

Moisson Montréal inc.

Financial Report

March 31, 2017

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Independent Auditor's Report

To the Administrators of
Moisson Montréal inc.:

We have audited the accompanying financial statements of **Moisson Montréal inc.**, which comprise the statement of financial position as at March 31, 2017 and the statements of revenue, changes in net assets and 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 qualified opinion.

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Company derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenue was limited to the amounts recorded in the records of **Moisson Montréal inc.** Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenue (expenses) and cash flows from activities for the years ended March 31, 2017 and 2016, assets as at March 31, 2017 and 2016, and net assets as at March 31 for both 2017 and 2016.

Qualified Opinion

In our opinion, except for the 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 **Moisson Montréal inc.** as at March 31, 2017, and the results of its activities and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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Montreal, Québec
May 23, 2017

Chartered Professional Accountant Partnership LLP

¹ CPA Auditor, CA, Public Accountancy Permit No. A111328

Statement of Revenue

Year ended March 31	2017	2016
Food supply		
In-kind contributions of food	\$ 79,217,867	\$ 82,552,506
In-kind contributions of food redistributed (Schedule A)	<u>80,276,823</u>	<u>81,531,725</u>
Net result - Food supply	<u>(1,058,956)</u>	<u>1,020,781</u>
Fund raising and administrative activities		
Revenue		
Donations (Schedule B)	2,916,662	2,831,665
Fund raising activities (Schedule B)	1,033,519	1,342,185
Contributions (Schedule B)	816,654	608,829
Rental	178,000	153,000
Amortization of deferred contributions related to fixed assets and intangible assets (Note 14)	237,338	260,850
Financial and other revenues (Schedule D)	<u>63,355</u>	<u>23,337</u>
	<u>5,245,528</u>	<u>5,219,866</u>
Expenses (Schedule C)		
Operations		
Warehouse	1,452,862	1,325,746
Food supplies	392,331	351,567
Transportation	828,117	826,749
Maintenance of building	735,403	787,773
Community liaison	<u>133,942</u>	<u>236,924</u>
	<u>3,542,655</u>	<u>3,528,759</u>
Fund raising activities (Schedule C)	<u>149,020</u>	<u>584,033</u>
Activities and communications development	<u>361,354</u>	<u>451,261</u>
Philanthropic development	<u>150,767</u>	<u>165,457</u>
Management		
General directorate and finances	761,681	764,850
Human resources	380,210	374,365
Financial expenses	<u>28,520</u>	<u>32,691</u>
	<u>1,170,411</u>	<u>1,171,906</u>
	<u>5,374,207</u>	<u>5,901,416</u>
Net result - Fund raising and administrative activities	<u>(128,679)</u>	<u>(681,550)</u>
Insurance indemnity (Note 20)	<u>115,260</u>	<u>-</u>
Excess of revenue (expenses)	<u>\$ (1,072,375)</u>	<u>\$ 339,231</u>
Total revenue	<u>\$ 84,578,655</u>	<u>\$ 87,772,372</u>
Total expenses	<u>85,651,030</u>	<u>87,433,141</u>
Excess of revenue (expenses)	<u>\$ (1,072,375)</u>	<u>\$ 339,231</u>
Excess of expenses excluding food supply	<u>\$ (13,419)</u>	<u>\$ (681,550)</u>

Statement of Changes in Net Assets**Year ended March 31****2017****2016**

	Internally restricted (Note 15)		Unrestricted	Total	Total
	Invested in capital assets	Food preservation, repacking and labeling			
Balance at beginning of year	\$ 2,672,747	\$ 850,000	\$ 3,780,012	\$ 7,302,759	\$ 6,963,528
Excess of revenue (expenses)	(170,759)*	-	(901,616)	(1,072,375)	339,231
Additions to capital assets	<u>127,375</u>	<u>-</u>	<u>(127,375)</u>	<u>-</u>	<u>-</u>
Balance at end of year	\$ <u>2,629,363</u>	\$ <u>850,000</u>	\$ <u>2,751,021</u>	\$ <u>6,230,384</u>	\$ <u>7,302,759</u>

