

Moisson Montréal inc.

Financial Report

March 31, 2020

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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, 2020, 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, 2020, 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, 2020 and 2019, assets as at March 31, 2020 and 2019, and net assets as at March 31 for both 2020 and 2019.

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 – Subsequent event

Without modifying our opinion, we draw attention to Note 19 to the financial statements, which describes the situation in the context of the COVID-19 global pandemic declared by the World Health Organization.

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.



Montréal, Québec
May 29, 2020

Chartered Professional Accountant Partnership LLP

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

Statement of Revenue

Year ended March 31

2020

2019

Year ended March 31	2020	2019
Food supply		
In-kind contributions of food	\$ 84,088,432	\$ 88,681,894
Compost, recycling, waste and changes in inventory	(3,386,808)	(3,255,711)
In-kind contributions of food redistributed (Schedule A)	<u>(81,542,698)</u>	<u>(85,206,010)</u>
Net result – Food supply	<u>(841,074)</u>	<u>220,173</u>
Food distribution activities		
Revenue		
Donations (Schedule B)	3,330,262	2,957,416
Fundraising activities (Schedule B)	1,922,752	1,778,483
Contributions (Schedule B)	453,744	509,927
Rental and other services	465,359	557,619
Amortization of deferred contributions related to fixed assets and intangible assets (Note 14)	191,974	188,445
Financial and other revenues (Schedule D)	<u>(26,253)</u>	<u>45,967</u>
	<u>6,337,838</u>	<u>6,037,857</u>
Expenses (Schedule C)		
Operations		
Warehouse	1,322,695	1,277,284
Procurement	377,476	358,899
Transportation	972,676	855,665
Maintenance of building	679,568	842,423
Community liaison	<u>153,294</u>	<u>173,694</u>
	<u>3,505,709</u>	<u>3,507,965</u>
Fundraising activities (Schedule C)	<u>179,783</u>	<u>146,520</u>
Activities and communications development (Schedule C)	<u>451,875</u>	<u>338,832</u>
Philanthropic development (Schedule C)	<u>195,584</u>	<u>296,937</u>
Management (Schedule C)		
Executive and finances	727,568	802,023
Human resources	380,111	355,038
Financial expenses	<u>13,469</u>	<u>18,800</u>
	<u>1,121,148</u>	<u>1,175,861</u>
	<u>5,454,099</u>	<u>5,466,115</u>
Net result – Food distribution activities before major repair	<u>883,739</u>	<u>571,742</u>
Major repair – Roof repair	<u>428,038</u>	<u>-</u>
Net result – Food distribution activities	<u>455,701</u>	<u>571,742</u>
Excess of revenue (expenses)	<u>\$ (385,373)</u>	<u>\$ 791,915</u>
Total revenue	<u>\$ 90,426,270</u>	<u>\$ 94,719,751</u>
Total expenses	<u>90,811,643</u>	<u>93,927,836</u>
Excess of revenue (expenses)	<u>\$ (385,373)</u>	<u>\$ 791,915</u>
Excess of revenue excluding food supply	<u>\$ 455,701</u>	<u>\$ 571,742</u>

Moisson Montréal inc.

Statement of Changes in Net Assets
Year ended March 31

2020 2019

	Internally restricted (Note 15)			Total
	Management of capital assets	Exceptional future costs related to COVID-19 pandemic	Invested in capital assets	Total
Balance at beginning of year	\$ 1,250,000	\$ -	\$ 2,398,310	\$ 7,621,583
Excess of revenue	(278,038)	-	(114,664)	(385,373)
Transfer (Notes 15 and 20)	-	311,837	-	-
Additions to capital assets	(40,530)	-	(276,768)	-
Balance at end of year	\$ 931,432	\$ 311,837	\$ 2,006,878	\$ 7,236,210

Represented by:	
Amortization of deferred contributions related to fixed assets and intangible assets	\$ 208,934
Loss on disposal of fixed assets	(2,037)
Amortization of fixed assets and intangible assets	(321,561)
	\$ (114,664)

Represented by:	
Inventory of food to be redistributed	\$ 1,785,029
Other net assets	2,201,034
	\$ 3,986,063

