

MEALS ON WHEELS LONDON

FINANCIAL STATEMENTS

MARCH 31, 2023



MEALS ON WHEELS LONDON
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MARCH 31, 2023

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Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Meals on Wheels London

Qualified Opinion

We have audited the accompanying financial statements of Meals on Wheels London (the organization), which comprise the statement of financial position as at March 31, 2023, the statement of changes in accumulated net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Meals on Wheels London as at March 31, 2023, and its financial performance and its cash flows for the year ended March 31, 2023 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 revenue from donations and fundraising activity, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and fundraising revenues, in the fiscal year ending March 31, 2023 and the fiscal year ending March 31, 2022 was limited to the amounts recorded in the records of the organization. Accordingly, we are unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess of revenues over expenditures and net assets.

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 the 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 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 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

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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on Davis Martindale LLP's website. This description forms part of our auditor's report.
https://www.davismartindale.com/auditors_report

London, Ontario
June 29, 2023

Davis Martindale LLP

Chartered Professional Accountants
Licensed Public Accountants




MEALS ON WHEELS LONDON
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023


ASSETS		2023	2022
Current Assets			
Cash - general fund	\$	17,957	\$ 26,367
Cash - reserve fund		4,243	101,355
Investments - reserve fund (note 3)		718,432	652,618
Accounts receivable		71,828	124,700
HST rebate recoverable		9,187	9,366
Inventory		775	3,610
Prepaid expense		<u>12,025</u>	<u>40,242</u>
		834,447	958,258
Tangible Capital Assets (note 5)		<u>19,697</u>	<u>20,314</u>
	\$	<u>854,144</u>	\$ <u>978,572</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable and accrued liabilities	\$	154,645	\$ 117,076
Government remittances payable		2,091	4,283
Repayable to Ontario Health (note 6)		-	12,918
Deferred revenue (note 7)		<u>17,327</u>	<u>24,631</u>
		174,063	158,908
Deferred Capital Contributions (note 8)		<u>20,245</u>	<u>20,314</u>
		194,308	179,222
Commitments (note 9)			
Net Assets			
Reserve fund		<u>659,836</u>	<u>799,350</u>
	\$	<u>854,144</u>	\$ <u>978,572</u>

APPROVED ON BEHALF OF THE BOARD:





Director

Director

*The attached Independent Auditor's Report and notes
 form an integral part of these audited financial statements.*

MEALS ON WHEELS LONDON
STATEMENT OF CHANGES IN ACCUMULATED NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
<u>General Fund</u>		
Balance, Beginning of Year	\$ -	\$ -
Interfund Transfers (note 11)	138,104	59,626
Deficiency of Revenue over Expenditures	<u>(138,104)</u>	<u>(59,626)</u>
Balance, End of Year	\$ <u>-</u>	\$ <u>-</u>
<u>Reserve Fund</u>		
Balance, Beginning of Year	\$ 799,350	\$ 752,265
Interfund Transfers (note 11)	(138,104)	(59,626)
(Deficiency) Excess of Revenue over Expenditures	<u>(1,410)</u>	<u>106,711</u>
Balance, End of Year	\$ <u>659,836</u>	\$ <u>799,350</u>

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MEALS ON WHEELS LONDON
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	General Fund	Reserve Fund	2023	2022
Revenue				
Ontario Health Grant	\$ 461,079	\$ -	\$ 461,079	\$ 437,528
Meal service - standard	356,692	-	356,692	348,201
Meal service - frozen	299,861	-	299,861	297,672
Other grant revenue	98,120	-	98,120	152,489
Fundraising initiatives (note 12)	68,231	8,000	76,231	168,773
United Way Grant	40,000	-	40,000	83,500
Transportation service	24,992	-	24,992	11,919
Gas reimbursement donations	12,986	-	12,986	11,420
PSW management fee	-	78,920	78,920	70,073
Interest	<u>-</u>	<u>4,681</u>	<u>4,681</u>	<u>2,453</u>
	1,361,961	91,601	1,453,562	1,584,028
Expenditures				
Bad debt	5,658	-	5,658	3,918
COVID protective equipment	-	-	-	2,301
Fundraising and marketing	20,820	-	20,820	19,978
Insurance	6,761	-	6,761	6,115
Meal subsidy programs	101,315	-	101,315	97,050
Meals (direct costs)	645,729	-	645,729	598,430
Meals provided to those in crisis	16,300	-	16,300	33,561
Memberships	4,705	-	4,705	3,353
Occupancy costs	50,846	2,503	53,349	51,259
Office	38,093	1,579	39,672	43,535
Professional fees	8,541	8,862	17,403	39,974
Salaries and benefits	512,784	77,411	590,195	559,895
Staff training	3,905	-	3,905	2,925
Technology	38,021	2,101	40,122	26,502
Travel	37	-	37	-
Van operations	11,804	-	11,804	11,854
Volunteer gas	30,580	-	30,580	25,579
Volunteer services	<u>4,110</u>	<u>-</u>	<u>4,110</u>	<u>24,618</u>
	1,500,009	92,456	1,592,465	1,550,847
(Deficiency) Excess of Revenue over Expenditures before Other Items	<u>\$ (138,048)</u>	<u>\$ (855)</u>	<u>\$ (138,903)</u>	<u>\$ 33,181</u>