*** Represented by:**

Amortization of deferred contributions related to fixed assets and intangible assets	\$ 286,789
Amortization of fixed assets and intangible assets	(470,877)
Gain on disposal of capital assets	<u>13,329</u>
	\$ <u>(170,759)</u>

Statement of Financial Position**March 31****2017****2016****Current assets**

Cash (Note 3)	\$ 1,913,592	\$ 2,123,549
Accounts receivable (Note 4)	266,458	181,617
Grant receivable from the MAMOT (Notes 5 and 13)	93,163	89,036
Grant receivable from the Ville de Montréal	-	71,200
Inventory of food	1,846,585	2,905,541
Prepaid expenses	76,054	85,292
Current portion of investments (Note 6)	80,538	10,631

	4,276,390	5,466,866
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Grant receivable from the MAMOT (Notes 5 and 13)

	466,647	559,810
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Investments (Note 6)

	939,721	-
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Fixed assets (Note 7)

	5,995,708	6,305,290
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Intangible assets (Note 8)

	142,644	163,278
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	7,544,720	7,028,378
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Total assets

	\$ 11,821,110	\$ 12,495,244
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Current liabilities

Payables and accrued charges (Note 10)	\$ 405,148	\$ 325,074
Deferred contributions related to specific projects (Note 11)	109,945	420,714
Deferred revenue	-	2,030
Current portion of subsidized long-term debt (Note 13)	93,163	89,036
Current portion of unsubsidized long-term debt (Note 13)	3,368	3,043

	611,624	839,897
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Long-term debt (Note 13)

	479,064	575,595
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Deferred contribution related to children's food aid (Note 12)

	1,006,834	-
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Deferred contributions related to fixed and intangible assets (Note 14)

	3,493,204	3,776,993
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	4,979,102	4,352,588
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Total liabilities

	5,590,726	5,192,485
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Net assets

Internally restricted (Note 15)		
Invested in capital assets	2,629,363	2,672,747
Food preservation, repacking and labeling	850,000	850,000
Unrestricted	2,751,021	3,780,012

	6,230,384	7,302,759
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Total liabilities and net assets

	\$ 11,821,110	\$ 12,495,244
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On behalf of the board


.....
Administrator



.....
Administrator

Statement of Cash Flows

Year ended March 31	2017	2016
Operating activities		
Excess of revenue (expenses)	\$ (1,072,375)	\$ 339,231
Items not affecting cash		
Changes in inventory of food	1,058,956	(1,020,781)
Deferred contributions related to specific projects recognized as revenue (Note 11)	(1,137,040)	(859,376)
Amortization of deferred contributions related to fixed and intangible assets (Note 14)	(286,789)	(310,253)
Amortization of fixed and intangible assets	470,877	500,458
Investments donations recognized as revenue	(31,025)	(10,631)
Loss on realization of investments included in financial revenues	176	-
Change in fair value of investments	(31,306)	-
Gain on disposal of fixed assets	(13,329)	-
	<u>(1,041,855)</u>	<u>(1,361,352)</u>
Changes in non-cash working capital items (Note 18)	73,641	(342,893)
Receipt of deferred contributions related to specific projects (Note 11)	826,271	1,158,351
Receipt of deferred contribution related to children's food aid	1,000,000	-
Investments revenues allocated to deferred contributions related to children's food aid	6,834	-
	<u>864,891</u>	<u>(545,894)</u>
Financing activities		
New long-term debt	-	21,106
Reduction of the long-term debt	(3,043)	(2,278)
Reduction of obligations under a capital lease	-	(47,110)
Deferred contributions related to fixed and intangible assets	3,000	79,811
	<u>(43)</u>	<u>51,529</u>
Investing activities		
Changes in reserved cash	(19,431)	-
Advance receivable	-	25,000
Additions to fixed and intangible assets	(147,732)	(486,996)
Disposal of fixed assets	20,400	41,474
Acquisition of investments	(1,197,772)	-
Disposal of investments	250,299	-
	<u>(1,094,236)</u>	<u>(420,522)</u>
Net decrease in cash and cash equivalents	(229,388)	(914,887)
Cash and cash equivalents at beginning of year	<u>2,123,549</u>	<u>3,038,436</u>
Cash and cash equivalents at end of year	\$ 1,894,161	\$ 2,123,549
Cash and cash equivalents are represented by:		
Cash	\$ 634,320	\$ 21,939
Cash at progressive rate	<u>1,259,841</u>	<u>2,101,610</u>
	<u>\$ 1,894,161</u>	<u>\$ 2,123,549</u>
Supplemental information		
Reduction of long-term debt by the MAMOT	\$ 89,036	\$ 85,093

