

Oakville Meals on Wheels

Financial Statements

March 31, 2020

# **Rakesh Majithia CPA Professional Corporation**

To the Directors of Oakville Meals on Wheels:

## **Report on the Audit of the Financial Statements**

### ***Opinion***

I have audited the financial statements of Oakville Meals on Wheels (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statement of income and expenses, statement of 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.

### ***Qualified Opinion***

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph below, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019 and its financial performance 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 client derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of revenue from these sources was limited to verifying the amounts recorded in the records of the organization and we were not able to determine whether any adjustment might be necessary to general contributions, excess of revenue over expenses and changes in financial position.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

# **Rakesh Majithia CPA Professional Corporation**

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.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

# **Rakesh Majithia CPA Professional Corporation**

- 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.

I 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 I identify during my audit.

Oakville, ON  
July 14, 2020

Rakesh Majithia CPA Professional Corporation  
Authorized to practice public accounting by  
Chartered Professional Accountants of Ontario

Oakville Meals on Wheels  
Statement of Financial Position  
As at March 31, 2020  
(With Comparative Figures as at March 31, 2019)

	2020	2019
	----	----
<b>ASSETS</b>		
CURRENT ASSETS		
Cash in current account	\$ 76,373	16,480
Cash in savings account	2,699	39
Cash in brokerage account, two term deposits, due July 2, 2020, and July 6, 2020 with annual interest rates of 0.40% and 0.50% respectively (2019, 1.20% - 1.50%)	43,521	83,144
Petty cash	207	207
Accounts receivable	17,957	17,589
Sales taxes recoverable	5,054	3,888
	-----	-----
	\$ 145,811	121,347
	=====	=====
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 10,933	23,850
Deferred revenue	27,536	-
	-----	-----
Total liabilities	38,469	23,850
<b>NET ASSETS</b>		
BALANCE, End of year	107,342	97,497
	-----	-----
	\$ 145,811	121,347
	=====	=====

Accompanying notes form an integral part of these financial statements.

Oakville Meals on Wheels  
Statement of Income and Expenses  
For the Year Ended March 31, 2020  
(With Comparative Figures for the Year Ended March 31, 2019)

	2020	2019
<b>MEAL COLLECTIONS (Note 1(g))</b>	169,714	158,287
<b>COST OF MEALS SOLD</b>	202,077	176,270
<b>GROSS MARGIN</b>	-32,362	-17,983
<b>ADMINISTRATION FEES COLLECTED (Note 1(d))</b>	35,326	35,040
<b>EXPENSES</b>		
Advertising and business promotion	1,796	1,687
Association and staff memberships	580	550
Bank charges	129	89
Contracted services	7,454	8,483
Employee benefits	14,162	9,861
Insurance	926	882
Office supplies and general expenses	21,998	10,349
Professional fees	1,000	1,000
Repairs and maintenance and utilities	1,295	1,497
Rent (Note 4)	15,276	15,060
Salaries of staff	71,599	77,106
Travel	13,414	12,946
Volunteer training and recognition	498	2,320
	150,127	141,830
<b>(EXCESS) OF EXPENSES OVER REVENUES</b>	-147,163	-124,773
<b>OTHER REVENUE/(EXPENDITURES)</b>		
Donations (Note 1(g))	25,644	31,502
Ontario government grants	2,203	-
Halton Region grant	19,669	-
United Way contributions	20,724	20,724
Kiwanis and other Service Clubs of Oakville	14,000	15,750
Royal Canadian Legion Poppy Fund Donation	10,000	10,000
Oakville Community Fund Subsidy	11,232	14,129
Waves Foundation	1,000	-
Anonymous Family from Oakville	20,000	-
Tamarack Lumber	2,000	-
FB Birthday campaign	870	-
BMO Volunteer day	500	-
PGA Golf Tournament	1,000	-
Trillium Grant	7,900	-
Govt Funding-Summer Student	-811	-
Website donations	983	-
Bingo Revenue	2,716	-
St. Jude`s Church	1,500	-
St. Andrew`s House Tour	15,000	-
Interest on investment fund	879	640
	157,008	92,745
<b>EXCESS OF TOTAL REVENUES OVER/(UNDER) EXPENSES</b>	9,845	-32,028
ADD: Net Assets: Beginning of the Year	97,497	129,525
Net Assets, End of the Year	\$ 107,342	97,497

Accompanying notes form an integral part of these financial statements.