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MEALS ON WHEELS LONDON
STATEMENT OF OPERATIONS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2023

	General Fund	Reserve Fund	2023	2022
(Deficiency) Excess of Revenue over Expenditures before Other Items	\$ (138,048)	\$ (855)	\$ (138,903)	\$ 33,181
Other Revenues (Expenditures)				
Amortization of deferred capital contributions	12,774	-	12,774	11,352
Amortization of tangible capital assets	(12,830)	-	(12,830)	(11,352)
Unrealized loss on investments	-	(18,943)	(18,943)	(24,205)
Realized income on investments	<u>-</u>	<u>18,388</u>	<u>18,388</u>	<u>38,109</u>
	<u>(56)</u>	<u>(555)</u>	<u>(611)</u>	<u>13,904</u>
Excess (Deficiency) of Revenue over Expenditures	\$ <u>(138,104)</u>	\$ <u>(1,410)</u>	\$ <u>(139,514)</u>	\$ <u>47,085</u>

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MEALS ON WHEELS LONDON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Cash Flows from Operating Activities		
	\$ (139,514)	\$ 47,085
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	12,830	11,352
Amortization of deferred capital contributions	(12,774)	(11,352)
Unrealized loss on investments	<u>18,943</u>	<u>24,205</u>
	(120,515)	71,290
Changes in non-cash working capital:		
Accounts receivable	52,872	(47,323)
HST rebate recoverable	179	615
Inventory	2,835	(2,590)
Prepaid expense	28,217	(28,791)
Accounts payable and accrued liabilities	37,569	(32,225)
Government remittances payable	(2,192)	839
Repayable to Ontario Health	(12,918)	-
Deferred revenue	<u>(7,304)</u>	<u>(27,834)</u>
	<u>99,258</u>	<u>(137,309)</u>
Net Cash Used In Operating Activities	(21,257)	(66,019)
Cash Flows from Financing Activities		
Deferred capital contributions received	12,705	-
Cash Flows from Investing Activities		
Additions to tangible capital assets	(12,213)	-
Increase in investments	<u>(84,757)</u>	<u>(130,359)</u>
Net Cash Used in Investing Activities	<u>(96,970)</u>	<u>(130,359)</u>
Net Decrease in Cash	(105,522)	(196,378)
Cash, Beginning of Year	<u>127,722</u>	<u>324,100</u>
Cash, End of Year	<u>\$ 22,200</u>	<u>\$ 127,722</u>
Represented By:		
Cash - general fund	\$ 17,957	\$ 26,367
Cash - reserve fund	<u>4,243</u>	<u>101,355</u>
	<u>\$ 22,200</u>	<u>\$ 127,722</u>

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

1. Nature of the Organization

Meals on Wheels London (the "organization") offers services to people with the desire to live full and independent lives in their own homes, despite the challenges of age and disability. The organization is incorporated without share capital under the Ontario Corporations Act and is exempt from income tax under Section 149 (1)(1) of the Income Tax Act, Canada.

2. Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Those policies that are considered to be particularly significant are outlined below:

(a) Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the organization, the accounts of the organization are maintained in accordance with the principles of "fund accounting". Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded as a component of changes in accumulated net assets.

For financial statement purposes, the accounts have been classified into the following funds:

i) General Fund

The General Fund accounts for the organization's administrative and operating activities financed by client fees, grants and other general income. Ontario Health and United Way Elgin Middlesex ("United Way") allocate grants to the program for which their use has been approved, and expenditures are recorded within the appropriate program. The General Fund reports unrestricted resources available for immediate purposes. Unrestricted investment income is allocated to the general fund.

ii) Reserve Fund

The Reserve Fund includes funds that have been internally restricted by the Board of Directors and income from the Ministry of Health ("MOH") in relation to the PSW program.