Notes to Financial Statements**March 31, 2017**

1. Incorporation and nature of activities

Moisson Montréal inc. (the “Company”) is incorporated under Part III of the *Québec Companies Act*. The Company is working to ensure optimal food supply to community organizations serving the needy on the island of Montreal and to participate in developing sustainable solutions to favour food security. As a charitable organization registered under the *Income Tax Act*, Moisson Montréal inc. can issue receipts for charitable donations.

2. Accounting policies*Authoritative accounting pronouncements*

The Company applies the Canadian Accounting Standards for the Not-for-Profit Organizations, hereafter referred to as “ASNPO” under Part III of *CPA Canada Handbook - Accounting*.

Contributions and revenue recognition

The Company follows the deferral method of accounting for contributions (donations and contributions). Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Fund raising activities revenue is recognized at the date of the event.

The rental revenue is recorded monthly as it becomes due.

The financial revenue is recorded as it is earned.

Recovered donations redistributed as food products

The operations of the Company depend mainly on in-kind contributions of food. Donated food supplies are weighted and recognized by food categories to be valued. Donations received are valued by adding or subtracting inventory changes to the donated food supplies. Donations are valued based on the monthly average prices paid by consumers by food categories as established by Statistics Canada.

Donations received in supplies or in hours

Donations received in supplies or hours (donations in-kind) are recorded at fair value when they can be reasonably estimated. Supplies contributions for the year ended in 2017 consist of in-kind contributions of food, publicly-listed securities and donated services.

Cash and cash equivalents

Cash and equivalents are composed of cash and cash at progressive rate.

Inventory of food

Inventory of food is held in transit before distribution. It is valued based on the monthly average prices paid by consumers by food categories as established by Statistics Canada.

Notes to Financial Statements

March 31, 2017

2. Accounting policies (cont'd)

Fixed assets

Fixed assets additions are recorded at cost whereas contributions of fixed assets are recorded at their fair value at the date of the donation. Amortization of fixed assets is calculated using the declining balance method at the following rates:

Building	-	5%
Rolling stock	-	30%
Refrigeration equipment	-	20%
Computer equipment	-	30%
Office and warehouse equipment	-	20% and 30%

Intangible assets

Intangible assets acquisitions are recorded at cost whereas contributions of intangible assets are recorded at their fair value at the date of donation. The Company's intangible assets are recorded at cost and amortized using the declining balance method at 30%.

Impairment of long-term assets

Long-term assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-term asset exceeds its fair value.

Deferred contributions related to fixed and intangible assets

Amounts received and specifically allocated for the acquisition of fixed and intangible assets are recorded as deferred contributions relating to fixed and intangible assets and amortized over the estimated useful life of the related fixed or intangible assets. When a portion of an amount received and specifically allocated can be used, with the donor's approval, to cover current expenses, that portion of the deferred contributions is then transferred to revenue for the year.

Financial instruments

- Valuation

The Company initially measures its financial assets and financial liabilities at fair value except for non-arm's length transactions. The Company subsequently measures all its financial assets and financial liabilities at amortized cost, with exception of its investments that are evaluated at fair value.

The Company's financial assets, measured at amortized cost include cash, government contributions receivables, other receivables and the grant receivable from the MAMOT.

