
EAST YORK MEALS ON WHEELS
FINANCIAL STATEMENTS
MARCH 31, 2021

INDEX

Page	1-2.	Independent Auditor's Report
	3.	Statement of Financial Position
	4.	Statement of Operations and Changes in Fund Balances
	5.	Statement of Cash Flows
	6-12.	Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members
East York Meals On Wheels
TORONTO
Ontario

Qualified Opinion

We have audited the accompanying financial statements of East York Meals On Wheels which comprise the statement of financial position as at March 31, 2021 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

As is common with many charitable organizations, East York Meals on Wheels, derives part of its revenues from the general public in the form of donations, which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of East York Meals on Wheels and were not able to determine whether any adjustments might be necessary to revenues and the excess of revenues over expenses for the years ended March 31, 2021 and 2020, assets as at March 31, 2021 and 2020 and fund balances as at the beginning and end of the years ended March 31, 2021 and 2020. The audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

- 1 -

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 1, 2021

EAST YORK MEALS ON WHEELS

STATEMENT OF FINANCIAL POSITION

As at March 31,	2021	2020
ASSETS		
Current		
Cash	\$ 28,982	\$ 34,731
Short-term investments (Note 2)	249,160	183,093
Accounts receivable	17,199	15,674
HST recoverable	8,170	3,165
Prepaid expenses (Note 3)	<u>11,595</u>	<u>3,374</u>
	\$ 315,106	\$ 240,037
Long-Term Investments (Note 2)	329,073	434,249
Prepaid Expenses (Note 3)	28,809	-
Capital Assets (Note 4)	<u>34,598</u>	<u>20,112</u>
	<u>\$ 707,586</u>	<u>\$ 694,398</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 29,566	\$ 26,470
Government remittances payable	-	5,628
Deferred revenue (Note 5)	<u>-</u>	<u>12,060</u>
	\$ 29,566	\$ 44,158
Deferred Capital Contributions (Note 6)	<u>17,000</u>	<u>-</u>
	<u>\$ 46,566</u>	<u>\$ 44,158</u>
FUND BALANCES		
Operating	\$ 147,780	\$ 131,552
Equipment replacement reserve	9,055	8,558
Memorial	<u>504,185</u>	<u>510,130</u>
	\$ 661,020	\$ 650,240
	<u>\$ 707,586</u>	<u>\$ 694,398</u>
Commitments (Note 7)		

Approved by the Board:

_____ Director

_____ Director

See accompanying notes

- 3 -

EAST YORK MEALS ON WHEELS

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31,

2021

2020

	Operating	Equipment Replacement Reserve	Memorial	Total	Total
REVENUES					
Grants and funding					
Provincial government grants	\$ 276,665	\$ -	\$ -	\$ 276,665	\$ 276,665
City of Toronto community service partnerships	30,145	-	-	30,145	29,535
Covid-19 relief funding	49,583	-	-	49,583	-
Program fees	169,279	-	-	169,279	156,032
Contributions					
Donations	51,490	-	-	51,490	42,221
Bequests	-	-	5,000	5,000	8,646
Investment					
Interest and realized gains	2,686	175	10,417	13,278	13,708
Unrealized gain (loss)	4,945	322	19,175	24,442	(16,695)
	<u>\$ 584,793</u>	<u>\$ 497</u>	<u>\$ 34,592</u>	<u>\$ 619,882</u>	<u>\$ 510,112</u>
EXPENSES					
Salaries and wages	\$ 274,537	\$ -	\$ -	\$ 274,537	\$ 239,687
Food	153,800	-	-	153,800	140,909
Employee benefits	44,841	-	-	44,841	45,580
Occupancy	36,684	-	-	36,684	32,757
Office and general	32,088	-	-	32,088	13,044
Client fee subsidy	18,618	-	-	18,618	12,696
Professional fees	12,433	-	-	12,433	5,197
Purchased services	12,072	-	-	12,072	7,467
Travel - service delivery	6,694	-	-	6,694	7,635
Amortization	5,514	-	-	5,514	2,514
Insurance	5,141	-	-	5,141	3,975
Fees and dues	2,904	-	-	2,904	1,130
Training and recruitment	1,847	-	-	1,847	1,740
Travel - general	1,510	-	-	1,510	5,644
Promotion and publicity	273	-	-	273	1,570
Bad debt	146	-	-	146	218
	<u>\$ 609,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,102</u>	<u>\$ 521,763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	\$ (24,309)	\$ 497	\$ 34,592	\$ 10,780	\$ (11,651)
Inter-fund transfers (Note 8)	40,537	-	(40,537)	-	-
CHANGE IN FUND BALANCE	\$ 16,228	\$ 497	\$ (5,945)	\$ 10,780	\$ (11,651)
FUND BALANCE - Beginning	<u>131,552</u>	<u>8,558</u>	<u>510,130</u>	<u>650,240</u>	<u>661,891</u>
FUND BALANCE - Ending	<u>\$ 147,780</u>	<u>\$ 9,055</u>	<u>\$ 504,185</u>	<u>\$ 661,020</u>	<u>\$ 650,240</u>

