS, BERMUDA

**Financial Statements and
Independent Auditors' Report**

**For the year ended
March 31, 2018**

INDEPENDENT AUDITORS' REPORT

To the Members of
Meals on Wheels, Bermuda

We have audited the accompanying financial statements of Meals on Wheels, Bermuda, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Meals on Wheels, Bermuda derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Meals on Wheels, Bermuda. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at March 31 for both 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Meals on Wheels, Bermuda as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada.

Deloitte Ltd.

July 17, 2018

Meals on Wheels, Bermuda
Statement of Financial Position
As at March 31, 2018
(Expressed in Bermuda dollars)

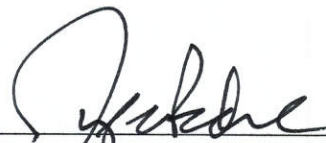
	General Fund \$	Capital Asset Fund \$	Endowment Fund \$	March 31, 2018 \$	March 31, 2017 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (note 3)	151,891	-	105,970	257,861	173,293
Net accounts receivable (note 10)	16,957	-	-	16,957	16,459
Prepaid expenses	3,142	-	-	3,142	3,430
	171,990	-	105,970	277,960	193,182
Investments (note 4)	-	-	1,742,664	1,742,664	1,765,528
Capital assets (note 5)	-	299,835	-	299,835	314,265
	-	299,835	1,742,664	2,042,499	2,079,793
	171,990	299,835	1,848,634	2,320,459	2,272,975
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 9)	31,151	-	-	31,151	35,412
Current portion of deferred contributions related to capital assets (note 6)	-	15,599	-	15,599	15,599
	31,151	15,599	-	46,750	51,011
Deferred contributions related to capital assets (note 6)	-	121,307	-	121,307	136,906
	31,151	136,906	-	168,057	187,917
NET ASSETS					
Invested in capital assets	-	26,023	-	26,023	9,255
Externally restricted	-	136,906	1,834,524	1,971,430	1,931,979
Internally restricted	3,951	-	-	3,951	3,951
Unrestricted	136,888	-	14,110	150,998	139,873
	140,839	162,929	1,848,634	2,152,402	2,085,058
	171,990	299,835	1,848,634	2,320,459	2,272,975

Approved by the Board of Directors



PETER SMITH

Director



PHILIP PEDRO

Director

The accompanying notes are an integral part of these financial statements.



TREASURER - DONNA AMARAL

Meals on Wheels, Bermuda
Statement of Operations
For the year ended March 31, 2018
(Expressed in Bermuda dollars)

	General Fund	Capital Asset Fund	Endowment Fund	2018	2017
	\$	\$	\$	\$	\$
REVENUES					
Food income	173,514	-	-	173,514	160,398
Donations (note 7)	231,478	-	-	231,478	241,304
Government grant	48,000	-	-	48,000	48,000
Interest and dividend income	638	-	5,558	6,196	5,585
Tag day	10,502	-	-	10,502	8,617
Amortization of deferred contributions (note 6)	-	15,599	-	15,599	15,599
Net realized and change in unrealized gain on Endowment Fund investments	-	-	72,094	72,094	116,907
	<u>464,132</u>	<u>15,599</u>	<u>77,652</u>	<u>557,383</u>	<u>596,410</u>
EXPENSES					
Amortization of capital assets	-	14,430	-	14,430	14,819
Audit fee (note 7)	22,980	-	-	22,980	22,525
Bad debts	336	-	-	336	2,518
Bank charges	723	-	-	723	599
Food	150,792	-	-	150,792	143,491
Insurance	5,241	-	-	5,241	5,605
Kitchen supplies	24,330	-	-	24,330	21,965
Maintenance and repairs	40,785	-	-	40,785	33,876
Management fees	-	-	8,491	8,491	8,491
Office supplies and miscellaneous	9,587	-	-	9,587	6,733
Consultancy fees	3,560	-	-	3,560	-
Salaries, wages and employee benefits (note 8)	180,830	-	-	180,830	183,280
Telephone	2,438	-	-	2,438	2,398
Utilities	25,516	-	-	25,516	24,893
	<u>467,118</u>	<u>14,430</u>	<u>8,491</u>	<u>490,039</u>	<u>471,193</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(2,986)</u>	<u>1,169</u>	<u>69,161</u>	<u>67,344</u>	<u>125,217</u>

The accompanying notes are an integral part of these financial statements.

Meals on Wheels, Bermuda
Statement of Changes in Net Assets
For the year ended March 31, 2018
(Expressed in Bermuda dollars)

	General Fund	Capital Asset Fund	Endowment Fund	Net Assets 2018	Net Assets 2017
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
NET ASSETS, BEGINNING OF YEAR	143,825	161,760	1,779,473	2,085,058	1,959,841
Excess of revenues over expenses	(2,986)	1,169	69,161	67,344	125,217
NET ASSETS, END OF YEAR	<u>140,839</u>	<u>162,929</u>	<u>1,848,634</u>	<u>2,152,402</u>	<u>2,085,058</u>

The accompanying notes are an integral part of these financial statements.

