

**Moisson Montréal inc.**

**Financial Report**

**March 31, 2018**

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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, 2018 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 operating activities for the years ended March 31, 2018 and 2017, assets as at March 31, 2018 and 2017, and net assets as at March 31 for both 2018 and 2017.

***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, 2018, 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 29, 2018

Chartered Professional Accountant Partnership LLP

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<sup>1</sup> CPA Auditor, CA, Public Accountancy Permit No. A111328

## Statement of Revenue

Year ended March 31	2018	2017
<b>Food supply</b>		
In-kind contributions of food	\$ 86,179,825	\$ 79,217,867
In-kind contributions of food redistributed (Schedule A)	<u>85,939,761</u>	<u>80,276,823</u>
Net result – Food supply	<u>240,064</u>	<u>(1,058,956)</u>
<b>Fund raising and administrative activities</b>		
<b>Revenue</b>		
Donations (Schedule B)	2,765,540	2,916,662
Fund raising activities (Schedule B)	1,329,600	1,033,519
Contributions (Schedule B)	673,613	816,654
Rental	182,485	178,000
Amortization of deferred contributions related to fixed assets and intangible assets (Note 14)	208,010	237,338
Financial and other revenues (Schedule D)	<u>19,143</u>	<u>63,355</u>
	<u>5,178,391</u>	<u>5,245,528</u>
<b>Expenses (Schedule C)</b>		
Operations		
Warehouse	1,238,141	1,452,862
Food supplies	272,509	392,331
Transportation	745,102	828,117
Maintenance of building	815,635	735,403
Community liaison	<u>156,679</u>	<u>133,942</u>
	<u>3,228,066</u>	<u>3,542,655</u>
Fund raising activities (Schedule C)	<u>155,258</u>	<u>149,020</u>
Activities and communications development (Schedule C)	<u>483,173</u>	<u>361,354</u>
Philanthropic development (Schedule C)	<u>173,631</u>	<u>150,767</u>
Management (Schedule C)		
General directorate and finances	726,201	761,681
Human resources	347,947	380,210
Financial expenses	<u>24,176</u>	<u>28,520</u>
	<u>1,098,324</u>	<u>1,170,411</u>
	<u>5,138,452</u>	<u>5,374,207</u>
<b>Net result – Fund raising and administrative activities</b>	<u>39,939</u>	<u>(128,679)</u>
<b>Insurance indemnity</b>	<u>-</u>	<u>115,260</u>
<b>Excess of revenue (expenses)</b>	<u>\$ 280,003</u>	<u>\$ (1,072,375)</u>
<b>Total revenue</b>	<u>\$ 91,358,216</u>	<u>\$ 84,578,655</u>
<b>Total expenses</b>	<u>91,078,213</u>	<u>85,651,030</u>
<b>Excess of revenue (expenses)</b>	<u>\$ 280,003</u>	<u>\$ (1,072,375)</u>
<b>Excess of revenue (expenses) excluding food supply</b>	<u>\$ 39,939</u>	<u>\$ (13,419)</u>

Statement of Changes in Net Assets

Year ended March 31

2018

2017

	Internally restricted (Note 15)			Unrestricted	Total	Total
	Management of capital assets	Invested in capital assets	Food preservation, repacking and labeling			
<b>Balance at beginning of year</b>	\$ -	\$ 2,629,363	\$ 850,000	\$ 2,751,021	\$ <b>6,230,384</b>	\$ 7,302,759
Excess of revenue (expenses)	-	(156,993)*	-	436,996	<b>280,003</b>	(1,072,375)
Interfunds transfer	850,000	-	(850,000)	-	-	-
Additions to capital assets	-	14,186	-	(14,186)	-	-
<b>Balance at end of year</b>	\$ 850,000	\$ 2,486,556	\$ Nil	\$ 3,173,831	\$ <b>6,510,387</b>	\$ 6,230,384

\* Represented by:

Amortization of deferred contributions related to fixed assets and intangible assets	\$ 242,622
Amortization of fixed assets and intangible assets	(402,948)
Gain on disposal of capital assets	3,333
	<u>\$ (156,993)</u>

