MEALS ON WHEELS, BERMUDA

Financial Statements and
Independent Auditor's Report

For the year ended
March 31, 2024

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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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

September 27, 2024

Meals on Wheels, Bermuda
Statement of Financial Position
As at March 31, 2024
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2024 $	March 31, 2023 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	275,806	-	61,042	336,848	224,274
Net accounts receivable	16,061	-	-	16,061	17,419
Prepaid expenses	-	-	-	-	-
	291,867	-	61,042	352,909	241,693
Investments (note 3)	-	-	2,675,811	2,675,811	2,351,272
Capital assets (note 4)	-	323,789	-	323,789	321,718
	-	323,789	2,675,811	2,999,600	2,672,990
	291,867	323,789	2,736,853	3,352,509	2,914,683
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 8)	31,451	-	-	31,451	26,848
Current portion of deferred contributions related to capital assets (note 5)	-	4,888	-	4,888	24,227
	31,451	4,888	-	36,339	51,075
Deferred contributions related to capital assets (note 5)	-	27,634	-	27,634	32,522
	31,451	32,522	-	63,973	83,597
NET ASSETS					
Invested in capital assets	-	258,746	-	258,746	176,685
Externally restricted	-	32,522	2,706,963	2,739,485	2,511,468
Internally restricted	-	-	29,890	29,890	3,951
Unrestricted	260,415	-	-	260,415	138,982
	260,415	291,268	2,736,853	3,288,536	2,831,086
	291,867	323,789	2,736,853	3,352,509	2,914,683

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, 2024
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2024 $	March 31, 2023 $
REVENUES					
Food income	161,702	-	-	161,702	187,342
Donations (note 6)	527,842	-	-	527,842	415,727
Government grant	50,000	-	-	50,000	50,000
Interest and dividend income	1,266	-	26,407	27,673	43,192
Amortization of deferred contributions (note 5)	-	24,227	-	24,227	25,366
Net realized and change in unrealized gain/(loss) on Endowment Fund investments	-	-	305,056	305,056	(185,639)
	740,810	24,227	331,463	1,096,500	535,988
EXPENSES					
Depreciation of capital assets	-	42,018	-	42,018	34,229
Audit fee (note 6)	26,786	-	-	26,786	25,600
Bad debts	-	-	-	-	-
Bank charges	2,352	-	-	2,352	1,411
Computer Services	11,386	-	-	11,386	-
Food	143,323	-	-	143,323	152,825
Food donated	-	-	-	-	136,654
Insurance	7,498	-	-	7,498	7,256
Kitchen supplies	37,637	-	-	37,637	42,766
Maintenance and repairs	27,267	-	-	27,267	33,746
Management fees	-	-	23,963	23,963	24,440
Office supplies and miscellaneous	3,246	-	-	3,246	12,693
Consultancy fees	-	-	-	-	3,225
Salaries, wages and employee benefits (note 7)	288,368	-	-	288,368	287,032
Telephone	8,337	-	-	8,337	8,095
Utilities	16,869	-	-	16,869	18,163
	573,069	42,018	23,963	639,050	788,135
EXCESS/(DEFICIT) OF REVENUE OVER EXPENSES	167,741	(17,791)	307,500	457,450	(252,147)

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, 2024
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2024 $	March 31, 2023 $
NET ASSETS, BEGINNING OF YEAR	142,933	258,800	2,429,353	2,831,086	3,083,233
Excess/(Deficit) of revenues over expenses	167,741	(17,791)	307,500	457,450	(252,147)
Interfund transfers (Note 10)	(50,259)	50,259	-	-	-
NET ASSETS, END OF YEAR	260,415	291,268	2,736,853	3,288,536	2,831,086

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, 2024
(Expressed in Bermuda dollars)