See accompanying notes

- 4 -

EAST YORK MEALS ON WHEELS

STATEMENT OF CASH FLOWS

For the year ended March 31,

2021

2020

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 10,780	\$ (11,651)
Items not affecting cash:		
Amortization	5,514	2,514
Amortization of deferred capital contributions	(3,000)	-
Unrealized loss (gains) on investments	(24,442)	16,695
	<u>\$ (11,148)</u>	<u>\$ 7,558</u>
Net change in non-cash working capital balances:		
Accounts receivable	(1,525)	(1,229)
HST recoverable	(5,005)	2,217
Prepaid expenses	(37,030)	(431)
Accounts payable and accrued liabilities	3,096	15,101
Government remittances payable	(5,628)	5,593
Deferred revenue	(12,060)	12,060
	<u>\$ (69,300)</u>	<u>\$ 40,869</u>

INVESTING ACTIVITIES

Redemption (purchase) of investments	<u>63,551</u>	<u>(14,152)</u>
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INCREASE (DECREASE) IN CASH

\$ (5,749) \$ 26,717

CASH - Beginning

34,731 8,014

CASH - Ending

\$ 28,982 \$ 34,731

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

NATURE OF OPERATIONS

East York Meals on Wheels (the "Organization") is incorporated under the Ontario Corporations Act as a non-profit organization, without share capital, subject to the Charities Accounting Act and the Charitable Gifts Act.

The Organization is a registered charity and is exempt from paying income taxes pursuant to the provisions of the Income Tax Act (Canada) under paragraph 149(1)(f).

Programs

Meals on Wheels is primarily a nutrition program with therapeutic and social components. Nutritious meals are delivered directly to the residences of persons who are unable to prepare or obtain their own meals. Meals are prepared with reference to Canada's Food Guide. Regular visits by Meals on Wheels volunteers also provide a security service for the early detection and prevention of emergency situations.

Congregate dining is a support program in which nutritious meals are provided on a regular basis in a group setting to maintain and enhance functioning and decrease isolation. Meals are prepared with reference to Canada's Food Guide.

Telephone reassurance is a support program for physically or socially isolated individuals where regular telephone or other contact is made to ensure their health and safety, and to reassure these individuals that help is available if and when needed. If there is no response, or if an emergency is determined to exist, family members, a physician or appropriate community resources are contacted.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) **Fund Accounting**

Resources are classified into funds according to the activities or objectives specified as follows:

The **Operating Fund** accounts for current operations and the Organization's program delivery and administrative activities. This fund reports unrestricted contributions and resources.

The **Equipment Replacement Reserve Fund** is internally restricted and is comprised of resources that have been set aside based on management's estimate of future requirements to replace equipment as needed.

The **Memorial Fund** is internally restricted and comprises resources received by bequests that have been set aside by management for unexpected or unusual cash requirements.

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

b) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and cash held in the investment account.

d) Investments

Marketable securities

Marketable securities, which are investments traded in an active market, are measured at fair value.

Guaranteed investment certificates

Investments in guaranteed investment certificates (GIC's) are measured at amortized cost which due to their nature approximates original cost plus accrued interest.

e) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods.

	<u>Rate</u>	<u>Method</u>
Furniture	5 years	straight-line
Vehicle	10 years	straight-line

f) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the Operating Fund.

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which includes grants, donations, and bequests. Restricted contributions are recognized as revenue in the year in which 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.

