

# **MEALS ON WHEELS, BERMUDA**

**Financial Statements and  
Independent Auditors' Report**

**For the year ended  
March 31, 2019**

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Meals on Wheels, Bermuda

### Qualified Opinion

We have audited the financial statements of Meals on Wheels, Bermuda (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible 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 March 31, 2019, and the results of its operations for the year then ended in accordance with Canadian and Bermudian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fund-raising projects, 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 Organization and we were not able to determine whether any adjustments might be necessary to revenues and the excess of revenues over expenditures for the years ended March 31, 2019 and 2018, or assets and fund balances as at March 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian and Bermudian generally accepted auditing standards ("GAAS"). 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 Bermuda, 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 audit 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 and Bermudian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian and Bermudian GAAS 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 and Bermudian GAAS, 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.

Deloitte Ltd.

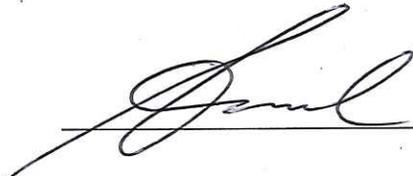
October 17, 2019

**Meals on Wheels, Bermuda**  
**Statement of Financial Position**  
As at March 31, 2019  
*(Expressed in Bermuda dollars)*

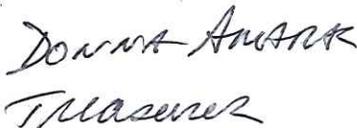
	General Fund \$	Capital Asset Fund \$	Endowment Fund \$	March 31, 2019 \$	March 31, 2018 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents (note 3)	128,284	-	99,061	227,345	257,861
Net accounts receivable (note 10)	14,920	-	-	14,920	16,957
Prepaid expenses	1,922	-	-	1,922	3,142
	<u>145,126</u>	<u>-</u>	<u>99,061</u>	<u>244,187</u>	<u>277,960</u>
Investments (note 4)	-	-	1,796,993	1,796,993	1,742,664
Capital assets (note 5)	-	285,742	-	285,742	299,835
	<u>-</u>	<u>285,742</u>	<u>1,796,993</u>	<u>2,082,735</u>	<u>2,042,499</u>
	<u>145,126</u>	<u>285,742</u>	<u>1,896,054</u>	<u>2,326,922</u>	<u>2,320,459</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities (note 9)	37,835	-	-	37,835	31,151
Current portion of deferred contributions related to capital assets (note 6)	-	15,599	-	15,599	15,599
	<u>37,835</u>	<u>15,599</u>	<u>-</u>	<u>53,434</u>	<u>46,750</u>
Deferred contributions related to capital assets (note 6)	-	105,708	-	105,708	121,307
	<u>37,835</u>	<u>121,307</u>	<u>-</u>	<u>159,142</u>	<u>168,057</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	43,128	-	43,128	26,023
Externally restricted	-	121,307	1,873,399	1,994,706	1,971,430
Internally restricted	3,951	-	-	3,951	3,951
Unrestricted	103,340	-	22,655	125,995	150,998
	<u>107,291</u>	<u>164,435</u>	<u>1,896,054</u>	<u>2,167,780</u>	<u>2,152,402</u>
	<u>145,126</u>	<u>285,742</u>	<u>1,896,054</u>	<u>2,326,922</u>	<u>2,320,459</u>

Approved by the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

  
\_\_\_\_\_  
Treasurer

**Meals on Wheels, Bermuda**  
**Statement of Operations**  
For the year ended March 31, 2019  
*(Expressed in Bermuda dollars)*