The Company's financial liabilities include accounts payable and accrued charges and long-term debt.

Notes to Financial Statements**March 31, 2017**

2. Accounting policies (cont'd)*Financial instruments (cont'd)***- Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-off is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Foreign exchange

The Company uses the temporal method to record its foreign currency transactions. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items are translated at the historical exchange rate unless they are recorded at the fair value in which case, they are translated at the rate of exchange in effect at the balance sheet date, while revenues and expenses are translated at the rate of exchange in effect on the dates they occur. Gains or losses resulting from these translations are reflected in the statement of earnings.

Use of estimates

The preparation of financial statements 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, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant areas requiring the use of estimates include amortization of fixed and intangible assets. Actual results could differ from these estimates.

3. Cash

	<u>2017</u>	<u>2016</u>
Cash	\$ 634,320	\$ 21,939
Cash at progressive rate	1,259,841	2,101,610
Reserved cash	<u>19,431</u>	<u>-</u>
	<u>\$ 1,913,592</u>	<u>\$ 2,123,549</u>

4. Accounts receivable

	<u>2017</u>	<u>2016</u>
Government contributions	\$ 4,862	\$ 4,506
Other receivables	248,054	153,744
Sales taxes	<u>13,542</u>	<u>23,367</u>
	<u>\$ 266,458</u>	<u>\$ 181,617</u>

Notes to Financial Statements**March 31, 2017****5. Grant receivable and differed contributions**

The grant receivable to finance the renovation works undertaken with the collaboration of the CECD represents an amount receivable to reimburse the long-term debt. This amount was recorded as a long-term asset in order to record in the statement of revenue, the debt reimbursement in the same period as the amortization of fixed assets as well as related interest expense (Note 13).

The grant receivable from MAMOT to finance the work undertaken with the collaboration of the CECD is recorded in long-term liabilities in order to record, in the statement of revenue, the debt reimbursement in the same period as the amortization of fixed assets as well as the related interest expense.

6. Investments

	2017		2016	
	Cost	Fair value	Cost	Fair value
Bonds and guaranteed investment certificates, rates ranging from 1.5% to 2%, maturing through April 2023	\$ 500,000	\$ 506,116	\$ -	\$ -
Shares of public entities held in Canadian dollars	-	-	10,631	10,631
Units of mutual funds	<u>488,953</u>	<u>514,143</u>	<u>-</u>	<u>-</u>
	\$ 988,953	\$ 1,020,259	\$ 10,631	\$ 10,631
Current portion of investments		<u>80,538</u>		<u>-</u>
		<u>\$ 939,721</u>		<u>\$ Nil</u>

Investments include an amount of \$1,018,731 which is reserved for children's food aid.

7. Fixed assets

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	\$ -	\$ 1,460,619	\$ 1,460,619
Building	5,758,332	1,970,115	3,788,217	3,959,225
Rolling stock	807,897	575,861	232,036	302,701
Refrigeration equipment	632,184	468,431	163,753	204,691
Computer equipment	327,475	289,269	38,206	41,225
Office and warehouse equipment	<u>1,106,048</u>	<u>793,171</u>	<u>312,877</u>	<u>336,829</u>
	\$ 10,092,555	\$ 4,096,847	\$ 5,995,708	\$ 6,305,290

Notes to Financial Statements**March 31, 2017**

8. Intangible assets	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 118,842	\$ 93,640	\$ 25,202	\$ 36,003
Unused software	94,500	-	94,500	94,500
Multimedia material - Food Recovery Program in Supermarkets	36,544	15,942	20,602	29,432
Trademark	3,821	1,481	2,340	3,343
	<u>\$ 253,707</u>	<u>\$ 111,063</u>	<u>\$ 142,644</u>	<u>\$ 163,278</u>

9. Credit facilities

The Company has a line of credit of \$500,000 bearing interest at prime rate (2.7% as at March 31, 2017), plus 0.25%, secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2017.