Statement of Financial Position

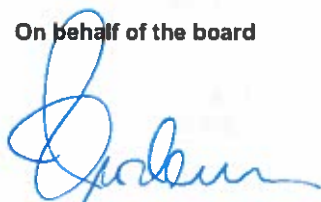
March 31

2020

2019

Current assets		
Cash (Note 3)	\$ 2,173,784	\$ 2,886,438
Accounts receivable (Note 4)	678,316	210,039
Grant receivable from the MAMOT (Notes 5 and 12)	106,748	102,009
Inventory of food	1,785,029	2,626,103
Prepaid expenses	62,391	103,824
Current portion of investments (Note 6)	<u>1,656,502</u>	<u>362,572</u>
	6,462,770	6,290,985
Grant receivable from the MAMOT (Notes 5 and 12)	160,403	267,152
Investments (Note 6)	827,588	849,136
Fixed assets (Note 7)	5,254,587	5,368,127
Intangible assets (Note 8)	23,003	23,591
	<u>6,265,581</u>	<u>6,508,006</u>
Total assets	\$ 12,728,351	\$ 12,798,991
Current liabilities		
Payables and accrued charges (Note 10)	\$ 564,088	\$ 508,191
Deferred contributions related to specific projects (Note 11)	318,163	251,979
Deferred revenue	57,783	71,236
Current portion of subsidized long-term debt (Note 12)	<u>106,748</u>	<u>102,009</u>
	1,046,782	933,415
Subsidized long-term debt (Note 12)	160,403	267,152
Deferred contribution related to children's food aid (Note 13)	1,014,244	983,433
Deferred contributions related to fixed and intangible assets (Note 14)	3,270,712	2,993,408
	<u>4,445,359</u>	<u>4,243,993</u>
Total liabilities	5,492,141	5,177,408
Net assets		
Internally restricted (Note 15)		
Management of capital assets	931,432	1,250,000
Exceptional future costs relating to COVID-19 pandemic	311,837	-
Invested in capital assets	2,006,878	2,398,310
Unrestricted	<u>3,986,063</u>	<u>3,973,273</u>
	7,236,210	7,621,583
Total liabilities and net assets	\$ 12,728,351	\$ 12,798,991

On behalf of the board




Statement of Cash Flows

Year ended March 31	2020	2019
Operating activities		
Excess of revenue (expenses)	\$ (385,373)	\$ 791,915
Items not affecting cash		
Changes in inventory of food	841,074	(220,173)
Deferred contributions related to specific projects recognized as revenue (Note 11)	(425,040)	(648,121)
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)	(208,934)	(212,674)
Amortization of fixed and intangible assets	321,561	337,087
Investments donations recognized as revenue	(54,908)	(27,413)
Profit on realization of investments included in financial revenues	(5,223)	(4,691)
Change in fair value of investments	69,105	(10,518)
Loss on disposal of fixed assets	2,037	-
	<u>154,299</u>	<u>(34,588)</u>
Changes in non-cash working capital items (Note 18)	(384,400)	109,352
Receipt of deferred contributions related to specific projects (Note 11)	491,224	723,000
Investments revenues allocated to deferred contributions related to children's food aid (Note 13)	30,811	27,748
	<u>291,934</u>	<u>825,512</u>
Financing activities		
Reduction of the long-term debt	-	(12,417)
Deferred contributions related to fixed and intangible assets (Note 14)	486,238	50,000
	<u>486,238</u>	<u>37,583</u>
Investing activities		
Changes in reserved cash	4,471	(13,934)
Additions to fixed and intangible assets	(210,520)	(73,750)
Disposal of fixed assets	1,050	-
Acquisition of investments	(1,685,690)	(513,488)
Disposal of investments	404,334	349,410
	<u>(1,486,355)</u>	<u>(251,762)</u>
Net increase (decrease) in cash and cash equivalents	(708,183)	611,333
Cash and cash equivalents at beginning of year	<u>2,849,576</u>	<u>2,238,243</u>
Cash and cash equivalents at end of year	\$ 2,141,393	\$ 2,849,576
Cash and cash equivalents are represented by:		
Cash	\$ 1,830,426	\$ 1,317,265
Cash at progressive rate	<u>310,967</u>	<u>1,532,311</u>
	<u>\$ 2,141,393</u>	<u>\$ 2,849,576</u>
<i>Supplemental information without effect on cash</i>		
<i>Reduction of long-term debt by the MAMOT</i>	<i>\$ 102,010</i>	<i>\$ 97,486</i>

Notes to Financial Statements**March 31, 2020**

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 by participating 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.