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

2. Significant Accounting Policies (continued)

(b) Cash

Cash includes cash on hand and on deposit, less cheques issued and outstanding at the reporting date.

(c) Investments

The organization's investments consist of equity mutual funds, which are initially recognized and subsequently measured at fair value. Transaction costs that are directly attributable to the acquisition of these investments are an adjustment to the fair value when initially recognized.

(d) Inventory

Inventory is valued as the lower of cost and net realizable value. Cost is calculated on the weighted average cost basis.

(e) Tangible Capital Assets and Amortization

Tangible capital assets and leaseholds purchased by the organization are recorded at cost. Amortization is recorded in the accounts on the straight-line method using the annual rates described in note 5. No amortization is charged in the month of acquisition.

(f) Impairment of Long-lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(g) Deferred Capital Contributions

Grants received for the purchase of depreciable capital assets are recorded as deferred capital contributions and amortized over the estimated useful life of the related asset.

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

2. Significant Accounting Policies (continued)

(h) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Contributions received that are restricted for a specific purpose or over a set period of time are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions, if any, are recognized as direct increases in net assets.

Meal service is recorded as revenue when meals are delivered. Transportation and PSW management fees are recorded as revenue when services are rendered. Interest income is recognized as earned in the appropriate fund. Fundraising income is recognized as earned at the time of the event.

(i) Contributed Services

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

(j) Use of Estimates

The preparation of the financial statements of the organization in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Financial Instruments

The organization's financial instruments consist of cash, investments, accounts receivable, HST rebate recoverable, due from PSW Training Project, accounts payable and accrued liabilities, government remittances payable, and balances repayable to Ontario Health. The organization initially recognizes these financial instruments at fair value and subsequently, except for investments, at amortized cost. Investments are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures.



MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

3. Investments - Reserve Fund

The investments consist of the following:

	2023		2022	
	Cost	FMV	Cost	FMV
CIBC Wood Gundy - Equity Mutual Funds	655,865	643,432	646,474	652,618
Libro GIC 4.5%, due December 15, 2023	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
	<u>730,865</u>	<u>718,432</u>	<u>646,474</u>	<u>652,618</u>

4. PSW Training Project

The organization has an agreement with the MOH, whereby the organization receives funds from the MOH, in trust, and disburses them in accordance with the terms of the agreement as it related to the administration and delivery of Personal Support Workers (PSW) Training Programs in the Southwestern Ontario region.

The amounts shown below have not been included in the accompanying statement of financial position and statement operations as they are not related to the activities of the organization, and all amounts are held in trust on behalf of the MOH. The organization has reported administration fee revenue of \$78,920 (2022 - \$70,073) in its statement of operations, for administering the PSW program for the year.

(a) The following summarizes funds received and disbursed in accordance with this agreement.

	2023	2022
Funds received from MOH	\$ 3,029,749	\$ -
Funds received from the organization	-	4,071
Funds received from eligible organizations	-	22,228
Interest earned	<u>101,281</u>	<u>14,663</u>
	<u>3,131,030</u>	<u>40,962</u>
Disbursements, in accordance with agreement	270,959	494,216
Administration expenditures	<u>143,381</u>	<u>-</u>
	<u>414,340</u>	<u>494,216</u>
Excess (deficit) of funds received over funds disbursed for specified purposes during the year	2,716,690	(453,254)
Project funds held in trust, beginning of the year	1,430,501	1,883,755
Less: project funds repaid in the year	<u>-</u>	<u>-</u>
Project fund held in trust, end of the year	<u>\$ 4,147,191</u>	<u>\$ 1,430,501</u>

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

4. PSW Training Project (continued)

(b) The following summarizes assets and liabilities that are held in trust for the project at year-end.

	2023	2022
Assets		
Cash - PSW	\$ 4,147,191	\$ 1,430,501
Accounts receivable from MOH	<u>-</u>	<u>311,033</u>
	<u>\$ 4,147,191</u>	<u>\$ 1,741,534</u>
Liabilities		
Payable to eligible organizations	\$ 464,164	\$ 240,960
Payable to the organization	5,612	70,073
Payable to MOH	<u>3,677,415</u>	<u>1,430,501</u>
	<u>\$ 4,147,191</u>	<u>\$ 1,741,534</u>

The MOH has approved a carry over of unspent funds to March 31, 2024. The carry over was approved to assist with the continuation and completion of projects and training affected by COVID-19 related pressures.