10. Payables and accrued charges

	2017	2016
Accounts payable and accrued charges	\$ 221,361	\$ 153,468
Salaries and vacations payable	164,762	155,298
Source deductions payable	19,025	16,308
	<u>\$ 405,148</u>	<u>\$ 325,074</u>

Notes to Financial Statements**March 31, 2017**

11. Deferred contributions related to specific projects

Deferred contributions are intended to cover the operating expenses for the Christmas campaign, the Food Recovery Program in Supermarkets as well as The Great Food Drive for Children.

Changes in deferred contributions are as follows:

	<u>Christmas campaign</u>	<u>Food Recovery Program in Super- markets</u>	<u>The Great Food Drive for Children</u>	<u>Other</u>	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 151,266	\$ 203,788	\$ 8,089	\$ 57,571	\$ 420,714	\$ 121,739
Contributions received during the year	-	541,594	47,910	236,767	826,271	1,158,351
Contributions recognized as revenue	<u>(128,882)</u>	<u>(745,382)</u>	<u>(45,339)</u>	<u>(217,437)</u>	<u>(1,137,040)</u>	<u>(859,376)</u>
Balance at end of year	<u>\$ 22,384</u>	<u>\$ Nil</u>	<u>\$ 10,660</u>	<u>\$ 76,901</u>	<u>\$ 109,945</u>	<u>\$ 420,714</u>

12. Deferred contributions related to children's food aid

Deferred contributions represent funds received which, with respect to external restrictions, are intended for parents and children of the Island of Montreal living in poverty. Changes in the balance of deferred contributions are as follows:

	<u>2017</u>
Initial amount of contribution received during the year	\$ 1,000,000
Plus: Investment revenues allocated to the project	<u>6,834</u>
Balance of deferred contribution at end of year	<u>\$ 1,006,834</u>

Notes to Financial Statements**March 31, 2017**

13. Long-term debt	<u>2017</u>	<u>2016</u>
Loan from “Programme d’infrastructure Québec-Municipalité”, at 5.12%, maturing in June 2021, secured by a first rank hypothec of \$523,621 on all moveable and immoveable assets. However, repayment of the loan is guaranteed by the Ministère des Affaires municipales et Occupation du territoire (thereafter “MAMOT”) through a grant in the same amount received in the context of the renovation works undertaken with the collaboration of the CECD. The capital will be repaid by the MAMOT at the rate of 1/10 per year during the next 10 years. The interest will also be paid 100% by the MAMOT	\$ 294,325	\$ 344,874
Loan from “Programme d’infrastructure Québec-Municipalité”, at 4%, maturing in October 2022, secured by a first rank hypothec of \$410,774 on all moveable and immoveable assets. However, repayment of the loan is guaranteed by MAMOT through a grant in the same amount received in the context of the renovation works undertaken with the collaboration of the CECD. The capital will be repaid by the MAMOT at the rate of 1/10 per year during the next 10 years. The interest will also be paid at 100% by the MAMOT	265,485	303,972
Loan, rate of 10.2%, repayable by semi-annual instalments of \$2,462 including interest, maturing in December 2020, secured by a first rank hypothec on equipment having a net value of \$12,928	<u>15,785</u>	<u>18,828</u>
Current portion of the subsidized long-term debt	<u>93,163</u>	89,036
Current portion of the unsubsidized long-term debt	<u>3,368</u>	<u>3,043</u>
	\$ 479,064	\$ 575,595

The estimated portion of the long-term debt payable in each of the next five years are as follows:

2018	\$ 96,531
2019	\$ 101,211
2020	\$ 106,134
2021	\$ 111,313
2022	\$ 111,709

Notes to Financial Statements**March 31, 2017**

14. Deferred contributions related to fixed and intangible assets

Deferred contributions represent funds received which, with respect to external restrictions, are intended for the acquisition of fixed and intangible assets and donations received in fixed and intangible assets. Changes in the balances of deferred contributions are as follows:

	Food Recovery Program in Supermarkets			2017	2016
	Fondation Marcelle et Jean Coutu	Other	Other		
Balance at beginning of year	\$ 155,000	\$ 87,042	\$ 3,534,951	\$ 3,776,993	\$ 4,007,435
Contributions received during the year	-	-	3,000	3,000	79,811
Amortization	(46,500)	(26,638)	(213,651)	(286,789)	(310,253)
Balance at end of year	\$ 108,500	\$ 60,404	\$ 3,324,300	\$ 3,493,204	\$ 3,776,993

15. Internally restricted*Invested in capital assets*

The Board of directors decided to restrict, internally, the amount invested in capital assets and to present it net of deferred contributions related to capital assets and long-term debt.