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 and redistributed 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 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 2020 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. The fair value of the donations in supplies or in hours represents \$89,902 in 2020 (\$75,737 in 2019).

Notes to Financial Statements

March 31, 2020

2. Significant accounting policies (cont'd)*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.

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, 2020 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.

Notes to Financial Statements

March 31, 2020

2. Significant accounting policies (cont'd)

*Financial instruments (cont'd)**Valuation (cont'd)*

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.

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.

3. Cash

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,830,426	\$ 1,317,265
Cash at progressive rate	310,967	1,532,311
Reserved cash for children's food aid (Note 6)	<u>32,391</u>	<u>36,862</u>
	<u>\$ 2,173,784</u>	<u>\$ 2,886,438</u>

Notes to Financial Statements

March 31, 2020

4. Accounts receivable	<u>2020</u>	<u>2019</u>
Other receivables	\$ 654,788	\$ 232,272
Allowance for bad debts	<u>-</u>	<u>(56,086)</u>
	654,788	176,186
Sales taxes	23,528	32,473
Government contributions	<u>-</u>	<u>1,380</u>
	<u>\$ 678,316</u>	<u>\$ 210,039</u>

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	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Bonds and guaranteed investment certificates, rates ranging from 1.85% to 3.27%, maturing through October 2024	\$ 1,979,949	\$ 1,980,197	\$ 680,009	\$ 686,073
Shares of public entities held in Canadian dollars	10,025	8,460	22,367	23,621
Units of mutual funds	<u>524,416</u>	<u>495,433</u>	<u>470,527</u>	<u>502,014</u>
	<u>\$ 2,514,390</u>	<u>2,484,090</u>	<u>\$ 1,172,903</u>	<u>1,211,708</u>
Current portion of investments		<u>1,656,502</u>		<u>362,572</u>
		<u>\$ 827,588</u>		<u>\$ 849,136</u>

Investments include an amount of \$945,873 on which is added an amount of \$32,391 in cash for a total of \$978,264 (\$1,018,840 in 2019) which are reserved for children's food aid.

Notes to Financial Statements

March 31, 2020

7. Fixed assets			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	\$ -	\$ 1,460,619	\$ 1,460,619
Building	5,814,633	2,528,868	3,285,765	3,458,700
Rolling stock	893,126	657,422	235,704	113,698
Refrigeration equipment	637,054	549,901	87,153	108,941
Computer equipment	367,153	325,570	41,583	28,044
Office and warehouse equipment	1,124,590	980,827	143,763	198,125
	<u>\$ 10,297,175</u>	<u>\$ 5,042,588</u>	<u>\$ 5,254,587</u>	<u>\$ 5,368,127</u>

8. Intangible assets			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 126,029	\$ 110,895	\$ 15,134	\$ 12,349
Multimedia material – Food Recovery Program in Supermarkets	36,544	29,478	7,066	10,095
Trademark	3,821	3,018	803	1,147
	<u>\$ 166,394</u>	<u>\$ 143,391</u>	<u>\$ 23,003</u>	<u>\$ 23,591</u>

9. Credit facilities

The Company has a line of credit of \$500,000 bearing interest at prime rate (2.45% as at March 31, 2020), plus 0.25%, secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2020.

10. Payables and accrued charges	2020	2019
Accounts payable and accrued charges	\$ 268,397	\$ 287,415
Salaries and vacations payable	252,876	199,929
Government remittances	42,815	20,847
	<u>\$ 564,088</u>	<u>\$ 508,191</u>

Notes to Financial Statements

March 31, 2020

11. 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, the Transportation project, the Snack project, the COVID-19 reserve and the Fight Against Hunger project.

