

Moisson Montréal inc.

Financial Report

March 31, 2019

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Independent Auditor's Report

To the Administrators of
Moisson Montréal inc.:

Qualified Opinion

We have audited the financial statements of **Moisson Montréal inc.** (the "Company"), which comprise the balance sheet as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the 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 the Company. 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, 2019 and 2018, assets as at March 31, 2019 and 2018, and net assets as at March 31 for both 2019 and 2018.

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 Company 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 audit opinion.

Emphasis of Matter – Restated comparative information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the period ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (cont'd)

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ***Independent Auditor's Report (cont'd)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Montreal, Québec
May 28, 2019

Chartered Professional Accountant Partnership LLP

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

Statement of Revenue

Year ended March 31	2019	2018
		restated
Food supply		
In-kind contributions of food	\$ 88,681,894	\$ 92,031,669
Compost, recycling, waste and changes in inventory	(3,255,711)	(1,734,456)
In-kind contributions of food redistributed (Schedule A)	<u>(85,206,010)</u>	<u>(89,314,246)</u>
Net result – Food supply	<u>220,173</u>	<u>982,967</u>
Fundraising and administrative activities		
Revenue		
Donations (Schedule B)	3,223,129	2,481,532
Fundraising activities (Schedule B)	1,512,770	1,567,633
Contributions (Schedule B)	509,927	406,903
Rental and other services	557,619	495,170
Amortization of deferred contributions related to fixed assets and intangible assets (Note 15)	188,445	208,010
Financial and other revenues (Schedule D)	<u>45,967</u>	<u>19,143</u>
	<u>6,037,857</u>	<u>5,178,391</u>
Expenses (Schedule C)		
Operations		
Warehouse	1,277,284	1,238,141
Procurement	358,899	272,509
Transportation	855,665	745,102
Maintenance of building	842,423	815,635
Community liaison	<u>173,694</u>	<u>156,679</u>
	<u>3,507,965</u>	<u>3,228,066</u>
Fundraising activities (Schedule C)	<u>142,674</u>	<u>155,258</u>
Activities and communications development (Schedule C)	<u>342,678</u>	<u>483,173</u>
Philanthropic development (Schedule C)	<u>296,937</u>	<u>173,631</u>
Management (Schedule C)		
Executive and finances	802,023	726,201
Human resources	355,038	347,947
Financial expenses	<u>18,800</u>	<u>24,176</u>
	<u>1,175,861</u>	<u>1,098,324</u>
	<u>5,466,115</u>	<u>5,138,452</u>
Net result – Fundraising and administrative activities	<u>571,742</u>	<u>39,939</u>
Excess of revenue	<u>\$ 791,915</u>	<u>\$ 1,022,906</u>
Total revenue	<u>\$ 91,464,040</u>	<u>\$ 95,475,604</u>
Total expenses	<u>90,672,125</u>	<u>94,452,698</u>
Excess of revenue	<u>\$ 791,915</u>	<u>\$ 1,022,906</u>
Excess of revenue excluding food supply	<u>\$ 571,742</u>	<u>\$ 39,939</u>

Statement of Changes in Net Assets**Year ended March 31****2019****2018**

	Internally restricted (Note 16)		Unrestricted	Total	Total restated
	Management of capital assets	Invested in capital assets			
Balance at beginning of year					
Already established balance	\$ 850,000	\$ 2,486,556	\$ 3,173,831	\$ 6,510,387	\$ 6,230,384
Prior years restatements	-	-	319,281	319,281	(423,622)
Restated balance	850,000	2,486,556	3,493,112	6,829,668	5,806,762
Excess of revenue	-	(124,413)*	916,328	791,915	1,022,906
Transfer	400,000	-	(400,000)	-	-
Additions to capital assets	-	36,167	(36,167)	-	-
Balance at end of year	\$ 1,250,000	\$ 2,398,310	\$ 3,973,273 **	\$ 7,621,583	\$ 6,829,668

* **Represented by:**

Amortization of deferred contributions related to fixed assets and intangible assets