	General Fund $	Capital Asset Fund $	Endowment Fund $	March 31, 2024 $	March 31, 2023 $
OPERATING ACTIVITIES					
Excess/(Deficit) of revenue over expenses	167,741	(17,791)	307,499	457,450	(252,147)
Items not affecting cash:					
Depreciation of capital assets	-	42,018	-	42,018	34,229
Amortization of deferred contributions	-	(24,227)	-	(24,227)	(25,366)
Net realized and change in unrealized gain/(loss) on Endowment Fund investments	-	-	(305,056)	(305,056)	185,639
Net change in non-cash working capital					
Change in accounts receivable	1,358	-	-	1,358	(17,419)
Change in prepaid expenses	-	-	-	-	-
Change in accounts payable	4,603	-	-	4,603	(5,039)
Cash from operating activities	173,703	-	2,443	176,146	(80,103)
INVESTING ACTIVITIES					
Investments acquired	-	-	(494,545)	(494,545)	(1,510,915)
Investments sold	-	-	475,063	475,063	1,471,490
Capital assets acquired	6,169	(50,259)	-	(44,090)	(41,130)
Cash (used in) / from investing activities	6,169	(50,259)	(19,482)	(63,572)	(80,555)
FINANCING ACTIVITIES					
Interfund transfer, being cash (used in)/ from financing activities	(50,259)	50,259	-	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	129,613	-	(17,039)	112,574	(160,658)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	146,193	-	78,081	224,274	384,932
CASH AND CASH EQUIVALENTS, END OF YEAR	275,806	-	61,042	336,848	224,274

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

Meals on Wheels, Bermuda
Notes to the Financial Statements
For the year ended March 31, 2024
(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. 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, 2024

Endowment Fund	**No. of shares/ units**	**Cost $**	**Market value $**
Fixed Income Funds			
Pimco Global Inv Grade Credit Ins	18,665	356,700	381,135
Pimco Total Return Bond	15,445	449,793	473,851
Ishares 20+ Yr T-Bond ETF	634	58,614	59,989
Ishares S&P US Pfd ETF	4,494	161,020	144,842
Pimco 1-5 Yr Tips ETF	1,857	100,584	95,635
Spdr Ser Tr Bloomberg Brclys ETF	746	80,139	71,019
		1,206,850	1,226,471
Equity Funds			
Global Voyager – International Equity	8,778	120,000	138,170
Global Voyager – North American Equity	3,771	187,440	430,213
Global Voyager – Small Cap Growth	3,730	105,065	137,511
Goldman Sachs Emerg Mkt Equity Portfolio	5,612	141,613	119,482
Invesco S&P 500 Equal Weight ETF	460	72,492	77,910
Industrial Select Sector SPDR/ETF	486	50,088	61,217
Ishares Core High Dividend ETF	1,148	118,532	126,521
Ishares Core Msci EAFE/ETF	2,712	179,699	201,285
Select Sector SPDR Financial ETF	1,736	66,597	73,120
Select Sector SPDR Healthcare ETF	568	74,792	83,911
		1,116,318	1,449,340
		2,323,168	2,675,811

3. INVESTMENTS (Cont'd)

As at March 31, 2023

Endowment Fund	No. of shares/ units	Cost $	Market value $
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

4. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2024 Net book Value	2023 Net book Value
	$	$	$	$
Land	180,000	-	180,000	180,000
Building	422,781	387,504	35,277	49,370
Improvements	108,793	52,693	56,100	37,496
Furniture and fixtures/equipment	348,364	295,952	52,412	54,852
	1,059,938	736,149	323,789	321,718

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Deferred contributions on capital assets	Designated for capital projects	2024 Total	2023 Total
	$	$	$	$
Balance, beginning of year	40,619	16,130	56,749	82,115
Amounts amortized to revenue	(21,999)	(2,228)	(24,227)	(25,366)
Additions	-	-	-	-
Balance, end of year	18,620	13,902	32,522	56,749

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, 2024 are recorded at their fair value of $26,786 (2023: $25,600). The actual amount charged for the audit is $5,690 (2023: $5,120) with the difference of $21,096 (2023: $20,480) 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 $9,939 (2023: $7,328) 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, 2024 totaled $9,339 (2023: $9,842).

8. GOVERNMENT REMITTANCES

As of March 31, 2024, included in accounts payable and accrued liabilities is $2,230 (2023: $2,662) 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 (2023: $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 2023 fiscal year.

10. INTERFUND TRANSFERS

During the year $50,259 (2023: $34,961) was transferred from the General Fund to the Capital Asset Fund to finance acquisition of additional capital assets.

11. SUBSEQUENT EVENTS

In the coming year the Company plans to invest $83,470 in new kitchen equipment. The Company also plans to upgrade doors and windows and estimates the cost for this to be approximately $6,000. There are no other subsequent events that require recognition or disclosure as at the date these financial statements were available to be issued on September 27, 2024.