Changes in deferred contributions are as follows:

	Roof repair	Christmas campaign	Food Recovery Program in Supermarkets	Transportation project	Snack project	COVID-19 (Note 20)	Fight Against Hunger Project	2020	2019
Balance at beginning of year	\$ 150,000	\$ -	\$ 101,979	\$ -	\$ -	\$ -	\$ -	\$ 251,979	\$ 177,100
Contributions received during the year	-	50,000	-	101,601	30,000	246,000	63,623	491,224	723,000
Contributions recognized as revenue	(150,000)	(50,000)	(101,979)	(64,434)	(10,000)	-	(48,627)	(425,040)	(648,121)
Balance at end of year	\$ Nil	\$ Nil	\$ Nil	\$ 37,167	\$ 20,000	\$ 246,000	\$ 14,996	\$ 318,163	\$ 251,979

Notes to Financial Statements

March 31, 2020

12. Subsidized long-term debt

	<u>2020</u>	<u>2019</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	\$ 126,611	\$ 185,329
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	<u>140,540</u>	<u>183,832</u>
	<u>267,151</u>	<u>369,161</u>
Current portion of the subsidized long-term debt	<u>106,748</u>	<u>102,009</u>
	<u>\$ 160,403</u>	<u>\$ 267,152</u>

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

2021	\$ 106,748
2022	111,710
2023	<u>48,693</u>
	<u>\$ 267,151</u>

Notes to Financial Statements

March 31, 2020

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>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 983,433	\$ 995,685
Investment revenues allocated to the project	30,811	27,748
Contributions recognized as revenue	<u>-</u>	<u>(40,000)</u>
Balance at end of year	<u>\$ 1,014,244</u>	<u>\$ 983,433</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>2020</u>	<u>2019</u>
	<u>Fondation Marcelle et Jean Coutu</u>	<u>Other</u>	<u>Other</u>		
Balance at beginning of year	\$ 53,165	\$ 40,353	\$ 2,899,890	\$ 2,993,408	\$ 3,156,082
Contributions received during the year	-	165,000	321,238	486,238	50,000
Amortization	<u>(15,950)</u>	<u>(24,481)</u>	<u>(168,503)</u>	<u>(208,934)</u>	<u>(212,674)</u>
Balance at end of year	<u>\$ 37,215</u>	<u>\$ 180,872</u>	<u>\$ 3,052,625</u>	<u>\$ 3,270,712</u>	<u>\$ 2,993,408</u>

Notes to Financial Statements**March 31, 2020**

15. 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 for potential necessary work to preserve the good condition of the Company's capital assets.

In 2019, the Board of directors reserved an additional amount of \$400,000 for the same purpose. During the year, an amount of \$278,038 reduced that reserve to account for work done for the management of capital assets.

In addition, an amount of \$40,530 (net from a grant of \$165,000) was invested to acquire capital assets, such as a refrigerated vehicle and computer equipment for amounts of \$171,844 and \$33,686 respectively.

Exceptional future costs relating to COVID-19 pandemic

On May 29, 2020, the Board of directors decided to reserve, as at March 31, 2020, an amount of \$311,837 to provide for all exceptional future costs relating to the COVID-19 pandemic.

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, 2020.

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. As at March 31, 2020, approximately 61% of other receivables from contributors came from one contributor (66% from one contributor in 2019).

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.

Notes to Financial Statements**March 31, 2020**

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, 2020, the Company holds an amount of \$171,761 (\$183,227 in 2019) 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 \$267,151 (\$369,161 in 2019).

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 \$117,594 (\$104,053 in 2019). 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, 2020, the Company is 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.

Notes to Financial Statements

March 31, 2020

17. Capital disclosures (cont'd)

The cash surplus, not essential to the regular activities, will be entrusted to portfolio management professionals in order to obtain a meaningful return with minimum risk. Management ensures periodically that the established investment rules are followed to ensure the security of the invested capital.

18. Statement of cash flows

	<u>2020</u>	<u>2019</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ (468,277)	\$ 56,325
Prepaid expenses	41,433	(1,234)
Payables and accrued charges	55,897	84,781
Deferred revenue	<u>(13,453)</u>	<u>(30,520)</u>
	<u>\$ (384,400)</u>	<u>\$ 109,352</u>

19. Subsequent event

In March 2020, the World Health Organization decreed a worldwide pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving and the measures put in place are having multiple impacts on local, provincial, national and global economies. This situation also led the Quebec government to order the closing of all businesses and shops in the province, except for certain essential services, starting on March 23, 2020, until May 4, 2020 for regions outside of Montreal and until May 25, 2020 for the greater Montreal region.