## Statement of Financial Position

March 31

2018

2017

**Current assets**

Cash (Note 3)	\$ 2,261,171	\$ 1,913,592
Accounts receivable (Note 4)	266,364	266,458
Grant receivable from the MAMOT (Notes 5 and 12)	97,484	93,163
Inventory of food	2,086,649	1,846,585
Prepaid expenses	102,590	76,054
Current portion of investments (Note 6)	80,611	80,538

	4,894,869	4,276,390
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<b>Grant receivable from the MAMOT (Notes 5 and 12)</b>	<b>369,163</b>	466,647
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<b>Investments (Note 6)</b>	<b>924,397</b>	939,721
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<b>Fixed assets (Note 7)</b>	<b>5,621,354</b>	5,995,708
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<b>Intangible assets (Note 8)</b>	<b>33,701</b>	142,644
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	6,948,615	7,544,720
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<b>Total assets</b>	<b>\$ 11,843,484</b>	\$ 11,821,110
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**Current liabilities**

Payables and accrued charges (Note 10)	\$ 423,410	\$ 405,148
Deferred contributions related to specific projects (Note 11)	177,100	33,044
Deferred revenue	101,756	76,901
Current portion of subsidized long-term debt (Note 12)	97,484	93,163
Current portion of unsubsidized long-term debt (Note 12)	3,727	3,368

	803,477	611,624
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<b>Long-term debt (Note 12)</b>	<b>377,853</b>	479,064
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<b>Deferred contribution related to children's food aid (Note 13)</b>	<b>995,685</b>	1,006,834
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<b>Deferred contributions related to fixed and intangible assets (Note 14)</b>	<b>3,156,082</b>	3,493,204
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	4,529,620	4,979,102
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<b>Total liabilities</b>	<b>5,333,097</b>	5,590,726
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**Net assets**

Internally restricted (Note 15)		
Management of capital assets	850,000	-
Invested in capital assets	2,486,556	2,629,363
Food preservation, repacking and labeling	-	850,000
Unrestricted	3,173,831	2,751,021
	6,510,387	6,230,384

<b>Total liabilities and net assets</b>	<b>\$ 11,843,484</b>	\$ 11,821,110
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On behalf of the board



Administrator



Administrator

## Statement of Cash Flows

Year ended March 31	2018	2017
<b>Operating activities</b>		
Excess of revenue (expenses)	\$ 280,003	\$ (1,072,375)
Items not affecting cash		
Changes in inventory of food	(240,064)	1,058,956
Deferred contributions related to specific projects recognized as revenue (Note 11)	(734,418)	(919,603)
Deferred contributions related to children's food aid recognized as revenue (Note 13)	(40,000)	-
Amortization of deferred contributions related to fixed and intangible assets (Note 14)	(242,622)	(286,789)
Amortization of fixed and intangible assets	402,948	470,877
Investments donations recognized as revenue	(30,688)	(31,025)
Loss (profit) on realization of investments included in financial revenues	(6,754)	176
Change in fair value of investments	3,019	(31,306)
Gain on disposal of fixed assets	(3,333)	(13,329)
	<u>(611,909)</u>	<u>(824,418)</u>
Changes in non-cash working capital items (Note 18)	16,675	92,971
Receipt of deferred contributions related to specific projects (Note 11)	878,474	589,504
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	28,851	6,834
	<u>312,091</u>	<u>864,891</u>
<b>Financing activities</b>		
Reduction of the long-term debt	(3,368)	(3,043)
Deferred contributions related to fixed and intangible assets	-	3,000
	<u>(3,368)</u>	<u>(43)</u>
<b>Investing activities</b>		
Changes in reserved cash	(3,497)	(19,431)
Additions to fixed and intangible assets	(14,151)	(147,732)
Disposal of fixed assets	3,333	20,400
Acquisition of investments	(135,154)	(1,197,772)
Disposal of investments	184,828	250,299
	<u>35,359</u>	<u>(1,094,236)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>344,082</b>	<b>(229,388)</b>
Cash and cash equivalents at beginning of year	<u>1,894,161</u>	<u>2,123,549</u>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,238,243</b>	<b>\$ 1,894,161</b>
<b>Cash and cash equivalents are represented by:</b>		
Cash	\$ 935,352	\$ 634,320
Cash at progressive rate	<u>1,302,891</u>	<u>1,259,841</u>
	<u>\$ 2,238,243</u>	<u>\$ 1,894,161</u>
<b>Supplemental information</b>		
Reduction of long-term debt by the MAMOT	\$ 93,163	\$ 89,036
Write-off of an intangible asset and its related contribution	\$ 94,500	\$ -

