MEALS ON WHEELS, BERMUDA

Financial Statements and
Independent Auditor's Report

For the year ended
March 31, 2023

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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.

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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.

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.

August 30, 2023

Meals on Wheels, Bermuda
Statement of Financial Position
As at March 31, 2023
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2023 $	March 31, 2022 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	146,193	-	78,081	224,274	384,932
Net accounts receivable	17,419	-	-	17,419	-
Prepaid expenses	-	-	-	-	-
	163,612	-	78,081	241,693	384,932
Investments (note 3)	-	-	2,351,272	2,351,272	2,497,486
Capital assets (note 4)	6,169	315,549	-	321,718	314,817
	6,169	315,549	2,351,272	2,672,990	2,812,303
	169,781	315,549	2,429,353	2,914,683	3,197,235
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 8)	26,848	-	-	26,848	31,887
Current portion of deferred contributions related to capital assets (note 5)	-	24,227	-	24,227	25,366
	26,848	24,227	-	51,075	57,253
Deferred contributions related to capital assets (note 5)	-	32,522	-	32,522	56,749
	26,848	56,749	-	83,597	114,002
NET ASSETS					
Invested in capital assets	-	176,685	-	176,685	150,587
Externally restricted	-	82,115	2,429,353	2,511,468	2,630,457
Internally restricted	3,951	-	-	3,951	3,951
Unrestricted	138,982	-	-	138,982	298,238
	142,933	258,800	2,429,353	2,831,086	3,083,233
	169,781	315,549	2,429,353	2,914,683	3,197,235

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, 2023
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2023 $	March 31, 2022 $
REVENUES					
Food income	187,342	-	-	187,342	142,046
Donations (note 6)	415,727	-	-	415,727	509,179
Government grant	50,000	-	-	50,000	48,000
Interest and dividend income	-	-	43,192	43,192	23,520
Amortization of deferred contributions (note 5)	-	25,366	-	25,366	25,366
Net realized and change in unrealized gain/(loss) on Endowment Fund investments	-	-	(185,639)	(185,639)	(33,092)
	653,069	25,366	(142,447)	535,988	715,019
EXPENSES					
Depreciation of capital assets	-	34,229	-	34,229	29,039
Audit fee (note 6)	25,600	-	-	25,600	24,716
Bad debts	-	-	-	-	1,733
Bank charges	1,411	-	-	1,411	953
Food	152,825	-	-	152,825	106,281
Food donated	136,654	-	-	136,654	141,814
Insurance	7,256	-	-	7,256	7,194
Kitchen supplies	42,766	-	-	42,766	32,510
Maintenance and repairs	33,746	-	-	33,746	29,013
Management fees	-	-	24,440	24,440	17,948
Office supplies and miscellaneous	12,693	-	-	12,693	17,409
Consultancy fees	3,225	-	-	3,225	4,958
Salaries, wages and employee benefits (note 7)	287,032	-	-	287,032	284,053
Telephone	8,095	-	-	8,095	7,395
Utilities	18,163	-	-	18,163	19,345
	729,466	34,229	24,440	788,135	724,361
EXCESS/(DEFICIT) OF REVENUE OVER EXPENSES	(76,397)	(8,863)	(166,887)	(252,147)	(9,342)

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, 2023
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2023 $	March 31, 2022 $
NET ASSETS, BEGINNING OF YEAR	154,291	232,702	2,696,240	3,083,233	3,092,575
Excess/(Deficit) of revenues over expenses	(76,397)	(8,863)	(166,887)	(252,147)	(9,342)
Interfund transfers (Note 10)	65,039	34,961	(100,000)	-	-
NET ASSETS, END OF YEAR	142,933	258,800	2,429,353	2,831,086	3,083,233

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, 2023
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2023 $	March 31, 2022 $
OPERATING ACTIVITIES					
Excess/(Deficit) of revenue over expenses	(76,397)	(8,863)	(166,887)	(252,147)	(9,342)
Items not affecting cash:					
Depreciation of capital assets	-	34,229	-	34,229	29,039
Amortization of deferred contributions	-	(25,366)	-	(25,366)	(25,366)
Net realized and change in unrealized gain/(loss) on Endowment Fund investments	-	-	185,639	185,639	33,092
Net change in non-cash working capital					
Change in accounts receivable	(17,419)	-	-	(17,419)	200
Change in prepaid expenses	-	-	-	-	1,922
Change in accounts payable	(5,039)	-	-	(5,039)	(7,653)
Cash from operating activities	(98,855)	-	18,752	(80,103)	21,892
INVESTING ACTIVITIES					
Investments acquired	-	-	(1,510,915)	(1,510,915)	(2,294,989)
Investments sold	-	-	1,471,490	1,471,490	779,272
Capital assets acquired	(6,169)	(34,961)	-	(41,130)	(28,630)
Cash (used in) / from investing activities	(6,169)	(34,961)	(39,425)	(80,555)	(1,544,347)
FINANCING ACTIVITIES					
Interfund transfer, being cash (used in)/ from financing activities	65,039	34,961	(100,000)	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(39,985)	-	(120,673)	(160,658)	(1,522,455)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	186,178	-	198,754	384,932	1,907,387
CASH AND CASH EQUIVALENTS, END OF YEAR	146,193	-	78,081	224,274	384,932

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

1. PURPOSE AND LEGAL FORM

Meals on Wheels, Bermuda (the "Charity") is registered as a charitable organization under the Charities Act 1978 (Registration no. 109). 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.

