

EAST YORK MEALS ON WHEELS

2018 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members
EAST YORK MEALS ON WHEELS

We have audited the accompanying financial statements of EAST YORK MEALS ON WHEELS, which comprise the statement of financial position as at March 31, 2018, and the statement of income and expenditure and fund balances, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, East York Meals On Wheels derives income from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these income was limited to the amounts recorded in the records of East York Meals On Wheels and we were not able to determine whether any adjustments might be necessary for recorded donations, the excess of income, cash flows from operating activities for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31 2017, and fund balance as at April 1 and March 31 for both 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of EAST YORK MEALS ON WHEELS as at March 31, 2018, 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.



Chartered Professional Accountants
Licensed Public Accountants

North York, Ontario
May 29, 2018

**EAST YORK MEALS ON WHEELS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**


	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 42,165	\$ 98,208
Short-term investments (Note 2)	110,564	18,005
Accounts receivable	15,211	17,558
HST recoverable	2,718	2,513
Prepaid expense	<u>6,009</u>	<u>2,865</u>
	176,667	139,149
LONG-TERM INVESTMENTS (Note 2)	<u>427,752</u>	<u>341,437</u>
	<u>\$ 604,419</u>	<u>\$ 480,586</u>

LIABILITIES AND FUND BALANCES

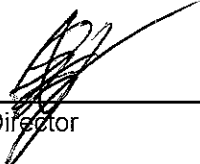
CURRENT		
Accounts payable and accrued liabilities	\$ 41,763	\$ 30,594
FUND BALANCES		
Operating	99,736	99,736
Equipment replacement reserve	40,129	39,041
Memorial	<u>422,791</u>	<u>311,215</u>
	<u>562,656</u>	<u>449,992</u>
	<u>\$ 604,419</u>	<u>\$ 480,586</u>

Lease commitments (Note 3)

Approved on behalf of the Board of Directors:



Director



Director

**EAST YORK MEALS ON WHEELS
STATEMENT OF INCOME AND EXPENDITURE AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2018**

	OPERATING	EQUIPMENT REPLACEMENT RESERVE	MEMORIAL	2018 TOTAL	2017 TOTAL
INCOME					
Government grants					
Provincial	\$ 276,802	\$ -	\$ -	\$ 276,802	\$ 276,665
City of Toronto Community					
Service Partnerships	28,305	-	-	28,305	27,750
Program fees	150,286	-	-	150,286	150,997
Donations	41,803	-	-	41,803	32,873
Bequests	-	-	98,681	98,681	-
Investment income	1,232	653	7,250	9,135	13,259
Unrealized gain on investments	1,111	435	4,534	6,080	16,804
Miscellaneous	-	-	-	-	801
	<u>499,539</u>	<u>1,088</u>	<u>110,465</u>	<u>611,092</u>	<u>519,149</u>
EXPENDITURE					
Salaries and wages	231,746	-	-	231,746	225,380
Employee benefits	43,524	-	-	43,524	36,926
Training and recruitment	1,224	-	-	1,224	2,128
Food	137,827	-	-	137,827	138,923
Occupancy costs	31,809	-	-	31,809	32,916
Office and general	14,987	-	-	14,987	14,932
Purchased services	6,537	-	-	6,537	7,835
Professional fees	5,000	-	-	5,000	6,086
Insurance	3,355	-	-	3,355	3,503
Fees and dues	1,001	-	-	1,001	1,049
Promotion and publicity	1,150	-	-	1,150	3,345
Travel					
Service Delivery	7,401	-	-	7,401	7,420
Vehicle	2,033	-	-	2,033	2,221
General	129	-	-	129	242
Client fee subsidy	10,199	-	-	10,199	9,325
Bad debts	506	-	-	506	1,416
	<u>498,428</u>	<u>-</u>	<u>-</u>	<u>498,428</u>	<u>493,647</u>
EXCESS INCOME BEFORE INTER-FUND TRANSFERS	1,111	1,088	110,465	112,664	25,502
Inter-fund transfers	<u>(1,111)</u>	<u>-</u>	<u>1,111</u>	<u>-</u>	<u>-</u>
EXCESS INCOME FOR YEAR	-	1,088	111,576	112,664	25,502
Fund balances, beginning of year	<u>99,736</u>	<u>39,041</u>	<u>311,215</u>	<u>449,992</u>	<u>424,490</u>
FUND BALANCES, END OF YEAR	<u>\$ 99,736</u>	<u>\$ 40,129</u>	<u>\$ 422,791</u>	<u>\$ 562,656</u>	<u>\$ 449,992</u>

**EAST YORK MEALS ON WHEELS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess Income for year	\$ <u>112,664</u>	\$ <u>25,502</u>
Decrease (increase) in working capital from the following:		
Accounts receivable	2,347	(327)
HST recoverable	(205)	(311)
Prepaid expense	(3,144)	947
Accounts payable and accrued liabilities	<u>11,169</u>	<u>3,875</u>
	<u>122,831</u>	<u>29,686</u>
Investing activities		
Purchase/Disposal of investments (net)	<u>(178,874)</u>	<u>39,049</u>
INCREASE (DECREASE) IN CASH DURING YEAR	(56,043)	68,735
Cash, beginning of year	<u>98,208</u>	<u>29,473</u>
CASH, END OF YEAR	<u>\$ <u>42,165</u></u>	<u>\$ <u>98,208</u></u>

**EAST YORK MEALS ON WHEELS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

NATURE OF ORGANIZATION

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

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Externally restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and donations are recognized as revenue when 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.

Expenses are recorded on an accrual basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Organization 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 revenues and expenditures during the reporting period. Actual results could differ from the organization's best estimates, as additional information becomes available in the future.

**EAST YORK MEALS ON WHEELS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities

Contributed Materials and Services

These financial statements record revenue and expenses actually received and expended by the organization. They do not reflect or represent the economic value of volunteer activities at large in carrying out the purposes and projects of the organization.

Fund Accounting

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources

The Equipment Replacement Reserve Fund is internally restricted and is comprised of funds 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 funds received by bequests that have been set aside by management for unexpected or unusual cash requirements.

2. INVESTMENTS

Investments are recorded at fair market value.

They are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash in broker account (included in cash)	\$ 2,392	\$ 70,052
Short-term		
Guaranteed income certificates, bearing interest at 1.91% - 2.31% per annum	<u>110,564</u>	<u>18,005</u>
Long-term		
Guaranteed income certificates, due in 2019 to 2023, bearing interest at 1.95% to 3.02% per annum	290,743	209,543
Corporate preferred shares	60,795	55,745
Corporate and bank common shares	42,592	44,058
Bank money market fund	<u>33,622</u>	<u>32,091</u>
	<u>427,752</u>	<u>341,437</u>
	<u>\$ 540,708</u>	<u>\$ 429,494</u>

**EAST YORK MEALS ON WHEELS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

3. LEASE COMMITMENT

The minimum payments under the Organization's lease for its premises, which expires November 30, 2022, are as follows:

Year ended March 2019	\$	14,250
Year ended March 2020		14,408
Year ended March 2021		14,883
Year ended March 2022		15,200
April 1, 2022 to November 30, 2022		10,133
		<hr/>
	\$	<u>68,874</u>

4. MANAGEMENT OF RISKS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentration of risk at March 31, 2018

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 accounts receivables were collected early in 2018. Therefore the Organization's management does not consider credit risk to be significant. There has been no change in the assessment of credit risk from the previous year.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization expects to meet its obligations by managing its working capital and generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the previous year.

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 could potentially be exposed to market risk on its investments, but this is partially minimized by its investment policy. Accordingly, the Organization has some exposure to market risk.