**Notes to Financial Statements****March 31, 2018**

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**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. Significant 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 2018 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, 2018

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**2. Significant 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 there are no more potential service for the Company. An impairment loss is recognized when the carrying amount of the asset exceeds the residual value. The impairment loss is measured as the amount by which the carrying amount of the long-term asset exceeds its residual 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 change in fair value of investments is recorded in the statement of revenue.

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, 2018

**2. Significant 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>2018</u>	<u>2017</u>
Cash	\$ 935,352	\$ 634,320
Cash at progressive rate	1,302,891	1,259,841
Reserved cash	<u>22,928</u>	<u>19,431</u>
	<u>\$ 2,261,171</u>	<u>\$ 1,913,592</u>

**4. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Government contributions	\$ 2,219	\$ 4,862
Other receivables	245,369	248,054
Sales taxes	<u>18,776</u>	<u>13,542</u>
	<u>\$ 266,364</u>	<u>\$ 266,458</u>

## Notes to Financial Statements

March 31, 2018

**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 12).

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**

	<b>2018</b>		<b>2017</b>	
	Cost	Fair value	Cost	Fair value
Bonds and guaranteed investment certificates, rates ranging from 1.7% to 2.7%, maturing through April 2023	\$ 480,000	\$ 483,620	\$ 500,000	\$ 506,116
Shares of public entities held in Canadian dollars	1,959	2,120	-	-
Units of mutual funds	494,762	519,268	488,953	514,143
	<b>\$ 976,721</b>	<b>\$ 1,005,008</b>	<b>\$ 988,953</b>	<b>\$ 1,020,259</b>
Current portion of investments		<b>80,611</b>		80,538
		<b>\$ 924,397</b>		<b>\$ 939,721</b>

Investments include an amount of \$1,000,964 (\$1,018,731 in 2017) which is reserved for children's food aid.

**7. Fixed assets**

	<b>2018</b>			<b>2017</b>
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	-	\$ 1,460,619	\$ 1,460,619
Building	5,758,332	2,159,526	3,598,806	3,788,217
Rolling stock	807,897	645,472	162,425	232,036
Refrigeration equipment	632,184	501,182	131,002	163,753
Computer equipment	331,716	301,776	29,940	38,206
Office and warehouse equipment	1,115,959	877,397	238,562	312,877
	<b>\$ 10,106,707</b>	<b>\$ 4,485,353</b>	<b>\$ 5,621,354</b>	<b>\$ 5,995,708</b>

## Notes to Financial Statements

March 31, 2018

8. Intangible assets	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 118,842	\$ 101,201	\$ 17,641	\$ 25,202
Unused software (Note 14)	-	-	-	94,500
Multimedia material – Food Recovery Program in Supermarkets	36,544	22,122	14,422	20,602
Trademark	3,821	2,183	1,638	2,340
	<u>\$ 159,207</u>	<u>\$ 125,506</u>	<u>\$ 33,701</u>	<u>\$ 142,644</u>

## 9. Credit facilities

The Company has a line of credit of \$500,000 bearing interest at prime rate (3.45% as at March 31, 2018), plus 0.25%, secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2018.

10. Payables and accrued charges	2018	2017
Accounts payable and accrued charges	\$ 243,797	\$ 221,361
Salaries and vacations payable	160,391	164,762
Source deductions payable	19,222	19,025
	<u>\$ 423,410</u>	<u>\$ 405,148</u>

## 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:

	Christmas campaign	Food Recovery Program in Supermarkets	The Great Food Drive for Children	2018	2017
Balance at beginning of year	\$ 22,384	\$ -	\$ 10,660	\$ 33,044	\$ 363,143
Contributions received during the year	113,524	739,550	25,400	878,474	589,504
Contributions recognized as revenue	(135,908)	(572,450)	(26,060)	(734,418)	(919,603)
Balance at end of year	\$ Nil	\$ 167,100	\$ 10,000	\$ 177,100	\$ 33,044