	<b>General Fund \$</b>	<b>Capital Asset Fund \$</b>	<b>Endowment Fund \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>REVENUES</b>					
Food income	191,252	-	-	191,252	173,514
Donations (note 7)	239,153	-	-	239,153	231,478
Government grant	48,000	-	-	48,000	48,000
Interest and dividend income	225	-	9,029	9,254	6,196
Tag day	-	-	-	-	10,502
Amortization of deferred contributions (note 6)	-	15,599	-	15,599	15,599
Net realized and change in unrealized gain on Endowment Fund investments	-	-	47,669	47,669	72,094
	<u>478,630</u>	<u>15,599</u>	<u>56,698</u>	<u>550,927</u>	<u>557,383</u>
<b>EXPENSES</b>					
Amortization of capital assets	-	14,093	-	14,093	14,430
Audit fee (note 7)	22,975	-	-	22,975	22,980
Bad debts	1,167	-	-	1,167	336
Bank charges	711	-	-	711	723
Food	158,472	-	-	158,472	150,792
Insurance	6,474	-	-	6,474	5,241
Kitchen supplies	24,984	-	-	24,984	24,330
Maintenance and repairs	47,344	-	-	47,344	40,785
Management fees	-	-	9,278	9,278	8,491
Office supplies and miscellaneous	1,778	-	-	1,778	9,587
Consultancy fees	16,020	-	-	16,020	3,560
Salaries, wages and employee benefits (note 8)	203,008	-	-	203,008	180,830
Telephone	2,169	-	-	2,169	2,438
Utilities	27,076	-	-	27,076	25,516
	<u>512,178</u>	<u>14,093</u>	<u>9,278</u>	<u>535,549</u>	<u>490,039</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>(33,548)</u>	<u>1,506</u>	<u>47,420</u>	<u>15,378</u>	<u>67,344</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, 2019  
*(Expressed in Bermuda dollars)*

	<b>General Fund \$</b>	<b>Capital Asset Fund \$</b>	<b>Endowment Fund \$</b>	<b>Net Assets 2019 \$</b>	<b>Net Assets 2018 \$</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET ASSETS, BEGINNING OF YEAR	140,839	162,929	1,848,634	2,152,402	2,085,058
Excess of revenues over expenses	(33,548)	1,506	47,420	15,378	67,344
NET ASSETS, END OF YEAR	<u>107,291</u>	<u>164,435</u>	<u>1,896,054</u>	<u>2,167,780</u>	<u>2,152,402</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, 2019  
*(Expressed in Bermuda dollars)*

	<b>General Fund \$</b>	<b>Capital Asset Fund \$</b>	<b>Endowment Fund \$</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>OPERATING ACTIVITIES</b>					
Excess of revenue over expenses	(33,548)	1,506	47,420	15,378	67,344
Items not affecting cash:					
Amortization of capital assets	-	14,093	-	14,093	14,430
Amortization of deferred contributions	-	(15,599)	-	(15,599)	(15,599)
Net realized and change in unrealized gain on Endowment Fund investments	-	-	(47,669)	(47,669)	(72,094)
Net change in non-cash working capital					
Change in accounts receivable	2,037	-	-	2,037	(498)
Change in prepaid expenses	1,220	-	-	1,220	289
Change in accounts payable	6,684	-	-	6,684	(4,261)
Cash used in from operating activities	(23,607)	-	(249)	(23,856)	(10,389)
<b>INVESTING ACTIVITIES</b>					
Investments acquired	-	-	(303,793)	(303,793)	(36,490)
Investments sold	-	-	297,133	297,133	131,447
Cash (used in) from investing activities	-	-	(6,660)	(6,660)	94,957
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(23,607)	-	(6,909)	(30,516)	84,568
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	151,891	-	105,970	257,861	173,293
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	128,284	-	99,061	227,345	257,861

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

**Meals on Wheels, Bermuda**  
**Notes to the Financial Statements**  
March 31, 2019  
*(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, 2019  
*(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 (2018 - \$24,935) of restricted funds, of which \$24,935 (2018 - \$24,935) is explained in note 6 and \$Nil (2018 - \$Nil) relates to funds held on behalf of staff.

