

Moisson Montréal inc.

Financial Report

March 31, 2021

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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 statement of financial position as at March 31, 2021, and the statements of revenue, 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, 2021, 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, 2021 and 2020, assets as at March 31, 2021 and 2020, and net assets as at March 31 for both 2021 and 2020.

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.

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.

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.

Independent Auditor's Report (cont'd)

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.
- 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.

Independent Auditor's Report (cont'd)

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.

A handwritten signature in black ink that reads "Petrie Raymond". The signature is written in a cursive style with a large, sweeping initial "P".

Montréal, Québec
May 28, 2021

Chartered Professional Accountant Partnership LLP

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

Statement of Revenue

Year ended March 31

2021

2020

Food supply

In-kind contributions of food	\$ 122,167,469	\$ 84,088,432
Compost, recycling, waste and changes in inventory	(2,677,301)	(3,386,808)
In-kind contributions of food redistributed (Schedule A)	(117,629,539)	(81,542,698)
Net result – Food supply	1,860,629	(841,074)

Food distribution activities**Revenue**

Donations (Schedule B)	7,259,147	3,330,262
Fundraising activities (Schedule B)	4,740,178	1,922,752
Contributions (Schedule B)	911,585	453,744
Rental and other services	447,376	465,359
Amortization of deferred contributions related to fixed assets and intangible assets (Note 15)	206,729	191,974
Financial and other revenues (Schedule D)	159,026	(26,253)
	13,724,041	6,337,838

Expenses (Schedule C)

Operations

Warehouse	1,633,302	1,322,695
Procurement	406,600	377,476
Transportation	1,191,327	972,676
Maintenance of building	881,836	679,568
Community liaison	216,353	153,294
	4,329,418	3,505,709

Fundraising activities (Schedule C)

75,231 179,783

Activities and communications development (Schedule C)

504,603 451,875

Philanthropic development (Schedule C)

253,446 195,584

Management (Schedule C)

Executive and finances	747,275	727,568
Human resources	397,099	380,111
Financial expenses	3,895	13,469
	1,148,269	1,121,148

6,310,967 5,454,099

Net result – Food distribution activities before other expenses

7,413,074 883,739

Other expenses

Donations (Note 17)	6,730,000	-
Major repair – Roof repair	-	428,038
	6,730,000	428,038

Net result – Food distribution activities

683,074 455,701

Excess of revenue (expenses)

\$ 2,543,703 \$ (385,373)

Total revenue

\$ 135,891,510 \$ 90,426,270

Total expenses

133,347,807 90,811,643

Excess of revenue (expenses)

\$ 2,543,703 \$ (385,373)

Excess of revenue excluding food supply

\$ 683,074 \$ 455,701

Statement of Changes in Net Assets

Year ended March 31

2021

2020

	Internally restricted (Note 16)			Unrestricted	Total	Total
	Management of capital assets	Exceptional future costs related to COVID-19 pandemic	Invested in capital assets			
Balance at beginning of year	\$ 931,432	\$ 311,837	\$ 2,006,878	\$ 3,986,063	\$ 7,236,210	\$ 7,621,583
Excess of revenue	-	(311,837)	(183,925)	* 3,039,465	2,543,703	(385,373)
Transfer (Note 16)	700,000	-	-	(700,000)	-	-
Additions to capital assets	(617,570)	-	964,304	(346,734)	-	-
Balance at end of year	\$ 1,013,862	\$ Nil	\$ 2,787,257	\$ 5,978,794	**\$ 9,779,913	\$ 7,236,210

* **Represented by:**

Amortization of deferred contributions related to fixed assets and intangible assets

\$ 218,601

Amortization of fixed assets and intangible assets

(402,526)

\$ (183,925)