5. Tangible Capital Assets

		Cost	Accumulated Amortization	Net 2023	Net 2022
Computer hardware	3 yr S.L.	\$ 110,618	\$ 103,965	\$ 6,653	\$ 3,584
Furniture and equipment	5 yr S.L.	76,128	70,254	5,874	-
Leaseholds	3 yr S.L.	47,676	47,676	-	-
Vehicle	3 yr S.L.	<u>57,519</u>	<u>50,349</u>	<u>7,170</u>	<u>16,730</u>
		<u>\$ 291,941</u>	<u>\$ 272,244</u>	<u>\$ 19,697</u>	<u>\$ 20,314</u>

During the year amortization of \$12,830 (2022 - \$11,352) was recorded.

6. Repayable to Ontario Health

Funding received from Ontario Health is refundable to the extent that it is not used for program expenditures. There are no amounts payable as at March 31, 2023 (2022 - \$12,918).

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

7. Deferred Revenue

Deferred revenue represents externally restricted funds received that relate to a subsequent period. The deferred revenue balance as at year end is as follows:

Grant Donor	2023	2022
Westminster Grant	\$ 10,303	\$ -
March for Meals	7,024	10,776
Lutheran Social Services	-	10,000
LUSO Community Services	<u>-</u>	<u>3,855</u>
	<u>\$ 17,327</u>	<u>\$ 24,631</u>

8. Deferred Capital Contributions

Deferred capital contributions related to tangible capital assets represent contributed tangible capital assets and restricted contributions used to purchase furniture and equipment, computer hardware and leaseholds. These contributions are being amortized into income on the same basis as the related tangible capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	\$ 20,314	\$ 31,666
Add: increase in contributions received for capital purposes	12,705	-
Less: amortization of deferred capital contributions	<u>(12,774)</u>	<u>(11,352)</u>
Balance, end of year	<u>\$ 20,245</u>	<u>\$ 20,314</u>
Unspent contributions	\$ 1,167	\$ -
Unamortized contributions	<u>19,078</u>	<u>20,314</u>
	<u>\$ 20,245</u>	<u>\$ 20,314</u>

9. Commitments

The organization has long term leases with respect to its main building, depots and equipment. Future minimum lease payments as at March 31, 2023 are as follows:

Year ending March 31, 2024	\$ 49,961
March 31, 2025	52,275
March 31, 2026	53,095
March 31, 2027	4,343
March 31, 2028	<u>1,337</u>
	<u>\$ 161,011</u>

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

10. Financial Instruments

Credit risk

Credit risk arises from the potential that a third party will fail to perform its obligations. The organization is exposed to credit risk from customers and funders. The organization has a significant number of customers which minimizes the concentration of credit risk. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity risk

Liquidity risk is the risk that the organization may encounter difficulty in meeting obligations associated with financial liabilities. The organization manages its liquidity risk by forecasting its cash needs on a regular basis and investing its surplus cash in easily liquidated investments.

Market risk

Market risk is the risk that 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 other price risk.

Currency risk

Currency risk is the risk to the organization's operations that arise from fluctuations of foreign exchange rates. The organization is not exposed to significant currency risk as it does not have any financial instruments denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financial activities. The organization is exposed to interest rate risk as the value of marketable securities is affected by market changes in interest rates. The organization is also exposed to fluctuations in the interest rates earned on cash - reserve fund cash and the cash for the PSW Training Project.

Other price risk

Other 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 similar financial instruments traded in the market. The organization's exposure to other price risk is limited to its investment in mutual funds.

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MEALS ON WHEELS LONDON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

11. Transfer Between Funds

During the year, the Board of Directors approved a transfer of \$138,104 (2022 - \$59,626) from the Reserve Fund to the General Fund.

12. Fundraising Initiatives

The fundraising initiatives undertaken by the organization consist of the following:

	2023	2022
Planned Giving	\$ 8,000	\$ 95,638
Donations	36,363	44,498
Fundraising Events	<u>31,868</u>	<u>28,637</u>
	<u>\$ 76,231</u>	<u>\$ 168,773</u>

13. Employee Pension Plan

The organization makes contributions, on behalf of its staff, to the Meals on Wheels Registered Pension Plan, which is a single employer plan. The plan is a defined contribution plan which contributions are determined as a percentage of earnings. The amount contributed to the plan for 2023 was \$11,681 (2022 - \$9,152) for current service and is included as an expenditure in the statement of operations.

At March 31, 2023, there is no liability for past service under the agreement.

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