Food preservation, repacking and labeling

In 2012, the Board of Directors of the Company restricted an amount of \$850,000 for the Food preservation, repacking and labeling project in order to maximize lifetime of foodstuffs received with preservation potential and to repack or label the consumable ones which otherwise would be lost or thrown away in the garbage. The goal is to achieve more variety and balanced distribution throughout the whole year to the beneficiary agencies of Moisson Montréal inc.

16. Financial instruments*Financial risks and exposure*

The Company is subject to various risks from its financial instruments. The following analysis details the significant risks and exposure for the Company at the balance sheet date, as at March 31, 2017.

Credit risk

Credit risk refers to the financial loss that the Company could incur should a counterparty to a financial instrument default on its obligations. The main credit risk to which the Company is exposed derives from its other receivables.

Notes to Financial Statements**March 31, 2017**

16. Financial instruments (cont'd)*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to such a risk due to its accounts payable and accrued charges.

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 other price risk. The Company is mainly exposed to the currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2017, the Company holds an amount of \$166,354 of investments held in US dollars and is consequently exposed to the foreign exchange fluctuations.

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. The Company is exposed to interest rate risk on its floating interest rates financial instrument (cash at progressive rate) which subject the Company to a cash flow risk and on its fixed interest rates financial instruments (bonds and guaranteed investment certificates and long-term debt) which subject the Company to a fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate as a result 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its investments in shares in public entities and units of mutual funds.

17. Capital disclosures

The Company defines its capital as the balance of the restricted and unrestricted net assets. The Company is subject to an externally imposed capital requirement with regards to accumulation of capital from the Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (CIUSSS C-S) within the framework of the Programme de soutien aux organismes communautaires (thereafter "PSOC"). The Company received, during the year, with regards to PSOC an amount of \$95,431 (\$94,299 in 2016). The Company has to limit its unrestricted accumulated financial surplus to an amount below 25% of its annual expenses. If the Company defaults, the CIUSSS C-S could reduce the annual grant or even revoke its financial support. As at March 31, 2017, the Company was in compliance with this requirement.

Notes to Financial Statements**March 31, 2017**

17. Capital disclosures (cont'd)

The Company's general objectives when managing capital is to maintain sufficient capital to keep a satisfactory liquidity level in order to comply regularly and continuously with its mission which is to recuperate and distribute food to families in need in the Montreal area.

Since its main financing activities are seasonal and occur mostly in December of each year, the Company has set the objective to maintain a level of immediate liquidity the equivalent of approximately six months of operations (currently the liquidity covers approximately five months of operations). This should provide adequate protection to help maintain a consistency in the offering of services. This way, the Company will be less vulnerable to the short and long-term fluctuations of its sources of income and will be able to ensure the replacement, at the right time, of its equipment and installations.

Management has decided to accumulate surpluses in order to attain an appreciable level of liquid assets. The different levels of the Company (from the personnel to the board of directors) are working towards this goal. The cash surplus, not essential to the regular activities, will be entrusted to portfolio management professionals in order to maximise returns with minimum risk. Management and the Board of directors carefully monitor those investments policies and evaluate the risks in order to secure the invested capital.

