

**EAST YORK MEALS ON WHEELS**

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**2019 FINANCIAL STATEMENTS**

## **NETHERCOTT & COMPANY**

Chartered Professional Accountants

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### **INDEPENDENT AUDITOR'S REPORT**

To the Members  
EAST YORK MEALS ON WHEELS

#### *Qualified Opinion*

We have audited the financial statements of East York Meals on Wheels (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statement of income, expenditure and fund balances and the 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 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 East York Meals on Wheels as at March 31, 2019, 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*

In common with many not-for-profit organizations, the Organization derives income from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these incomes was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donations, excess of income over expenditure, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements as at and for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope

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 Organization in accordance with the ethical requirements that are relevant to our audit of financial statements in Canada, 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 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 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 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

## INDEPENDENT AUDITOR'S REPORT (continued)

### *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 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.



Nethercott & Company  
Chartered Professional Accountants  
Licensed Public Accountants

North York, Ontario  
May 21, 2019

**EAST YORK MEALS ON WHEELS  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019**

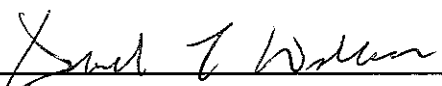
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 8,014	\$ 42,165
Short-term investments (Note 2)	150,890	110,564
Accounts receivable	14,445	15,211
HST recoverable	5,382	2,718
Prepaid expense	<u>2,943</u>	<u>6,009</u>
	181,674	176,667
<b>LONG-TERM INVESTMENTS (Note 2)</b>	468,994	427,752
<b>CAPITAL ASSETS (Note 3)</b>	<u>22,627</u>	<u>-</u>
	<u>\$ 673,295</u>	<u>\$ 604,419</u>

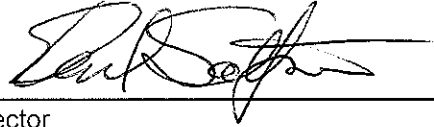
**LIABILITIES AND FUND BALANCES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ ..... 11,404	\$ ..... 41,763
<b>FUND BALANCES</b>		
Operating	124,877	99,736
Equipment replacement reserve	15,302	40,129
Memorial	<u>521,712</u>	<u>422,791</u>
	<u>661,891</u>	<u>562,656</u>
	<u>\$ 673,295</u>	<u>\$ 604,419</u>

Lease commitments (Note 4)

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, 2019**

	<b>OPERATING</b>	<b>EQUIPMENT REPLACEMENT RESERVE</b>	<b>MEMORIAL</b>	<b>2019 TOTAL</b>	<b>2018 TOTAL</b>
<b>INCOME</b>					
Government grants					
provincial	\$ 276,665	\$ -	\$ -	\$ 276,665	\$ 276,802
City of Toronto community service partnerships	28,900	-	-	28,900	28,305
Program fees	152,679	-	-	152,679	150,286
Donations	52,637	-	-	52,637	41,803
Bequests	-	-	99,005	99,005	98,681
Investment income	1,399	562	6,979	8,940	9,135
Unrealized gain (loss) on investments	(616)	(248)	(3,073)	(3,937)	6,080
Miscellaneous	96	-	-	96	-
	<u>511,760</u>	<u>314</u>	<u>102,911</u>	<u>614,985</u>	<u>611,092</u>
<b>EXPENDITURE</b>					
Salaries and wages	238,607	-	-	238,607	231,746
Employee benefits	43,264	-	-	43,264	43,524
Training and recruitment	1,820	-	-	1,820	1,224
Food	140,994	-	-	140,994	137,827
Occupancy costs	31,724	-	-	31,724	31,809
Office and general	12,857	-	-	12,857	14,987
Purchased services	7,476	-	-	7,476	6,537
Professional fees	5,197	-	-	5,197	5,000
Insurance	3,446	-	-	3,446	3,355
Fees and dues	1,130	-	-	1,130	1,001
Promotion and publicity	2,619	-	-	2,619	1,150
Travel					
Service Delivery	7,603	-	-	7,603	7,401
Vehicle	3,106	-	-	3,106	2,033
General	163	-	-	163	129
Client fee subsidy	12,885	-	-	12,885	10,199
Bad debts	345	-	-	345	506
Amortization	2,514	-	-	2,514	-
	<u>515,750</u>	<u>-</u>	<u>-</u>	<u>515,750</u>	<u>498,428</u>
<b>EXCESS INCOME (EXPENDITURE) BEFORE INTER-FUND TRANSFERS</b>					
	(3,990)	314	102,911	99,235	112,664
Purchase of capital asset	25,141	(25,141)	-	-	-
Inter-fund transfers	3,990	-	(3,990)	-	-
<b>EXCESS INCOME (EXPENDITURE) FOR YEAR</b>					
	25,141	(24,827)	98,921	99,235	112,664
Fund balances, beginning of year	99,736	40,129	422,791	562,656	449,992
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 124,877</u>	<u>\$ 15,302</u>	<u>\$ 521,712</u>	<u>\$ 661,891</u>	<u>\$ 562,656</u>

**EAST YORK MEALS ON WHEELS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
Operating activities		
Excess Income (expenditure) for year	\$ 99,235	\$ 112,664
Amortization	2,514	-
	<u>101,749</u>	<u>112,664</u>
Decrease (increase) in working capital from the following:		
Accounts receivable	766	2,347
HST recoverable	(2,664)	(205)
Prepaid expense	3,066	(3,144)
Accounts payable and accrued liabilities	<u>(30,359)</u>	<u>11,169</u>
	<u>72,558</u>	<u>122,831</u>
Investing activities		
Purchase/disposal of investments (net)	(81,568)	(178,874)
Purchase of capital asset	<u>(25,141)</u>	<u>-</u>
	(106,709)	(178,874)
<b>DECREASE IN CASH DURING YEAR</b>	(34,151)	(56,043)
Cash, beginning of year	<u>42,165</u>	<u>98,208</u>
<b>CASH, END OF YEAR</b>	<u>\$ 8,014</u>	<u>\$ 42,165</u>

**EAST YORK MEALS ON WHEELS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**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 incomes 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, 2019**

**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 income 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>2019</u>	<u>2018</u>
Cash in broker account (included in cash)	\$ 872	\$ 2,392
Short-term		
Guaranteed income certificates, bearing interest at 1.95% - 2.47% per annum	150,890	110,564
Long-term		
Guaranteed income certificates, due in 2020 to 2023, bearing interest at 2.45% to 3.15% per annum	342,372	290,743
Corporate preferred shares	49,254	60,795
Corporate and bank common shares	43,290	42,592
Bank money market fund	34,078	33,622
	<u>468,994</u>	<u>427,752</u>
	<u>\$ 620,756</u>	<u>\$ 540,708</u>



**EAST YORK MEALS ON WHEELS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**3. CAPITAL ASSETS**

Capital asset is comprised of a Vehicle that is being amortized over 10 years

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Vehicles	\$ 25,141	\$ 2,514	\$ 22,627	\$ -
	<u>\$ 25,141</u>	<u>\$ 2,514</u>	<u>\$ 22,627</u>	<u>\$ -</u>

**4. LEASE COMMITMENT**

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

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	<u>10,133</u>
	<u>\$ 54,624</u>

**5. 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, 2019

*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 2019. 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.