** **Represented by:**

Inventory of food to be redistributed

\$ 3,645,658

Other net assets

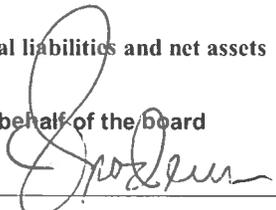
2,333,136

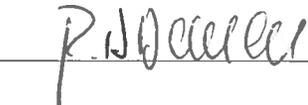
\$ 5,978,794

Statement of Financial Position

March 31	2021	2020
Current assets		
Cash (Note 3)	\$ 1,941,213	\$ 2,141,393
Accounts receivable (Note 4)	267,544	678,316
Grant receivable from the MAMOT (Notes 5 and 13)	111,710	106,748
Inventory of food	3,645,658	1,785,029
Prepaid expenses	35,451	62,391
Current portion of investments (Note 6)	813,118	1,511,106
	<u>6,814,694</u>	<u>6,284,983</u>
Grant receivable from the MAMOT (Notes 5 and 13)	48,694	160,403
Investments (Note 6)	1,325,476	27,111
Reserved investments for children's food aid (Note 7)	1,132,354	978,264
Fixed assets (Note 8)	6,331,776	5,254,587
Intangible assets (Note 9)	15,592	23,003
	<u>8,853,892</u>	<u>6,443,368</u>
Total assets	\$ 15,668,586	\$ 12,728,351
Current liabilities		
Payables and accrued charges (Note 11)	\$ 914,004	\$ 564,088
Deferred contributions related to specific projects (Note 12)	65,000	318,163
Deferred revenue	56,800	57,783
Current portion of subsidized long-term debt (Note 13)	111,710	106,748
	<u>1,147,514</u>	<u>1,046,782</u>
Subsidized long-term debt (Note 13)	48,694	160,403
Deferred contribution related to children's food aid (Note 14)	1,132,354	1,014,244
Deferred contributions related to fixed and intangible assets (Note 15)	3,560,111	3,270,712
	<u>4,741,159</u>	<u>4,445,359</u>
Total liabilities	5,888,673	5,492,141
Net assets		
Internally restricted (Note 16)		
Management of capital assets	1,013,862	931,432
Exceptional future costs relating to COVID-19 pandemic	-	311,837
Invested in capital assets	2,787,257	2,006,878
Unrestricted	5,978,794	3,986,063
	<u>9,779,913</u>	<u>7,236,210</u>
Total liabilities and net assets	\$ 15,668,586	\$ 12,728,351

On behalf of the board

 Administrator

 Administrator

Statement of Cash Flows

Year ended March 31	2021	2020
Operating activities		
Excess of revenue (expenses)	\$ 2,543,703	\$ (385,373)
Items not affecting cash		
Changes in inventory of food	(1,860,629)	841,074
Deferred contributions related to specific projects recognized as revenue (Note 12)	(382,718)	(425,040)
Amortization of deferred contributions related to fixed and intangible assets (Note 15)	(218,601)	(208,934)
Amortization of fixed and intangible assets	402,526	321,561
Investments donations recognized as revenue	(428,622)	(54,908)
Profit on realization of investments included in financial revenues	(19,928)	(5,223)
Change in fair value of investments	(78,996)	69,105
Loss on disposal of fixed assets	-	2,037
	<u>(43,265)</u>	<u>154,299</u>
Changes in non-cash working capital items (Note 20)	652,960	(384,400)
Receipt of deferred contributions related to specific projects (Note 12)	129,555	491,224
Investments revenues allocated to deferred contributions related to children's food aid (Note 14)	54,745	30,811
	<u>793,995</u>	<u>291,934</u>
Financing activity		
Deferred contributions related to fixed and intangible assets (Note 15)	<u>508,000</u>	<u>486,238</u>
Investing activities		
Acquisition of investments	(2,378,119)	(1,685,690)
Disposal of investments	2,214,563	408,805
Additions to fixed and intangible assets	(1,338,619)	(210,520)
Disposal of fixed assets	-	1,050
	<u>(1,502,175)</u>	<u>(1,486,355)</u>
Net increase (decrease) in cash and cash equivalents	(200,180)	(708,183)
Cash and cash equivalents at beginning of year	<u>2,141,393</u>	<u>2,849,576</u>
Cash and cash equivalents at end of year	\$ 1,941,213	\$ 2,141,393
Supplemental information without effect on cash		
<i>Reduction of long-term debt by the MAMOT – financing</i>	\$ 106,747	\$ 102,010
<i>Acquisition of fixed assets included in accounts payable and accrued charges – investing</i>	\$ 133,685	\$ -
<i>Change in fair value of reserved investments for children's food aid and deferred contributions related to children's food aid – investing and financing</i>	\$ 63,365	\$ -