\$ 212,674

Amortization of fixed assets and intangible assets

(337,087)

\$ (124,413)

** **Represented by:**

Inventory of food to be redistributed

\$ 2,626,103

Other net assets

1,347,170

\$ 3,973,273

Statement of Financial Position

March 31	2019	2018
		restated
Current assets		
Cash (Note 4)	\$ 2,886,438	\$ 2,261,171
Accounts receivable (Note 5)	210,039	266,364
Grant receivable from the MAMOT (Notes 6 and 13)	102,009	97,484
Inventory of food	2,626,103	2,405,930
Prepaid expenses	103,824	102,590
Current portion of investments (Note 7)	362,572	80,611
	<u>6,290,985</u>	<u>5,214,150</u>
Grant receivable from the MAMOT (Notes 6 and 13)	267,152	369,163
Investments (Note 7)	849,136	924,397
Fixed assets (Note 8)	5,368,127	5,621,354
Intangible assets (Note 9)	23,591	33,701
	<u>6,508,006</u>	<u>6,948,615</u>
Total assets	\$ 12,798,991	\$ 12,162,765
Current liabilities		
Payables and accrued charges (Note 11)	\$ 508,191	\$ 423,410
Deferred contributions related to specific projects (Note 12)	251,979	177,100
Deferred revenue	71,236	101,756
Current portion of subsidized long-term debt (Note 13)	102,009	97,484
Current portion of unsubsidized long-term debt (Note 13)	-	3,727
	<u>933,415</u>	<u>803,477</u>
Long-term debt (Note 13)	267,152	377,853
Deferred contribution related to children's food aid (Note 14)	983,433	995,685
Deferred contributions related to fixed and intangible assets (Note 15)	2,993,408	3,156,082
	<u>4,243,993</u>	<u>4,529,620</u>
Total liabilities	5,177,408	5,333,097
Net assets		
Internally restricted (Note 16)		
Management of capital assets	1,250,000	850,000
Invested in capital assets	2,398,310	2,486,556
Unrestricted	3,973,273	3,493,112
	<u>7,621,583</u>	<u>6,829,668</u>
Total liabilities and net assets	\$ 12,798,991	\$ 12,162,765

On behalf of the board



Administrator



Administrator

Statement of Cash Flows

Year ended March 31	2019	2018
		restated
Operating activities		
Excess of revenue	\$ 791,915	\$ 1,022,906
Items not affecting cash		
Changes in inventory of food	(220,173)	(982,967)
Deferred contributions related to specific projects recognized as revenue (Note 12)	(648,121)	(701,868)
Deferred contributions related to children's food aid recognized as revenue (Note 14)	(40,000)	(40,000)
Amortization of deferred contributions related to fixed and intangible assets (Note 15)	(212,674)	(242,622)
Amortization of fixed and intangible assets	337,087	402,948
Investments donations recognized as revenue	(27,413)	(30,688)
Profit on realization of investments included in financial revenues	(4,691)	(6,754)
Change in fair value of investments	(10,518)	3,019
Gain on disposal of fixed assets	-	(3,333)
	<u>(34,588)</u>	<u>(579,359)</u>
Changes in non-cash working capital items (Note 19)	109,352	16,675
Receipt of deferred contributions related to specific projects (Note 12)	723,000	845,924
Investments revenues allocated to deferred contributions related to children's food aid (Note 14)	27,748	28,851
	<u>825,512</u>	<u>312,091</u>
Financing activities		
Reduction of the long-term debt	(12,417)	(3,368)
Deferred contributions related to fixed and intangible assets (Note 15)	50,000	-
	<u>37,583</u>	<u>(3,368)</u>
Investing activities		
Changes in reserved cash	(13,934)	(3,497)
Additions to fixed and intangible assets	(73,750)	(14,151)
Disposal of fixed assets	-	3,333
Acquisition of investments	(513,488)	(135,154)
Disposal of investments	349,410	184,828
	<u>(251,762)</u>	<u>35,359</u>
Net increase in cash and cash equivalents	611,333	344,082
Cash and cash equivalents at beginning of year	<u>2,238,243</u>	<u>1,894,161</u>
Cash and cash equivalents at end of year	\$ 2,849,576	\$ 2,238,243
Cash and cash equivalents are represented by:		
Cash	\$ 1,317,265	\$ 935,352
Cash at progressive rate	<u>1,532,311</u>	<u>1,302,891</u>
	<u>\$ 2,849,576</u>	<u>\$ 2,238,243</u>
Supplemental information		
Reduction of long-term debt by the MAMOT	\$ 97,486	\$ 93,163
Write-off of an intangible asset and its related contribution	\$ -	\$ 94,500