18. Statement of cash flows

	<u>2017</u>	<u>2016</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ (84,841)	\$ 9,027
Grant receivable from the Ville de Montréal	71,200	(35,600)
Prepaid expenses	9,238	(11,872)
Payables and accrued charges	80,074	(303,098)
Deferred revenue	<u>(2,030)</u>	<u>(1,350)</u>
	<u>\$ 73,641</u>	<u>\$ (342,893)</u>

19. Good Box Good Food

In September 2016, Good Box Good Food ceased its activities. During the financial year, the Company has permitted this entity to use workspace and two trucks for a five months period, contribution that is assessed at \$40,000 (\$96,000 in 2016) by management. The termination of Good Box Good Food's activities resulted in a loss on settlement of \$37,143 for Moisson Montréal.

20. Insurance indemnity

During the financial year, a refrigerated trailer that contained frozen products was stolen from the Company. The indemnity received was used to cover the loss of these products.

21. Comparative figures

Certain comparative figures of the year 2016 have been reclassified to conform to the financial statement presentation adopted in the current year.

Supplementary Financial Data

Year ended March 31	2017	2016
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SCHEDULE A - IN-KIND CONTRIBUTIONS OF FOOD REDISTRIBUTED

Inventory – balance at beginning of year	\$ 2,905,541	\$ 1,884,760
Food supplies received during the year	<u>79,217,867</u>	<u>82,552,506</u>
	82,123,408	84,437,266
Inventory – balance at end of year	<u>1,846,585</u>	<u>2,905,541</u>
	\$ 80,276,823	\$ 81,531,725

SCHEDULE B - REVENUE AND EXPENSES BY ACTIVITY CENTRES**Revenue**

Donations

La grande guignolée des médias	\$ 207,374	\$ 180,429
Fondation J.A. DeSève	229	300,000
Fondation J. Armand Bombardier	75,000	75,000
Fondation Marcelle et Jean Coutu (including amortization of deferred contributions related to fixed assets of \$49,451 (\$49,403 in 2016) (Note 13))	604,451	599,402
Enterprises	347,782	412,727
Religious communities	110,325	120,200
Other foundations	222,077	112,815
Monthly		
Individuals	116,214	108,585
Associations and unions	16,366	18,531
The CP Holiday Train		
Enterprises	15,000	15,000
Individuals	3,489	2,145
Unsolicited		
Enterprises	86,046	44,944
Individuals	374,143	181,779
Designated		
Enterprises	154,227	39,157
Individuals	20,866	4,269
Projects	19,000	47,429
In-Kind		
Enterprises	48,324	66,701
Individuals	31,025	10,631
Planned giving	<u>48,966</u>	<u>74,530</u>
	2,500,904	2,414,274
Centraide of Greater Montreal	<u>415,758</u>	<u>417,391</u>
	\$ 2,916,662	\$ 2,831,665

Supplementary Financial Data

Year ended March 31	2017	2016
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SCHEDULE B - REVENUE AND EXPENSES BY ACTIVITY CENTRES (cont'd)**Revenue (cont'd)**

Fund raising activities

The Great Food Drive for Children	\$ 118,657	\$ 208,632
Direct-mailing advertising	356,871	317,288
Golf tournament	235,790	215,790
Grand Evening – Formula 1	-	424,000
SCQ and Casino de Montréal	10,000	29,370
Other activities	312,201	147,105
	\$ 1,033,519	\$ 1,342,185

Contributions

Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (Note 16)	\$ 95,431	\$ 94,299
Emploi-Québec	21,328	21,276
Other provincial programs	221,454	93,389

Government of Canada

Service Canada	8,276	1,965
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Other

The Food Banks of Québec	279,377	259,900
Municipal program	190,788	138,000

	\$ 816,654	\$ 608,829
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Expenses (Schedule C)

Fund raising activities

The Great Food Drive for Children	\$ 30,007	\$ 20,999
Direct-mailing advertising	37,485	62,933
Golf tournament	79,050	65,617
Grand Evening – Formula 1	-	415,650
Other activities	2,478	18,834

	\$ 149,020	\$ 584,033
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Supplementary Financial Data**Year ended March 31, 2017****SCHEDULE C - ALLOCATION OF EXPENSES**

The Company allocates its expenses by attributing them directly to the activities they relate to.

