

MEALS ON WHEELS, BERMUDA

**Financial Statements and
Independent Auditors' Report**

**For the year ended
March 31, 2021**

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, 2021, and the statements of operations, 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 (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, 2021, 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 in Bermuda and Canada.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, 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, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with generally accepted auditing standards in Bermuda and Canada. 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 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 accounting standards for not-for-profit organizations 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.

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 generally accepted auditing standards in Bermuda and Canada 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

As part of an audit in accordance with generally accepted auditing standards in Bermuda and Canada, 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.

December 9, 2021

Meals on Wheels, Bermuda
Statement of Financial Position
As at March 31, 2021
(Expressed in Bermuda dollars)

	General Fund	Capital Asset Fund	Endowment Fund	March 31, 2021	March 31, 2020
	\$	\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (note 3)	748,389	-	1,158,998	1,907,387	443,177
Net accounts receivable (note 10)	200	-	-	200	20,823
Prepaid expenses	1,922	-	-	1,922	1,922
	750,511	-	1,158,998	1,909,509	465,922
Investments (note 4)	-	-	1,014,861	1,014,861	1,716,235
Capital assets (note 5)	-	288,627	-	288,627	295,708
	-	288,627	1,014,861	1,303,488	2,011,943
	750,511	288,627	2,173,859	3,212,997	2,477,865
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 9)	39,540	-	-	39,540	39,584
Current portion of deferred contributions related to capital assets (note 6)	-	20,586	-	20,586	20,586
	39,540	20,586	-	60,126	60,170
Deferred contributions related to capital assets (note 6)	-	60,295	-	60,295	83,001
	39,540	80,881	-	120,421	143,171
NET ASSETS					
Invested in capital assets	-	126,865	-	126,865	88,534
Externally restricted	-	80,881	1,837,175	1,918,056	1,875,104
Internally restricted	3,951	-	-	3,951	3,951
Unrestricted	707,020	-	336,684	1,043,704	367,105
	710,971	207,746	2,173,859	3,092,576	2,334,694
	750,511	288,627	2,173,859	3,212,997	2,477,865

Approved by the Board of Directors

_____ Director

_____ Director

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

Meals on Wheels, Bermuda
Statement of Operations
For the year ended March 31, 2021
(Expressed in Bermuda dollars)

	General Fund	Capital Asset Fund	Endowment Fund	2021	2020
	\$	\$	\$	\$	\$
REVENUES					
Food income	119,576	-	-	119,576	199,755
Donations (note 7)	789,340	-	-	789,340	474,215
Government grant	48,000	-	-	48,000	48,000
Interest and dividend income	25	-	8,396	8,421	23,718
Amortization of deferred contributions (note 6)	-	22,707	-	22,707	17,720
Net realized and change in unrealized gain on Endowment Fund investments	-	-	414,462	414,462	(86,673)
	<u>956,941</u>	<u>22,707</u>	<u>422,858</u>	<u>1,402,506</u>	<u>676,735</u>
EXPENSES					
Depreciation of capital assets	-	40,582	-	40,582	16,329
Audit fee (note 7)	23,950	-	-	23,950	23,435
Bad debts	547	-	-	547	-
Bank charges	792	-	-	792	866
Food	100,273	-	-	100,273	133,522
Food donated	119,042	-	-	119,042	-
Insurance	5,305	-	-	5,305	5,305
Kitchen supplies	23,451	-	-	23,451	25,694
Maintenance and repairs	46,406	-	-	46,406	44,545
Management fees	-	-	9,703	9,703	9,539
Office supplies and miscellaneous	15,882	-	-	15,882	3,992
Consultancy fees	2,246	-	-	2,246	10,900
Salaries, wages and employee benefits (note 8)	228,078	-	-	228,078	202,983
Telephone	7,060	-	-	7,060	5,332
Utilities	21,307	-	-	21,307	27,379
	<u>594,339</u>	<u>40,582</u>	<u>9,703</u>	<u>644,624</u>	<u>509,821</u>
EXCESS OF REVENUE OVER EXPENSES	<u>362,602</u>	<u>(17,875)</u>	<u>413,155</u>	<u>757,882</u>	<u>166,914</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, 2021
(Expressed in Bermuda dollars)