**Meals on Wheels, Bermuda**  
**Notes to the Financial Statements**  
March 31, 2019  
*(Expressed in Bermuda dollars)*

**4. INVESTMENTS**

As at March 31, 2019

<b>Endowment Fund</b>	<b>No. of shares/ units</b>	<b>Cost \$</b>	<b>Market value \$</b>
<b>Fixed Income Funds</b>			
Global Voyager – Global Fixed Income	7,194	173,468	191,982
Global Voyager – High Yield Bond	14,562	142,229	134,267
Global Voyager – Limited Preferred Equity	16,470	219,283	274,010
PIMCO Global – Low Duration Return Inst	12,656	132,000	133,772
PIMCO Global – Total Return Bond Inst Inc	10,249	165,323	169,934
		<hr/>	<hr/>
		832,303	903,965
		<hr/>	<hr/>
<b>Equity Funds</b>			
Global Voyager – International Equity	13,764	173,721	218,934
Global Voyager – North American Equity	8,283	287,380	459,508
Global Voyager – US Small Cap Equity	4,517	59,766	111,564
		<hr/>	<hr/>
		520,867	790,006
		<hr/>	<hr/>
<b>Hedge Funds</b>			
Clarien Alternative Investment Fund	1,093	109,291	103,022
		<hr/>	<hr/>
		1,462,461	1,796,993
		<hr/> <hr/>	<hr/> <hr/>

**Meals on Wheels, Bermuda**  
**Notes to the Financial Statements**  
March 31, 2019  
*(Expressed in Bermuda dollars)*

**4. INVESTMENTS (Cont'd)**

As at March 31, 2018

	<b>No. of shares/ units</b>	<b>Cost \$</b>	<b>Market value \$</b>
<b>Endowment Fund</b>			
<b>Fixed Income Funds</b>			
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
		<u>592,734</u>	<u>613,032</u>
<b>Equity Funds</b>			
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
		<u>740,150</u>	<u>1,024,806</u>
<b>Hedge Funds</b>			
Clarien Alternative Investment Fund	1,093	109,291	104,826
		<u>1,442,175</u>	<u>1,742,664</u>

**5. CAPITAL ASSETS**

	<b>Cost \$</b>	<b>Accumulated Amortization \$</b>	<b>2019 Net book Value \$</b>	<b>2018 Net book Value \$</b>
Land	180,000	-	180,000	180,000
Building	422,781	317,039	105,742	119,835
Improvements	40,150	40,150	-	-
Furniture and fixtures/equipment	216,762	216,762	-	-
	<u>859,693</u>	<u>573,951</u>	<u>285,742</u>	<u>299,835</u>

**Meals on Wheels, Bermuda**  
**Notes to the Financial Statements**  
March 31, 2019  
*(Expressed in Bermuda dollars)*

**6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

	<b>Deferred contributions on capital assets</b>	<b>Designated for capital projects</b>	<b>2019 Total</b>	<b>2018 Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	111,971	24,935	136,906	152,505
Amounts amortized to revenue	(15,599)	-	(15,599)	(15,599)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance, end of year	<u>96,372</u>	<u>24,935</u>	<u>121,307</u>	<u>136,906</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, 2019, the Board did not approve any funds to be used (2018 - \$Nil). As at March 31, 2019, the remaining funds amounting to \$ 24,935 (2018 - \$24,935) were held in cash and cash equivalents.

**7. DONATIONS**

Audit fees for the year ended March 31, 2019 are recorded at their fair value of \$22,975 (2018: \$22,980). The actual amount charged for the audit is \$4,595 (2018: \$4,600) with the difference of \$18,380 (2018: \$18,380) 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 \$6,912 (2018 - \$5,845) 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, 2019 totaled \$6,936 (2018 - \$6,034).

**9. GOVERNMENT REMITTANCES**

As of March 31, 2019, included in accounts payable and accrued liabilities is \$3,537 (2018: \$6,688) due to the Bermuda Government.

**Meals on Wheels, Bermuda**  
**Notes to the Financial Statements**  
March 31, 2019  
*(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 \$2,326 (2018 - \$1,965).

*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 2018 fiscal year.