## Notes to Financial Statements

March 31, 2018

<b>12. Long-term debt</b>	<u>2018</u>	<u>2017</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	\$ 241,188	\$ 294,325
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	225,459	265,485
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 \$9,049	<u>12,417</u>	<u>15,785</u>
Current portion of the subsidized long-term debt	97,484	93,163
Current portion of the unsubsidized long-term debt	<u>3,727</u>	<u>3,368</u>
	<b>\$ 377,853</b>	<b>\$ 479,064</b>

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

2019	\$ 101,211
2020	\$ 106,134
2021	\$ 111,313
2022	\$ 111,710
2023	\$ 48,696

## Notes to Financial Statements

March 31, 2018

**13. 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>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 1,006,834	\$ -
Contributions received during the year	-	1,000,000
Investment revenues allocated to the project	28,851	6,834
Contributions recognized as revenue	<u>(40,000)</u>	<u>-</u>
Balance at end of year	<u>\$ 995,685</u>	<u>\$ 1,006,834</u>

**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:

	<u>Food Recovery Program in Supermarkets</u>			<u>2018</u>	<u>2017</u>
	<u>Fondation Marcelle et Jean Coutu</u>	<u>Other</u>	<u>Other</u>		
Balance at beginning of year	\$ 108,500	\$ 60,404	\$ 3,324,300	\$ 3,493,204	\$ 3,776,993
Contributions received during the year	-	-	-	-	3,000
Amortization	(32,550)	(19,022)	(191,050)	<b>(242,622)</b>	(286,789)
Write-off	<u>-</u>	<u>-</u>	<u>(94,500)</u>	<b>(94,500)</b>	<u>-</u>
Balance at end of year	<u>\$ 75,950</u>	<u>\$ 41,382</u>	<u>\$ 3,038,750</u>	<b>\$ 3,156,082</b>	<u>\$ 3,493,204</u>

**Notes to Financial Statements****March 31, 2018**

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**15. Internally restricted***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 was to achieve more variety and balanced distribution throughout the whole year to the beneficiary agencies of Moisson Montréal inc. This year, the Board of directors decided to end this restriction and use these funds for the management of capital assets.

*Management of capital assets*

In 2018, the Board of directors of the Company reserved an amount of \$850,000 for the management of capital assets in preparation of eventual maintenance to preserve the good condition of the Company's capital assets.

*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.

**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, 2018.

*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. No bad debts were provided for as at March 31, 2018 and 2017.

*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 and its non-subsidized long-term debt.

*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.

**Notes to Financial Statements****March 31, 2018**

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**16. Financial instruments (cont'd)***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, 2018, the Company holds an amount of \$172,375 (\$166,354 in 2017) 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 of public entities and units of mutual funds.

The carrying value of all financial liabilities secured aggregates to \$479,063 (\$575,595 in 2017).

**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 \$96,099 (\$95,431 in 2017). 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, 2018, the Company was in compliance with this requirement.

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.



## Notes to Financial Statements

March 31, 2018

**17. Capital disclosures (cont'd)**

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>2018</u>	<u>2017</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ 94	\$ (84,841)
Grant receivable from the Ville de Montréal	-	71,200
Prepaid expenses	<b>(26,536)</b>	9,238
Payables and accrued charges	<b>18,262</b>	80,074
Deferred revenue	<b>24,855</b>	17,300
	<u>\$ 16,675</u>	<u>\$ 92,971</u>

**19. Comparative figures**

Certain comparative figures of the year 2017 have been reclassified to conform to the financial statement presentation adopted in the current year.



## Supplementary Financial Data

Year ended March 31

2018

2017

**SCHEDULE B – REVENUE AND EXPENSES BY ACTIVITY CENTRES (cont'd)****Revenue (cont'd)**

## Fund raising activities

The Great Food Drive for Children	\$ 227,076	\$ 118,657
Direct-mailing advertising	378,585	356,871
Golf tournament	274,825	235,790
SCQ and Casino de Montréal	21,400	10,000
Other activities	427,714	312,201
	<u>\$ 1,329,600</u>	<u>\$ 1,033,519</u>

## Contributions

## Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (Note 17)	\$ 96,099	\$ 95,431
Emploi Québec	16,200	21,328
Other provincial programs	85,488	221,454

## Government of Canada

Service Canada	17,728	8,276
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## Other