Notes to Financial Statements**March 31, 2019**

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. Voluntary change of accounting policy

On April 1st 2018, the Company retrospectively applied a new method for the evaluation of its in-kind contributions of food, its redistributed food products and for its inventory of food.

Previously, the company used a method based on the monthly average prices paid by consumers by food categories as established by Statistics Canada.

This new method uses a value established by an internationally renowned measurement and data analytics firm to evaluate in-kind contributions of food, redistributed food products and inventory of food. This firm is independent of the company. Since *Food Banks Canada* and many other Canadian food banks use this method, management decided to use it to be able to have better comparability of its financial statements with the other Canadian food banks.

Consequently to the adoption, the accounts described thereafter have been increased (decreased) of the following amounts:

Net assets as at April 1st 2017

Opening balance	\$ (423,622)
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Statement of Financial Position as at March 31st 2018

Inventory of food	\$ 319,281
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Net assets as at April 1st 2018

Opening balance	\$ 319,281
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Result of the year ended on March 31st 2018

In-kind contributions of food	\$ 5,851,844
Compost, recycling, waste and changes in inventory	\$ (1,734,456)
In-kind contributions of food redistributed	\$ 3,374,485
Excess of revenue	\$ 742,903

Notes to Financial Statements**March 31, 2019**

3. 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.

Fundraising activities revenue is recognized at the date of the event.

The rental revenue is recorded monthly as it becomes due.

The other services revenue is recorded when the services are rendered.

The financial revenue is recorded as it is earned.

Recovered donations redistributed as food products and compost, recycling, waste and changes in inventory

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. Compost, recycling and waste are also weighted and recognized under the same method. Donations received are valued by adding or subtracting inventory changes to the donated food supplies. Donations are valued based on a value established by an internationally renowned measurement and data analytics firm to evaluate in-kind contributions of food, food redistributed as well as compost, recycling and waste.

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 2019 consist of in-kind contributions of food, publicly-listed securities and donated services. The fair value of the in-kind contributions of food is established with a value provided by an internationally renowned measurement and data analytics firm. The publicly-listed securities are evaluated at the fair value of the stock market at the moment of the transfer. Donated services are evaluated at the real value the Company would have paid for those 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 a value established by an internationally renowned measurement and data analytics firm.

Notes to Financial Statements

March 31, 2019

3. 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 which is determined using the closing price as at March 31, 2019 or at the fair value provided by the managers for the other investments. 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, 2019**

3. 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 and the determination of the food value. Actual results could differ from these estimates.

4. Cash

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,317,265	\$ 935,352
Cash at progressive rate	1,532,311	1,302,891
Reserved cash for children's food aid (Note 7)	<u>36,862</u>	<u>22,928</u>
	<u>\$ 2,886,438</u>	<u>\$ 2,261,171</u>

Notes to Financial Statements**March 31, 2019**

5. Accounts receivable	<u>2019</u>	<u>2018</u>
Other receivables	\$ 232,272	\$ 245,369
Allowance for bad debts	(56,086)	-
	176,186	245,369
Sales taxes	32,473	18,776
Government contributions	1,380	2,219
	\$ 210,039	\$ 266,364

6. 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.