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

Revenue recognition (cont'd)

The Charity provides meals at no charge to clients who cannot afford to pay. The Charity also provides meals to clients who receive a subsidized rate, and clients who pay the full value of their meals. In continuation of a policy put in place during COVID, the Charity waived all food charges during the first three quarters of FY2023. The value of meals delivered to customers who were designated as having the ability to pay the Charity during these nine months was $136,654. This amount is recognized in the food income balance, with a corresponding amount included in the food donated expense account. The Charity's Board resolved to begin normal charging practices from January 1, 2023.

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. INVESTMENTS

As at March 31, 2023

	No. of shares/ units	Cost $	Market value $
Endowment Fund			
Fixed Income Funds			
Pimco Global Inv Grade Credit Ins	18,665	356,700	359,110
Pimco Income Inst USD	25,605	299,609	272,179
Pimco Total Return Bond	8,234	239,443	244,464
Ishares S&P US Pfd ETF	3,850	140,968	120,197
Pimco 1-5 Yr Tips ETF	1,857	100,584	94,781
Spdr Ser Tr Bloomberg Brclys ETF	746	80,139	69,244
		1,217,443	1,159,975
Equity Funds			
Global Voyager – International Equity	8,778	120,000	121,952
Global Voyager – North American Equity	3,771	187,440	308,866
Global Voyager – Small Cap Growth	3,730	105,065	114,922
Goldman Sachs Emerg Mkt Equity Portfolio	5,612	141,613	112,243
Consumer Discretionary SPDR/ETF	440	61,963	65,798
Industrial Select Sector SPDR/ETF	486	50,088	49,173
Ishares Core High Dividend ETF	1,148	118,532	116,706
Ishares Core Msci EAFE/ETF	2,712	179,699	181,297
Select Sector SPDR Financial ETF	1,739	66,596	55,812
Dow Jones Industrial Avrg SPDR/ETF UT Ser 1	194	68,543	64,528
		1,099,539	1,191,297
		2,316,982	2,351,272

3. INVESTMENTS (Cont'd)

As at March 31, 2022

	No. of shares/ units	Cost $	Market value $
Endowment Fund			
Fixed Income Funds			
Ishares S&P Us Pfd	2,074	80,254	75,535
Pimco 105 Yr Tips ETF	1,085	60,337	59,111
Spdr Ser Tr Bloomberg Brclys	746	80,139	76,465
PIMCO Global – Low Duration Return Inst	38,309	446,225	459,709
PIMCO Global – Total Return Bond Inst Inc	5,125	82,661	84,403
PIMCO Global – Total Return Bond Inst Inc	37,159	448,000	421,749
		1,197,616	1,176,972
Equity Funds			
Global Voyager – North American Equity	3,507	149,534	319,172
Global Voyager – US Small Cap Equity	6,030	169,883	208,586
Goldman Sachs Emerg Mkt Equity Portfolio	6,463	190,000	152,590
Industrial Select Sector SPDR fund ETF	486	50,088	50,048
Ishares Msci Eurzone ETF	1,044	50,276	45,174
Select Sector Spdr Financial	3,660	140,405	140,251
SPDR Dow Jones Industrial Avrg ETF UT Ser 1	283	99,988	98,152
Vanguard Tax Mgd Ftse Dev Mkt ETF	1,594	80,076	76,560
Vanguard Whitehall DS High Div Yld	278	30,029	31,206
Vanguard World FDS Health Car ETF	526	130,964	133,804
Vanguard World FDS Inf Tech ETF	156	60,479	64,971
		1,151,722	1,320,514
		2,349,338	2,497,486

4. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2023 Net book Value	2022 Net book Value
	$	$	$	$
Land	180,000	-	180,000	180,000
Building	422,781	373,411	49,370	63,463
Improvements	83,325	45,829	37,496	25,112
Furniture and fixtures/equipment	329,742	274,890	54,852	46,242
	1,015,848	694,130	321,718	314,817

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Deferred contributions on capital assets	Designated for capital projects	2023 Total	2022 Total
	$	$	$	$
Balance, beginning of year	63,757	18,358	82,115	80,881
Amounts amortized to revenue	(23,138)	(2,228)	(25,366)	(25,366)
Additions	-	-	-	26,600
Balance, end of year	40,619	16,130	56,749	82,115

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

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.

6. DONATIONS

Audit fees for the year ended March 31, 2023 are recorded at their fair value of $25,600 (2022: $24,716). The actual amount charged for the audit is $5,120 (2022: $5,070) with the difference of $20,480 (2022: $19,505) being recorded as a donation to the General Fund.

7. 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 $7,328 (2022: $8,054) 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, 2023 totaled $9,842 (2022: $8,585).

8. GOVERNMENT REMITTANCES

As of March 31, 2023, included in accounts payable and accrued liabilities is $2,662 (2022: $4,023) due to the Bermuda Government.

9. 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 (2022: $ Nil).

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.

Changes in risk

There have been no significant changes in the Company's risk exposures from the 2022 fiscal year.

10. INTERFUND TRANSFERS

During the year $34,961 (2022: $28,630) was transferred from the General Fund to the Capital Asset Fund to finance acquisition of additional capital assets.

11. COMMITMENTS

During the year ended March 31, 2023, the organization capitalized $15,183 on Improvements additions. As the project is in progress no amortization has been charged on the additions at year end. The Organization has a further $15,183 commitment to finish the construction and bring the asset to its intended use.

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 August 30, 2023.