The Food Banks of Québec	266,709	279,377
Municipal program	152,742	190,788
Regroupement Partage	15,000	-
The Canadian Internet Registration Authority	23,647	-
	<u>\$ 673,613</u>	<u>\$ 816,654</u>

**Expenses (Schedule C)**

## Fund raising activities

The Great Food Drive for Children	\$ 23,134	\$ 16,514
Direct-mailing advertising	49,006	36,554
Golf tournament	60,882	79,872
Other activities	22,236	16,080
	<u>\$ 155,258</u>	<u>\$ 149,020</u>

## Supplementary Financial Data

Year ended March 31, 2018

## 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	General directorate and finances	Human resources	Financial expenses	Total 2018	Total 2017
Salaries, net from government grants of \$12,079 (\$13,439 in 2017)	\$ 907,701	\$ 134,847	\$ 390,370	\$ 135,981	\$ 132,047	\$ -	\$ 290,724	\$ 170,240	\$ 489,563	\$ 296,749	\$ -	\$ 2,948,222	\$ 2,850,953
Sub-contractors	-	-	30,578	-	-	-	86,833	161	26,022	3,367	-	146,961	213,289
Heating and electricity	-	-	-	177,478	-	-	-	-	-	-	-	177,478	184,461
Professional fees	-	-	-	-	21,205	-	-	-	49,664	17,859	-	88,728	64,632
Rolling stock	2,602	75	202,761	1,914	-	-	-	-	-	-	-	207,352	218,457
Purchases of products	-	135,908	-	-	-	-	-	-	-	-	-	135,908	216,607
Municipal taxes	-	-	-	37,384	-	-	-	-	-	-	-	37,384	37,502
Office expenses	84	-	-	-	288	-	3,143	-	17,275	178	-	20,968	36,022
Insurances	-	-	6,753	21,577	-	-	-	-	-	-	-	28,330	29,918
Postage and courier services	-	-	-	-	-	-	55	-	6,783	-	-	6,838	9,368
Meals and travel – volunteers	-	-	-	-	-	-	-	-	-	18,870	-	18,870	16,764
Telecommunications	1,201	908	3,140	636	182	-	1,501	1,222	41,421	1,740	-	51,951	50,941
Repairs and maintenance	34,575	-	-	247,874	-	-	-	-	5,688	-	-	288,137	240,354
Travel and entertainment	-	771	-	518	2,516	-	-	20	9,197	274	-	13,296	10,950
Training	1,173	-	-	-	-	-	871	-	-	5,909	-	7,953	8,916
Equipment and facilities rental	58,487	-	42,189	-	-	-	-	-	-	-	-	100,676	217,407
Promotion	-	-	-	59	-	-	55,863	-	-	1,432	-	57,354	44,057
Activities organization costs	-	-	-	-	-	133,022	24,421	-	-	-	-	157,443	134,399
Garbage removal	70,815	-	-	-	-	-	-	-	-	-	-	70,815	66,589
Warehouse supplies	40,597	-	-	-	-	-	-	-	-	-	-	40,597	122,698
Miscellaneous	3,876	-	209	-	441	-	19,762	1,988	48,467	867	-	75,610	74,673
Bank charges	-	-	-	-	-	22,236	-	-	8,221	-	-	30,457	25,853
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	24,176	24,176	28,520
Amortization of capital assets	117,030	-	69,102	192,214	-	-	-	-	23,900	702	-	402,948	470,877
	\$ 1,238,141	\$ 272,509	\$ 745,102	\$ 815,635	\$ 156,679	\$ 155,258	\$ 483,173	\$ 173,631	\$ 726,201	\$ 347,947	\$ 24,176	\$ 5,138,452	\$ 5,374,207

## Supplementary Financial Data

Year ended March 31	2018	2017
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**SCHEDULE D – FINANCIAL AND OTHER REVENUES**

Interest and dividends	\$ 16,525	\$ 20,477
Profit (loss) on realization of investments	6,754	(176)
Change in fair value of investments	(3,019)	31,306
Gain on disposal of fixed assets	3,333	13,329
Investment management fees	<u>(4,450)</u>	<u>(1,581)</u>
	<b>\$ 19,143</b>	<b>\$ 63,355</b>