This situation triggered for the Company an important increase in donations in order to respond to the potentially important demands that will happen in the next months. The Company's challenge will be to meet these demands while continuing to respect the governmental guidelines which aim to limit the spread of the virus. These guidelines relate notably, to the reorganization of the workstations and the circulation in the Company in an effort to respect the sanitary protocols of Public health. While there is uncertainty with regards to the duration of the pandemic, no negative impact on the financial statements of the Company is expected that could put in doubt its capacity to operate as a going concern at this point.

Notes to Financial Statements

March 31, 2020

20. Breakdown of the amounts obtained by virtue of the COVID-19 pandemic

The Company obtained contributions due to an enhanced outpouring of generosity in consideration of the COVID-19 pandemic. Here is an accumulation of the amounts collected and receivable as well as the breakdown of these amounts in the financial statements:

	Amounts collected	Amounts receivable	Balance as at March 31, 2020
Amounts obtained by virtue of COVID-19	\$ 380,451	\$ 177,386	\$ 557,837
Presentation in the financial statements			
Recorded in deferred contributions (Note 11)			\$ 246,000
Recorded in revenue and transferred in the reserve “Exceptional future costs relating to COVID-19 pandemic” in net assets (Note 15)			<u>311,837</u>
			<u>\$ 557,837</u>

21. Comparative figures

Certain comparative figures of the year 2019 have been reclassified to conform to the financial statement presentation adopted in the current year.

Supplementary Financial Data

Year ended March 31

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SCHEDULE A – IN-KIND CONTRIBUTIONS OF FOOD REDISTRIBUTED

Inventory balance at beginning of year	\$ 2,626,103	\$ 2,405,930
Food supply received during the year	84,088,432	88,681,894
Compost, recycling, waste and changes in inventory	<u>(3,386,808)</u>	<u>(3,255,711)</u>
	83,327,727	87,832,113
Inventory balance at end of year	<u>(1,785,029)</u>	<u>(2,626,103)</u>
	<u>\$ 81,542,698</u>	<u>\$ 85,206,010</u>

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

Fondation J.A. De Sève	\$ 150,000	\$ 150,000
Fondation J. Armand Bombardier	80,000	75,000
Fondation Marcelle et Jean Coutu (including amortization of deferred contributions related to fixed assets of \$16,960 (\$24,229 in 2019) (Note 14)	216,961	574,229
Chamandy Foundation	200,000	200,000
Enterprises	475,599	351,295
Individuals	585,461	502,332
Religious communities	87,275	107,325
Other foundations	183,079	205,431
Monthly		
Individuals	194,366	168,273
Unions and other associations	38,723	18,906
The CP Holiday Train		
Enterprises	15,000	15,000
Individuals	2,705	2,336
In-Kind		
Enterprises	35,000	48,324
Individuals	54,902	27,413
Planned giving	<u>595,433</u>	<u>95,794</u>

2,914,504 2,541,658

Centraide of Greater Montreal

415,758 415,758\$ 3,330,262 \$ 2,957,416

Supplementary Financial Data

Year ended March 31

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

Revenue (cont'd)

Fundraising activities

La guignolée des médias	\$ 168,173	\$ 190,158
The Great Food Drive for Children	80,859	180,294
Direct-mailing advertising	510,802	341,086
Golf tournament	263,978	259,752
SAQXBAQ Campaign	204,633	265,713
SCQ and Casino de Montréal	29,500	25,000
Other activities	664,807	516,480
	<u>\$ 1,922,752</u>	<u>\$ 1,778,483</u>

Contributions

Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (Note 17)	\$ 117,594	\$ 104,053
Emploi Québec	16,200	15,278
Other provincial programs	119,950	121,557

Government of Canada

Service Canada	-	12,068
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Other

Municipal program	200,000	235,143
The Canadian Internet Registration Authority	-	21,828
	<u>\$ 453,744</u>	<u>\$ 509,927</u>

Expenses (Schedule C)

Fundraising activities

The Great Food Drive for Children	\$ 8,530	\$ 15,481
Direct-mailing advertising	29,324	33,686
Golf tournament	80,884	59,340
Other activities	23,580	22,564
	<u>\$ 142,318</u>	<u>\$ 131,071</u>

Moisson Montréal inc.