7. Investments	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Bonds and guaranteed investment certificates, rates ranging from 1.8% to 3.27%, maturing through October 2023	\$ 680,009	\$ 686,073	\$ 480,000	\$ 483,620
Shares of public entities held in Canadian dollars	22,367	23,621	1,159	2,120
Units of mutual funds	470,527	502,014	494,762	519,268
	\$ 1,172,903	1,211,708	\$ 976,721	1,005,008
Current portion of investments		362,572		80,611
		\$ 849,136		\$ 924,397

Investments include an amount of \$981,978 on which is added an amount of \$36,862 in cash for a total of \$1,018,840 (\$1,023,892 in 2018) which are reserved for children's food aid.

Notes to Financial Statements**March 31, 2019**

8. Fixed assets	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	\$ -	\$ 1,460,619	\$ 1,460,619
Building	5,814,633	2,355,933	3,458,700	3,598,806
Rolling stock	807,897	694,199	113,698	162,425
Refrigeration equipment	637,054	528,113	108,941	131,002
Computer equipment	340,654	312,610	28,044	29,940
Office and warehouse equipment	1,119,600	921,475	198,125	238,562
	<u>\$ 10,180,457</u>	<u>\$ 4,812,330</u>	<u>\$ 5,368,127</u>	<u>\$ 5,621,354</u>

9. Intangible assets	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 118,842	\$ 106,493	\$ 12,349	\$ 17,641
Multimedia material – Food Recovery Program in Supermarkets	36,544	26,449	10,095	14,422
Trademark	3,821	2,674	1,147	1,638
	<u>\$ 159,207</u>	<u>\$ 135,616</u>	<u>\$ 23,591</u>	<u>\$ 33,701</u>

10. Credit facilities

The Company has a line of credit of \$500,000 bearing interest at prime rate (3.95% as at March 31, 2019), plus 0.25%, secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2019.

Notes to Financial Statements**March 31, 2019**

11. Payables and accrued charges	<u>2019</u>	<u>2018</u>
Accounts payable and accrued charges	\$ 287,415	\$ 243,797
Salaries and vacations payable	199,929	160,391
Payroll deductions payable	<u>20,847</u>	<u>19,222</u>
	\$ 508,191	\$ 423,410

12. Deferred contributions related to specific projects

Deferred contributions are intended to cover the operating expenses for the roof repair, 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>Roof repair</u>	<u>Christmas campaign</u>	<u>Food Recovery Program in Supermarkets</u>	<u>The Great Food Drive for Children</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ -	\$ -	\$ 167,100	\$ 10,000	\$ 177,100	\$ 33,044
Contributions received during the year	150,000 *	50,000	523,000	-	723,000	845,924
Contributions recognized as revenue	<u>-</u>	<u>(50,000)</u>	<u>(588,121)</u>	<u>(10,000)</u>	<u>(648,121)</u>	<u>(701,868)</u>
Balance at end of year	<u>\$ 150,000</u>	<u>\$ Nil</u>	<u>\$ 101,979</u>	<u>\$ Nil</u>	<u>\$ 251,979</u>	<u>\$ 177,100</u>

* This amount was provided by Fondation Marcelle et Jean Coutu.

Notes to Financial Statements**March 31, 2019**

13. Long-term debt	<u>2019</u>	<u>2018</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	\$ 185,329	\$ 241,188
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	183,832	225,459
Loan reimbursed during the year	-	12,417
	<u>369,161</u>	<u>479,064</u>
Current portion of the subsidized long-term debt	102,009	97,484
Current portion of the unsubsidized long-term debt	-	3,727
	<u>\$ 267,152</u>	<u>\$ 377,853</u>

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

2020	\$ 102,009
2021	\$ 106,748
2022	\$ 111,710
2023	\$ 48,694

Notes to Financial Statements**March 31, 2019****14. 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>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 995,685	\$ 1,006,834
Investment revenues allocated to the project	27,748	28,851
Contributions recognized as revenue	<u>(40,000)</u>	<u>(40,000)</u>
Balance at end of year	<u>\$ 983,433</u>	<u>\$ 995,685</u>