	General Fund \$	Capital Asset Fund \$	Endowment Fund \$	Net Assets 2021 \$	Net Assets 2020 \$
NET ASSETS, BEGINNING OF YEAR	331,869	192,121	1,810,704	2,334,694	2,167,780
Excess of revenues over expenses	362,602	(17,875)	413,155	757,882	166,914
Interfund transfers (Note 11)	16,500	33,500	(50,000)	-	-
NET ASSETS, END OF YEAR	<u>710,971</u>	<u>207,746</u>	<u>2,173,859</u>	<u>3,092,576</u>	<u>2,334,694</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, 2021
(Expressed in Bermuda dollars)

	General Fund \$	Capital Asset Fund \$	Endowment Fund \$	2021 \$	2020 \$
OPERATING ACTIVITIES					
Excess of revenue over expenses	362,602	(17,875)	413,155	757,882	166,914
Items not affecting cash:					
Depreciation of capital assets	-	40,582	-	40,582	16,329
Amortization of deferred contributions	-	(22,707)	-	(22,707)	(17,720)
Net realized and change in unrealized gain on Endowment Fund investments	-	-	(414,462)	(414,462)	86,673
Net change in non-cash working capital					
Change in accounts receivable	20,623	-	-	20,623	(5,903)
Change in prepaid expenses	-	-	-	-	-
Change in accounts payable	(44)	-	-	(44)	1,749
Cash (used in) / from operating activities	383,181	-	(1,307)	381,874	248,042
INVESTING ACTIVITIES					
Investments acquired	-	-	(75,064)	(75,064)	(75,915)
Investments sold	-	-	1,190,900	1,190,900	70,000
Capital assets acquired (Note 11)	(33,500)	-	-	(33,500)	(26,295)
Cash (used in) / from investing activities	(33,500)	-	1,115,836	1,082,336	(32,210)
FINANCING ACTIVITIES					
Interfund transfer, being cash (used in)/ from financing activities	50,000	-	(50,000)	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS					
	399,681	-	1,064,529	1,464,210	215,832
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR					
	348,708	-	94,469	443,177	227,345
CASH AND CASH EQUIVALENTS, END OF YEAR					
	748,389	-	1,158,998	1,907,387	443,177

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

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2021
(Expressed in Bermuda dollars)

1. PURPOSE AND LEGAL FORM

Meals on Wheels, Bermuda (the “Charity”) is registered as a charitable organization under the Charities Act 1978 (Registration no. 104). The Charity was incorporated as a Company Limited by Guarantee under the laws of Bermuda on February 4, 2010. The Charity is registered under and regulated by the Companies Act 1981 and the Charities Act 1978. The primary purpose of the Charity 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 Charity has a legal obligation to submit an annual income and expenditure statement. In the opinion of management, the Charity 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 Charity 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, 2021
(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 Charity. Food is also provided to individuals who cannot afford to pay. There were amounts in prior years that were waived based on inability to pay. The Charity's Board resolved that there be no charge for meals to the Charity's clients in 2021 and this was recognized in the financial statements for \$119,042. This is included in the food income balance, with a corresponding amount included in the food donated expense account.

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 depreciation. Land is not depreciated. Capital assets are depreciated on a 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 Charity 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 \$Nil (2020: \$Nil) of restricted funds, of which \$Nil (2020: \$Nil) relates to funds held on behalf of staff.

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2021
(Expressed in Bermuda dollars)

4. INVESTMENTS

As at March 31, 2021

Endowment Fund	No. of shares/ units	Cost \$	Market value \$
Fixed Income Funds			
Global Voyager – Global Fixed Income	4,681	116,734	129,925
Global Voyager – High Yield Bond	7,892	76,604	73,962
Global Voyager – Limited Preferred Equity	8,235	109,641	150,858
PIMCO Global – Low Duration Return Inst	7,241	76,462	83,709
PIMCO Global – Total Return Bond Inst Inc	5,125	82,661	90,297
		<hr/>	<hr/>
		462,102	528,751
		<hr/>	<hr/>
Equity Funds			
Global Voyager – International Equity	6,667	84,619	120,413
Global Voyager – North American Equity	3,497	122,550	270,555
Global Voyager – US Small Cap Equity	2,586	39,883	95,142
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		247,052	486,110
		<hr/>	<hr/>
		709,154	1,014,861
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As at March 31, 2020