Meals on Wheels, Bermuda
Statement of Cash Flows
For the year ended March 31, 2018
(Expressed in Bermuda dollars)

	General Fund \$	Capital Asset Fund \$	Endowment Fund \$	2018 \$	2017 \$
OPERATING ACTIVITIES					
Excess of revenue over expenses	(2,986)	1,169	69,161	67,344	125,217
Items not affecting cash:					
Amortization of capital assets	-	14,430	-	14,430	14,819
Amortization of deferred contributions	-	(15,599)	-	(15,599)	(15,599)
Net realized and change in unrealized gain on Endowment Fund investments	-	-	(72,094)	(72,094)	(116,907)
Net change in non-cash working capital					
Change in accounts receivable	(498)	-	-	(498)	(1,600)
Change in prepaid expenses	289	-	-	289	989
Change in accounts payable	(4,261)	-	-	(4,261)	2,629
Cash (used in) from operating activities	(7,456)	-	(2,933)	(10,389)	9,548
INVESTING ACTIVITIES					
Investments acquired	-	-	(36,490)	(36,490)	(47,270)
Investments sold	-	-	131,447	131,447	57,800
Cash from investing activities	-	-	94,957	94,957	10,530
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,456)	-	92,024	84,568	20,078
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	159,347	-	13,946	173,293	153,215
CASH AND CASH EQUIVALENTS, END OF YEAR	151,891	-	105,970	257,861	173,293

The accompanying notes are an integral part of these financial statements.

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2018
(Expressed in Bermuda dollars)

1. PURPOSE AND LEGAL FORM

Meals on Wheels, Bermuda (the “Association”) is registered as a charitable organization under the Charities Act 1978 (Registration no. 104). The Association was incorporated as a Company Limited by Guarantee under the laws of Bermuda on February 4, 2010. The Association is registered under and regulated by the Companies Act 1981 and the Charities Act 1978. The primary purpose of the Association is to provide meals to the elderly or infirm and other people who will benefit from such services.

In order to maintain its status as a registered charity, the Association has a legal obligation to submit an annual income and expenditure statement. In the opinion of management, the Association is not and nor has ever been, in default of this regulation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying financial statements have been prepared in accordance with accounting standards for not-for profit organizations generally accepted in Bermuda and Canada (“ASNPO”) and include the following significant accounting policies:

Accounting estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Fund accounting

The General Fund reports the assets, liabilities, revenues, and expenditures related to meal preparation, delivery and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets. Endowment contributions are reported in the Endowment Fund. Dividend and interest income are reported in the Endowment Fund. Gains and losses on resources of the Endowment Fund are reported in the Endowment Fund. Revenues in the Endowment Fund are not externally restricted.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Investment income in the Endowment Fund includes dividend and interest income, realized gains and losses on sales of investments, and unrealized gains and losses on investments measured at fair value.

Dividend and interest are recognized as revenue when they are earned.

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2018
(Expressed in Bermuda dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition (cont'd)

Food income is recognized upon delivery of meals to the customer for those designated as having the ability to pay the Association. Food is also provided to individuals who cannot afford to pay. The revenue for benefit in kind for individuals who cannot afford to pay is not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on account and term deposits with maturities from the date of acquisition of three months or less which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

Capital assets

Capital assets are carried at cost less a provision for amortization. Land is not amortized. Capital assets are amortized on straight-line basis over their estimated useful lives as follows:

Building	30 years
Improvements	10 years
Furniture and fixtures/equipment	5 years

Contributed services

Volunteer efforts and non-cash donations, except those related to capital assets and professional audit services, are not reflected in the financial statements as these amounts are not susceptible to objective measurement or valuation. Donated audit services are included at fair value in the statement of operations.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value based on quoted market prices. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents and net accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$24,935 (2017 - \$28,886) of restricted funds, of which \$24,935 (2017 - \$24,935) is explained in note 6 and \$nil (2017 - \$3,951) relates to funds held on behalf of staff.

As at March 31, 2018, term deposits with maturities from the date of acquisition of three months or less total \$nil (2017: \$nil).