Program fees and interest are recognized when earned.

h) Contributed Services

Volunteers contribute significant hours per year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

i) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all financial assets and financial liabilities at amortized cost, except for marketable securities traded in an active market which are subsequently measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenues over expenses.

Financial assets measured at amortized cost include cash, fixed income investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Other than marketable securities, the Organization has no financial assets measured at fair value and has not elected to carry any financial assets or liabilities at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

2. INVESTMENTS

Investments consist of the following:

	2021	2020
Short-term		
Guaranteed investment certificates, bearing interest at 2.16% - 3.15% (2020- 2.45% - 2.5%) per annum	\$ 148,277	\$ 82,581
Corporate preferred shares	52,475	35,463
Corporate and bank common shares	-	35,007
Bank money market fund	<u>48,408</u>	<u>30,042</u>
	\$ 249,160	\$ 183,093
Long-term		
Guaranteed investment certificates, due in 2023 to 2026, bearing interest at 1.69% - 3.52% (2020 - 2.16% - 3.52%) per annum	<u>329,073</u>	<u>434,249</u>
	<u>\$ 578,233</u>	<u>\$ 617,342</u>

3. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2021	2020
General operating prepaid expenses	\$ 3,488	\$ 3,374
Database subscription	<u>36,916</u>	<u>-</u>
	\$ 40,404	\$ 3,374
Less: current portion	<u>11,595</u>	<u>3,374</u>
	<u>\$ 28,809</u>	<u>\$ -</u>

EAST YORK MEALS ON WHEELS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

4. CAPITAL ASSETS

Capital assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture	\$ 20,000	\$ 3,000	\$ 17,000	\$ -
Vehicle	25,141	7,543	17,598	20,112
	<u>\$ 45,141</u>	<u>\$ 10,543</u>	<u>\$ 34,598</u>	<u>\$ 20,112</u>

The Organization received a contribution of furniture during the year. The furniture was initially recognized in the financial statements at a fair value of \$20,000 which was reported as a deferred capital contribution (Note 5).

5. DEFERRED REVENUE

Deferred revenue consist of City of Toronto community service partnerships payments. The change in deferred revenue is as follows:

	2021	2020
Balance - Beginning	\$ 12,060	\$ -
Less: Amount recognized as revenue in the year	(12,060)	-
Add: Amount received related to the following year	-	12,060
Balance - Ending	<u>\$ -</u>	<u>\$ 12,060</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of a gift of furniture in 2021. The change in deferred capital contributions is as follows:

	2021	2020
Balance - Beginning	\$ -	\$ -
Add: Contributed furniture (Note 3)	20,000	-
Less: Amortization to revenues	(3,000)	-
Balance - Ending	<u>\$ 17,000</u>	<u>\$ -</u>

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

7. COMMITMENTS

The Organization has entered into lease agreements for its premises which expires November 30, 2022. Future minimum annual rental payments for the next two years are as follows:

2022	\$ 24,928
2023	<u>16,619</u>
	<u>\$ 41,547</u>

The Organization has been given notice of expropriation which may result in the lease ending early. As of the date of the Independent Auditor's Report, the exact date of when this lease will end is still to be determined, but is anticipated to be in the early part of the fiscal year 2023.

8. INTER-FUND TRANSFERS

During the year, the board of directors approved a transfer of \$40,537 from the Memorial Fund to the Operating Fund for the purpose of covering the prepaid expense for a database subscription (2020 - \$17,874 was transferred from the Memorial Fund to the Operating Fund to cover excess expenditure over revenue for the year and \$6,675 from the Equipment Replacement Reserve Fund to the Operating Fund for the purpose of purchasing office equipment).

9. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at March 31, 2021:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. There were no concentrations of credit risk as at March 31, 2021 and there has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

EAST YORK MEALS ON WHEELS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

9. FINANCIAL INSTRUMENTS - Continued

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to interest rate risk and price risk as follows:

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Note 2, the Organization is exposed to interest rate risk with respect to its short-term and long-term GIC's. The GIC's earn interest at a fixed rate which significantly mitigates the Organization's exposure to this risk. The exposure to this risk fluctuates as the balances held in GIC's and related interest rates change from year to year.

ii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to price risk through its investments in marketable securities as described in Note 2. The exposure to this risk fluctuates as the Organization's investments change from year to year.