Endowment Fund	No. of shares/ units	Cost \$	Market value \$
Fixed Income Funds			
Global Voyager – Global Fixed Income	8,307	203,468	225,238
Global Voyager – High Yield Bond	15,196	148,145	120,688
Global Voyager – Limited Preferred Equity	16,470	219,283	258,130
PIMCO Global – Low Duration Return Inst	16,289	172,000	173,155
PIMCO Global – Total Return Bond Inst Inc	10,249	165,323	178,338
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		908,219	955,549
		<hr/>	<hr/>
Equity Funds			
Global Voyager – International Equity	12,616	159,237	178,874
Global Voyager – North American Equity	7,499	260,190	372,384
Global Voyager – US Small Cap Equity	4,517	59,766	97,958
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		479,193	649,216
		<hr/>	<hr/>
Hedge Funds			
Clarien Alternative Investment Fund	1,093	109,291	111,470
		<hr/>	<hr/>
		1,496,703	1,716,235
		<hr/> <hr/>	<hr/> <hr/>

Meals on Wheels, Bermuda
Notes to the Financial Statements
 March 31, 2021
(Expressed in Bermuda dollars)

5. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2021 Net book Value	2020 Net book Value
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land	180,000	-	180,000	180,000
Building	422,781	345,225	77,556	91,649
Improvements	41,542	40,231	1,311	-
Furniture and fixtures/equipment	275,166	245,406	29,760	24,059
	<u>919,489</u>	<u>630,862</u>	<u>288,627</u>	<u>295,708</u>

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Deferred contributions on capital assets	Designated for capital projects	2021 Total	2020 Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	80,773	22,814	103,587	121,307
Amounts amortized to revenue	(20,478)	(2,228)	(22,706)	(17,720)
Balance, end of year	<u>60,295</u>	<u>20,586</u>	<u>80,881</u>	<u>103,587</u>

Deferred contributions on capital assets

Deferred contributions on capital assets represent contributions from donors to assist with the purchase of the Charity'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 depreciation expense.

Designated for capital projects

In 2001, the Charity 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 Charity. However, should the Charity wish, it may use the donated funds for a designated capital project. During the year ended March 31, 2021, the Board approved the use of \$Nil (2020: \$24,935) to acquire additional capital assets. As at March 31, 2021, the remaining funds held in cash and cash equivalents relating to this donation were \$Nil (2020: \$ Nil).

The designated for capital projects balance is being amortized to revenue over the life of the related capital assets acquired using the funds, to match the revenue with the related depreciation expense, commencing from the date on which the related capital assets were brought into use during the year ended March 31, 2021.

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2021
(Expressed in Bermuda dollars)

7. DONATIONS

Audit fees for the year ended March 31, 2021 are recorded at their fair value of \$23,950 (2020: \$23,435). The actual amount charged for the audit is \$4,780 (2020: \$4,687) with the difference of \$19,120 (2020: \$18,748) being recorded as a donation to the General Fund.

8. PENSION PLANS

The Charity 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 Charity made contributions of \$6,438 (2020: \$4,257) into the plan.

The Charity also pays monthly social insurance payments in accordance with The Contributory Pensions Act 1970. The payments for the year ended March 31, 2021 totaled \$6,681 (2020: \$6,160).

9. GOVERNMENT REMITTANCES

As of March 31, 2021, included in accounts payable and accrued liabilities is \$4,767 (2020: \$3,860) due to the Bermuda Government.

10. FINANCIAL INSTRUMENTS

The Charity 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 Charity 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 \$Nil (2020: \$2,326).

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 Charity manages its exposure to market risk related to trading instruments on an aggregate basis.

Covid-19

The Charity has considered the recent outbreak of the novel coronavirus in many countries which continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The Charity is precluded from making any prediction as to the ultimate adverse impact of the novel coronavirus as it relates to the Charity's financial statements as reported due to the continuing development and fluidity of the situation

Meals on Wheels, Bermuda
Notes to the Financial Statements
March 31, 2021
(Expressed in Bermuda dollars)

10. FINANCIAL INSTRUMENTS (cont'd)

Changes in risk

There have been no significant changes in the Company's risk exposures from the 2020 fiscal year.

11. INTERFUND TRANSFERS

During the year \$33,500 (2020: \$26,295) was transferred from the General Fund to the Capital Asset Fund to finance acquisition of additional capital assets. Of this amount, \$Nil (2020: \$24,935) was the remaining balance of funds relating to a donation received by the Charity in 2001 as explained in Note 6.

12. SUBSEQUENT EVENTS

There are no subsequent events that require recognition or disclosure as at the date these financial statements were available to be issued on December 9, 2021.