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2018
(Expressed in Bermuda dollars)

4. INVESTMENTS

As at March 31, 2018

Endowment Fund	No. of shares/ units	Cost \$	Market value \$
Fixed Income Funds			
Global Voyager – Global Fixed Income	7,194	173,468	187,207
Global Voyager – Short Term Income	13,848	135,759	128,110
Global Voyager – High Yield Bond	7,903	132,702	130,719
PIMCO Global Investors Series plc – Total Return	5,770	150,805	166,996
		<hr/> 592,734	<hr/> 613,032
Equity Funds			
Global Voyager – Preferred	16,470	219,283	261,069
Global Voyager – International Equity	13,764	173,721	222,855
Global Voyager – North American Equity	8,283	287,380	431,449
Global Voyager – US Small Cap Equity	4,517	59,766	109,433
		<hr/> 740,150	<hr/> 1,024,806
Hedge Funds			
Clarien Alternative Investment Fund	1,093	109,291	104,826
		<hr/> 1,442,175	<hr/> 1,742,664

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2018
(Expressed in Bermuda dollars)

4. INVESTMENTS (Cont'd)

As at March 31, 2017

Endowment Fund	No. of shares/ units	Cost \$	Market value \$
Fixed Income Funds			
Global Voyager – Global Fixed Income	6,960	167,368	179,108
Global Voyager – Short Term Income	13,190	129,569	125,546
Global Voyager – High Yield Bond	7,500	126,002	124,563
PIMCO Global Investors Series plc – Total Return	5,379	139,205	152,375
		562,144	581,592
Equity Funds			
Global Voyager – Preferred	16,104	213,383	250,417
Global Voyager – International Equity	14,395	181,684	216,008
Global Voyager – North American Equity	8,610	298,736	405,109
Global Voyager – US Small Cap Equity	4,628	61,242	106,363
		755,045	977,897
Hedge Funds			
GAM Trading II Inc	305	102,100	103,156
Clarien Alternative Investment Fund	1,093	109,291	102,883
		211,391	206,039
		1,528,580	1,765,528

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2018 Net book Value \$	2017 Net book Value \$
Land	180,000	-	180,000	180,000
Building	422,781	302,946	119,835	133,876
Improvements	40,150	40,150	-	-
Furniture and fixtures/equipment	216,762	216,762	-	389
	859,693	559,858	299,835	314,265

Meals on Wheels, Bermuda
Notes to the Financial Statements
 March 31, 2018
(Expressed in Bermuda dollars)

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Deferred contributions on capital assets	Designated for capital projects	2018 Total	2017 Total
	\$	\$	\$	\$
Balance, beginning of year	127,570	24,935	152,505	168,104
Amounts amortized to revenue	(15,599)	-	(15,599)	(15,599)
Balance, end of year	<u>111,971</u>	<u>24,935</u>	<u>136,906</u>	<u>152,505</u>

Deferred contributions on capital assets

Deferred contributions on capital assets represent contributions from donors to assist with the purchase of the Association's building and equipment and are being amortized to revenue over the life of the building and equipment to match the revenue with the related amortization expense.

Designated for capital projects

In 2001, the Association received a \$40,000 donation where the donor stipulated that the funds were to be invested, with the earnings thereon to be included in unrestricted revenue of the Association. However, should the Association wish, it may use the donated funds for a designated capital project. During the year ended March 31, 2018, the Board did not approve any funds to be used (2017 - \$Nil). As at March 31, 2018, the remaining funds amounting to \$24,935 (2017 - \$24,935) were held in cash and cash equivalents.

7. DONATIONS

Audit fees for the year ended March 31, 2018 are recorded at their fair value of \$22,980 (2017: \$22,525). The actual amount charged for the audit is \$4,600 (2017: \$4,505) with the difference of \$18,380 (2017: \$18,020) being recorded as a donation to the General Fund.

8. PENSION PLANS

The Association maintains a defined contribution pension plan in accordance with The National Pension Scheme (Occupational Pension) Act 1998, which is administered by Colonial and covers the majority of its employees. During the period, the Association made contributions of \$6,554 (2017 - \$6,165) into the plan.

The Association also pays monthly social insurance payments in accordance with The Contributory Pensions Act 1970. The payments for the year ended March 31, 2018 totaled \$6,756 (2017 - \$6,095).

9. GOVERNMENT REMITTANCES

As of March 31, 2018, included in accounts payable and accrued liabilities is \$2,688 (2017: \$6,656) due to the Bermuda Government.

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2018
(Expressed in Bermuda dollars)

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments.

Credit risk

The estimated fair values of cash and cash equivalents and net accounts receivable approximate their carrying values.

Financial assets which potentially subject the Association to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. In management's opinion, the risk of loss due to credit risk is not significant as cash and cash equivalents are placed with high credit quality institutions and accounts receivable are presented net of provisions for uncollectible amounts totaling \$1,965 (2017 - \$2,694).

Market risk

Market risk is the potential for changes in the value of investments due to market changes, including interest and foreign exchange rate movements and fluctuations in security prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the underlying assets are traded. The Association manages its exposure to market risk related to trading instruments on an aggregate basis.

Changes in risk

There have been no significant changes in the Company's risk exposures from the 2017 fiscal year.