	Warehouse	Food supplies	Transportation	Maintenance of building	Community liaison	(Schedule B) Fund raising activities	Activities and communications development	Philanthropic development	Management and finances	Human resources	Financial expenses	Total 2017	Total 2016
Salaries, net from government grants of \$13,439 (\$23,427 in 2016)	\$ 851,361	\$ 173,195	\$ 390,977	\$ 122,767	\$ 125,907	\$ -	\$ 208,079	\$ 146,308	\$ 499,878	\$ 332,481	\$ -	\$ 2,850,953	\$ 2,815,297
Sub-contractors	30,100	-	45,415	258	-	-	96,323	110	37,508	3,575	-	213,289	375,143
Heating and electricity	-	-	-	184,461	-	-	-	-	-	-	-	184,461	170,922
Professional fees	-	-	-	-	54	-	808	-	54,202	9,568	-	64,632	113,102
Rolling stock	8,923	-	206,280	3,254	-	-	-	-	-	-	-	218,457	212,919
Purchases of products	-	216,607	-	-	-	-	-	-	-	-	-	216,607	151,448
Municipal taxes	-	-	-	37,502	-	-	-	-	-	-	-	37,502	38,187
Office expenses	6,779	-	86	-	4,355	-	7,528	-	16,913	361	-	36,022	35,431
Insurances	-	-	6,764	23,023	-	-	-	-	131	-	-	29,918	28,172
Postage and courier services	-	-	-	50	-	-	60	450	8,808	-	-	9,368	7,662
Meals and travel - volunteers	-	-	-	-	-	-	-	-	285	16,479	-	16,764	15,346
Telecommunications	806	545	3,213	675	521	-	2,040	828	41,263	1,050	-	50,941	55,066
Repairs and maintenance	76,450	-	-	159,617	-	-	-	-	4,287	-	-	240,354	279,098
Travel and entertainment	22	1,984	-	395	512	-	-	384	6,798	855	-	10,950	13,183
Training	562	-	-	-	-	-	360	-	-	7,994	-	8,916	7,647
Equipment and facilities rental	140,257	-	75,629	1,521	-	-	-	-	-	-	-	217,407	185,691
Promotion	-	-	-	-	-	-	39,127	64	-	4,866	-	44,057	74,988
Activities organization costs	-	-	-	-	-	132,940	1,459	-	-	-	-	134,399	155,514
Garage removal	66,589	-	-	-	-	-	-	-	-	-	-	66,589	59,523
Warehouse supplies	122,698	-	-	-	-	-	-	-	-	-	-	122,698	90,203
Miscellaneous	9,286	-	1,166	42	2,593	-	5,570	2,623	51,415	1,978	-	74,673	40,873
Bank charges	-	-	-	98	-	16,080	-	-	9,675	-	-	25,853	27,202
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	28,520	28,520	32,691
The Grand Evening Formula 1	-	-	-	-	-	-	-	-	-	-	-	-	415,650
Amortization of capital assets	139,029	-	98,587	201,740	-	-	-	-	30,518	1,003	-	470,877	500,458
	<u>\$ 1,452,862</u>	<u>\$ 392,331</u>	<u>\$ 828,117</u>	<u>\$ 735,403</u>	<u>\$ 133,942</u>	<u>\$ 149,020</u>	<u>\$ 361,354</u>	<u>\$ 150,767</u>	<u>\$ 761,681</u>	<u>\$ 380,210</u>	<u>\$ 28,520</u>	<u>\$ 5,374,207</u>	<u>\$ 5,901,416</u>

Supplementary Financial Data**Year ended March 31****2017****2016****SCHEDULE D - FINANCIAL AND OTHER REVENUES**

Interest and dividends	\$ 20,477	\$ 23,337
Loss on realization of investments	(176)	-
Change in fair value of investments	31,306	-
Gain on disposal of fixed assets	13,329	-
Investment management fees	(1,581)	-
	<u>63,355</u>	<u>23,337</u>
	\$ 63,355	\$ 23,337