15. 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>2019</u>	<u>2018</u>
	<u>Fondation Marcelle et Jean Coutu</u>	<u>Other</u>	<u>Other</u>		
Balance at beginning of year	\$ 75,950	\$ 41,382	\$ 3,038,750	\$ 3,156,082	\$ 3,493,204
Contributions received during the year	-	-	50,000	50,000	-
Amortization	(22,785)	(22,336)	(167,553)	(212,674)	(242,622)
Write-off	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,500)</u>
Balance at end of year	<u>\$ 53,165</u>	<u>\$ 19,046</u>	<u>\$ 2,921,197</u>	<u>\$ 2,993,408</u>	<u>\$ 3,156,082</u>

Notes to Financial Statements**March 31, 2019**

16. Internally restricted*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. During the year, the Board of directors reserved an additional amount of \$400,000 for the same purpose.

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.

17. 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, 2019.

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.

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, 2019, the Company holds an amount of \$183,227 (\$172,375 in 2018) of investments held in US dollars and is consequently exposed to the foreign exchange fluctuations.

Notes to Financial Statements**March 31, 2019**

17. Financial instruments (cont'd)*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 \$369,161 (\$479,063 in 2018).

18. 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 \$104,053 (\$96,099 in 2018). 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, 2019, 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.

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 four 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.

Notes to Financial Statements**March 31, 2019****19. Statement of cash flows**

	<u>2019</u>	<u>2018</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ 56,325	\$ 94
Prepaid expenses	(1,234)	(26,536)
Payables and accrued charges	84,781	18,262
Deferred revenue	<u>(30,520)</u>	<u>24,855</u>
	<u>\$ 109,352</u>	<u>\$ 16,675</u>

20. Comparative figures

Certain comparative figures of the year 2018 have been reclassified to conform to the financial statement presentation adopted in the current year.

Supplementary Financial Data

Year ended March 31	2019	2018
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restated

SCHEDULE A – IN-KIND CONTRIBUTIONS OF FOOD REDISTRIBUTED

Inventory balance at beginning of year	\$ 2,405,930	\$ 1,422,963
Food supply received during the year	88,681,894	92,031,669
Compost, recycling, waste and changes in inventory	(3,255,711)	(1,734,456)
	87,832,113	91,720,176
Inventory balance at end of year	(2,626,103)	(2,405,930)
	\$ 85,206,010	\$ 89,314,246

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

Donations		
Fondation J.A. De Sève	\$ 150,000	\$ 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 \$24,229 (\$34,612 in 2018) (Note 15)	574,229	589,613
Chamandy Foundation	200,000	-
Enterprises	617,008	426,578
Individuals	502,332	489,782
Religious communities	107,325	135,309
Other foundations	205,431	157,500
Monthly		
Individuals	168,273	140,382
Unions and other associations	18,906	16,197
The CP Holiday Train		
Enterprises	15,000	15,000
Individuals	2,336	3,158
In-Kind		
Enterprises	48,324	51,818
Individuals	27,413	30,688
Planned giving	95,794	50,505
	2,807,371	2,481,530
Centraide of Greater Montreal	415,758	-
	\$ 3,223,129	\$ 2,481,530

Supplementary Financial Data

Year ended March 31	2019	2018
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restated

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

Fundraising activities

La grande guignolée des médias	\$ 190,158	\$ 175,616
The Great Food Drive for Children	180,294	227,076
Direct-mailing advertising	341,086	378,585
Golf tournament	259,752	274,825
SCQ and Casino de Montréal	25,000	21,400
Other activities	516,480	490,132
	<u>\$ 1,512,770</u>	<u>\$ 1,567,634</u>

Contributions

Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (Note 18)	\$ 104,053	\$ 96,099
Emploi Québec	15,278	16,200
Other provincial programs	121,557	85,488

Government of Canada

Service Canada	12,068	17,728
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Other

Municipal program	235,143	152,742
Regroupement Partage	-	15,000
The Canadian Internet Registration Authority	21,828	23,647
	<u>\$ 509,927</u>	<u>\$ 406,904</u>

Expenses (Schedule C)