Supplementary Financial Data
Year ended March 31, 2020

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 2020	Total 2019
Salaries (net from government grants of \$18,930 in 2020)	\$ 940,409	\$ 176,836	\$ -406,960	\$ 108,254	\$ 148,003	\$ -	\$ 338,467	\$ 190,715	\$ 506,912	\$ 302,205	\$ -	\$ 3,118,761	\$ 3,124,892
Sub-contractors	-	-	56,403	-	-	-	-	250	93,859	11,268	-	161,780	103,598
Heating and electricity	-	-	-	166,523	-	-	-	-	-	-	-	166,523	194,454
Professional fees	-	-	-	3,750	-	-	28,796	-	59,653	16,256	-	108,455	162,757
Rolling stock	-	-	196,100	346	-	-	-	-	-	-	-	196,446	168,738
External transportation	-	-	168,734	-	-	-	-	-	-	-	-	168,734	109,608
Purchases of products	-	195,297	-	-	-	-	-	-	-	-	-	195,297	175,732
Municipal taxes	3,015	-	480	37,566	-	-	10,121	-	15,335	765	-	37,566	37,399
Office expenses	-	-	6,207	21,957	-	-	-	-	-	-	-	29,716	21,915
Insurances	-	-	-	-	-	-	114	-	5,916	-	-	6,030	4,940
Postage and courier services	-	-	-	-	-	-	-	-	-	19,581	-	19,581	20,885
Meals and travel – volunteers	-	-	-	-	-	-	-	-	-	733	-	24,568	21,046
Telecommunications	1,158	1,247	1,966	618	361	-	3,531	-	14,954	-	-	251,793	289,904
Repairs and maintenance	81,800	-	-	161,119	-	-	-	-	8,874	-	-	16,160	23,388
Travel and entertainment	95	1,946	100	200	759	-	2,210	127	10,175	548	-	14,357	6,245
Training	-	-	-	-	-	-	-	-	-	14,357	-	143,704	108,734
Equipment and facilities rental	51,329	-	88,408	3,967	-	-	-	-	-	2,978	-	54,144	58,617
Promotion	-	-	-	-	-	142,318	51,166	-	-	-	-	142,318	120,690
Activities organization costs	-	-	-	-	-	-	-	-	-	-	-	96,999	73,702
Garbage removal	96,999	-	-	-	-	-	-	-	-	-	-	65,981	66,220
Warehouse supplies	65,981	-	-	-	-	-	-	-	-	-	-	62,567	103,053
Miscellaneous	1,935	2,150	650	124	4,171	-	17,470	4,492	20,499	11,076	-	41,083	29,342
Bank charges	-	-	-	-	-	-	-	-	3,618	-	-	13,469	18,800
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-	321,561	337,087
Amortization of capital assets	79,974	-	46,668	175,144	-	-	-	-	19,431	344	-	(31,658)	56,086
Bad debts	-	-	-	-	-	-	-	-	(31,658)	-	-	-	-
	\$ 1,322,695	\$ 377,476	\$ 972,676	\$ 679,568	\$ 153,294	\$ 179,783	\$ 451,875	\$ 195,584	\$ 727,568	\$ 380,111	\$ 13,469	\$ 5,454,099	\$ 5,466,115

* The breakdown key for the salaries between the different activities is the proportion of the time allocated by the employees to each activity.

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SCHEDULE D – FINANCIAL AND OTHER REVENUES

Interest and dividends	\$ 44,270	\$ 34,953
Profit on realization of investments	5,223	4,691
Change in fair value of investments	(69,105)	10,518
Loss on disposal of fixed assets	(2,037)	-
Investment management fees	<u>(4,604)</u>	<u>(4,195)</u>
	<u>\$ (26,253)</u>	<u>\$ 45,967</u>