Oakville Meals on Wheels  
Statement of Changes in Cash Flows  
For the Year Ended March 31, 2020  
(With Comparative Figures for the Year Ended March 31, 2019)

	2020	2019
	----	----
<b>CASH PROVIDED BY/(USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of total revenues over expenses	\$ 9,845	-32,028
Net change in other working capital categories		
Net increase/(decrease) in accounts payable	-12,917	-131
Net increase/(decrease) in deferred revenue	27,536	-
Net decrease/(increase) in accounts receivable	-368	266
Net decrease/(increase) in prepaid expenses	-1,167	-534
	-----	-----
	22,930	-32,427
<b>FINANCING ACTIVITY</b>		
Clawback by Ontario of the surplus from a prior year	-	-
	-----	-----
<b>NET INCREASE/(DECREASE) IN CASH</b>	22,930	-32,427
ADD: Cash on hand, Beginning of year	99,870	132,297
	-----	-----
<b>CASH ON HAND, End of year</b>	\$ 122,800	99,870
	=====	=====
Cash is summarized as follows:		
	-----	
Current account balance	\$ 76,373	16,480
Savings account	2,699	39
Petty cash	207	207
Cash in brokerage account	43,521	83,144
	-----	-----
	\$ 122,800	99,870
	=====	=====

Accompanying notes form an integral part of these financial statements.

Oakville Meals on Wheels  
Notes to Financial Statements  
March 31, 2020

Nature of Organization

Oakville Meals on Wheels (The Organization) was incorporated as a corporation without share capital under the laws of the Ontario Ministry of Consumer and Commercial Relations on March 16, 1993.

Its mission statement states: To deliver nutritious meals to residents of Oakville who are unable to attend to their own nutritional needs but wish to continue living independently in their community.

No provision for income taxes is provided in these financial statements as Oakville Meals on Wheels is a registered Canadian Charity with registration number 129950515RR0001. It may issue donation receipts for charitable contributions made to it during the year.

**1. SIGNIFICANT ACCOUNTING PRINCIPLES**

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Volunteer services

The Organization benefits substantially from services in the form of volunteer time. These invaluable services are not recorded in these financial statements.

Volunteer delivery people have the option of being paid for their travel expenses while delivering the meals or having a tax receipt issued in lieu of payment. \$8,760 of receipts were issued during the year for unpaid mileage, office supplies and casual labour expenses, (2019 - \$7,653).

(c) Measurement uncertainty

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and changes in net assets during the year. Actual results could differ from these amounts. Examples of estimates include: provision for doubtful accounts receivable, amortization of capital assets and calculation of accrued expenses.

(d) Gross Margin

Beginning in fiscal 2008, the administration fee (which is now charged to clients to cover cost of administration) is being shown separately from meal collections. This fee is collected in two forms; (1) directly from clients and (2) charged to Acclaim Health - (formerly Victor Order of Nurses) a daily delivery fee of \$9 per day (2019 - \$9 per day), for the delivery of meals to their Alzheimer Day program.

(e) Financial Instruments

All financial instruments are recorded at amortized cost less any discovered impairment.

(f) Property and Equipment

As permitted by the CPA Canada Handbook, the organization expenses all of its property and equipment, except the leasehold improvements. During the current year, capital expenditures totaled \$22,820 (2019 - \$9,437) for computer and other equipment.



Oakville Meals on Wheels  
Notes to Financial Statements  
March 31, 2020

**1. SIGNIFICANT ACCOUNTING PRINCIPLES Continued**

(g) Revenue Recognition

The sale of meals is recorded using the accrual method of accounting, whereby the income is reported upon the delivery of the meal.

The Organization uses the deferral method of accounting for restricted revenues such as donations and grants. As per the provision, restricted grants and donations for specified purposes or programs are recorded as deferred income until the provisions of the grants or donations are satisfied, at which time they are recognized as income.

Investment income is recorded as received.

**2. FINANCIAL INSTRUMENT RISK**

(a) Credit Risk

The Organization is exposed to credit risk which may result from failure to collect accounts receivable. There is no concentration of credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations they become due. As at March 31, 2020, the Organization had cash balances of \$122,800 and working capital of \$107,342. Accordingly, the Organization will be able to meet its current obligations and has minimal liquidity risk in the short term.

The organization no longer gets monthly funding from Ontario LHINS. As a result, it must depend on additional donations and outside sponsorship.

(c) Interest rate risk

The Organization owns two investments that pay interest. However, the interest rate is so low that the Organization is not subject to material interest rate risk as the investments may pay less interest when they are renewed. (2020 - 0.40% - 0.50%), (2019 - 1.2% - 1.5%)

(d) Foreign Currency

The Organization is not subject to significant foreign currency risk or market risk.

The Organization's risk did not change in the current year.

**3. COMPARATIVE**

Some of the comparative amounts may have been reclassified to reflect the current presentation.

**4. OPERATING LEASES/COMMITMENT**

The corporation rents its office facilities, with a lease term ending September 30, 2021. The minimum annual gross rent payable (before sales taxes, but including electricity) is as follows:

March 31, 2021	\$17,260
March 31, 2022	\$8,630