Fundraising activities

The Great Food Drive for Children	\$ 15,481	\$ 23,134
Direct-mailing advertising	33,686	49,006
Golf tournament	59,340	60,882
Other activities	34,167	22,236
	<u>\$ 142,674</u>	<u>\$ 155,258</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	Procurement	Transportation	Maintenance of building	Community liaison	(Schedule B) Fundraising activities	Activities and communications development	Philanthropic development	Executive and finances	Human resources	Financial expenses	Total 2019	Total 2018
Salaries (net from government grants of \$12,079 in 2018)	\$ 943,902	\$ 177,066	\$ 403,738	\$ 130,578	\$ 149,174	\$ -	\$ 203,877	\$ 290,152	\$ 522,739	\$ 303,666	\$ -	\$ 3,124,892	\$ 2,948,222
Sub-contractors	-	-	147,746	-	-	-	-	148	60,171	5,517	-	213,582	137,174
Heating and electricity	-	-	-	194,454	-	-	-	-	-	-	-	194,454	177,478
Professional fees	-	-	-	33,423	22,179	-	32,545	-	62,523	12,194	-	162,864	175,612
Rolling stock	2,711	-	166,818	1,920	-	-	-	-	-	-	-	171,449	157,030
Purchases of products	-	175,732	-	-	-	-	-	-	-	-	-	175,732	135,908
Municipal taxes	-	-	-	37,399	-	-	-	-	-	-	-	37,399	37,384
Office expenses	281	696	81	43	1,514	-	3,755	-	17,049	10	-	23,429	19,808
Insurances	-	-	6,579	21,704	-	-	-	-	-	-	-	28,283	28,330
Postage and courier services	-	-	-	-	-	-	5	-	4,935	-	-	4,940	6,838
Meals and travel – volunteers	-	-	-	-	-	-	-	-	-	20,885	-	20,885	18,870
Telecommunications	1,204	1,050	2,671	628	61	-	2,807	542	11,329	754	-	21,046	25,227
Repairs and maintenance	38,045	-	-	233,866	-	-	-	-	15,282	-	-	287,193	288,137
Travel and entertainment	461	3,624	12	268	290	-	7,607	1,197	9,011	322	-	22,792	18,744
Training	-	-	-	-	-	-	246	558	-	5,441	-	6,245	7,953
Equipment and facilities rental	56,661	-	51,396	677	-	-	-	-	-	-	-	108,734	100,676
Promotion	-	-	-	-	-	-	55,205	146	-	3,266	-	58,617	58,514
Activities organization costs	-	-	-	-	-	116,844	26,900	-	-	-	-	143,744	157,443
Garbage removal	73,702	-	-	-	-	-	-	-	-	-	-	73,702	70,815
Warehouse supplies	66,220	-	-	-	-	-	-	-	-	-	-	66,220	40,597
Miscellaneous	7,483	731	28,253	5,000	476	-	9,731	4,194	15,216	2,491	-	73,575	70,111
Bank charges	-	-	-	-	-	25,830	-	-	8,535	-	-	34,365	30,457
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	18,800	18,800	24,176
Amortization of capital assets	86,614	-	48,371	182,463	-	-	-	-	19,147	492	-	337,087	402,948
Bad debts	-	-	-	-	-	-	-	-	56,086	-	-	56,086	-
	\$ 1,277,284	\$ 358,899	\$ 855,665	\$ 842,423	\$ 173,694	\$ 142,674	\$ 342,678	\$ 296,937	\$ 802,023	\$ 355,038	\$ 18,800	\$ 5,466,115	\$ 5,138,452

Supplementary Financial Data**Year ended March 31** **2019** **2018****SCHEDULE D – FINANCIAL AND OTHER REVENUES**

Interest and dividends	\$ 34,953	\$ 16,525
Profit on realization of investments	4,691	6,754
Change in fair value of investments	10,518	(3,019)
Gain on disposal of fixed assets	-	3,333
Investment management fees	(4,195)	(4,450)
	<u>\$ 45,967</u>	<u>\$ 19,143</u>