Notes to Financial Statements**March 31, 2021**

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 provide an optimal food supply for community agencies serving Montréal’s most vulnerable people while actively participating in the development of sustainable solutions to promote 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, services or in goods

Donations received in supplies, services or in goods (donations in-kind) are recorded at fair value when they can be reasonably estimated. Supplies contributions for the year ended in 2021 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, services or in goods represents \$448,622 in 2021 (\$89,902 in 2020).

Notes to Financial Statements

March 31, 2021

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 and freezing 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, 2021 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, 2021

2. Significant accounting policies (cont'd)*Financial instruments (cont'd)**Valuation (cont'd)*

The Company's financial assets, measured at amortized cost include cash, other receivables, receivable wage subsidy 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 as well as the determination of the food value and fair value of the investments. Actual results could differ from these estimates.

3. Cash

	<u>2021</u>	<u>2020</u>
Cash	\$ 378,954	\$ 1,830,426
Cash at progressive rate	<u>1,562,259</u>	<u>310,967</u>
	<u>\$ 1,941,213</u>	<u>\$ 2,141,393</u>

Notes to Financial Statements

March 31, 2021

4. Accounts receivable	2021	2020
Other receivables	\$ 178,813	\$ 654,788
Receivable wage subsidy	25,000	-
Sales taxes	63,731	23,528
	\$ 267,544	\$ 678,316

5. Grant receivable and differed contributions

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

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

6. Investments	2021		2020	
	Cost	Fair value	Cost	Fair value
Floating interest rate bank notes and guaranteed investment certificates, rate of 1.75%, maturing through April 2027	\$ 2,089,036	\$ 2,137,597	\$ 1,499,940	\$ 1,511,106
Shares of public entities held in Canadian dollars	-	-	10,025	8,460
Units of mutual funds	862	997	22,572	18,651
	\$ 2,089,898	2,138,594	\$ 1,532,537	1,538,217
Current portion of investments		813,118		1,511,106
		\$ 1,325,476		\$ 27,111

Notes to Financial Statements

March 31, 2021

7. Reserved investments for children's food aid	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash	\$ 3,358	\$ 3,358	\$ 32,391	\$ 32,391
Floating interest rate bank note, bond and guaranteed investment certificates, rates ranging from 1.85% to 3.27%, maturing through November 2025	400,009	404,450	480,009	469,091
Units of mutual funds	665,622	724,546	501,844	476,782
	\$ 1,068,989	\$ 1,132,354	\$ 1,014,244	\$ 978,264

8. Fixed assets	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	\$ -	\$ 1,460,619	\$ 1,460,619
Building	5,706,264	2,577,703	3,128,561	3,285,765
Rolling stock	1,095,386	763,421	331,965	235,704
Refrigeration and freezing equipment	1,224,611	567,331	657,280	87,153
Computer equipment	311,720	286,581	25,139	41,583
Office and warehouse equipment	1,753,647	1,025,435	728,212	143,763
	\$ 11,552,247	\$ 5,220,471	\$ 6,331,776	\$ 5,254,587

No amortization was recorded for a portion of the office and warehouse equipment as they were not in service on March 31, 2021.

9. Intangible assets	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 104,205	\$ 94,122	\$ 10,083	\$ 15,134
Multimedia material – Food Recovery Program in Supermarkets	36,544	31,597	4,947	7,066
Trademark	3,821	3,259	562	803
	\$ 144,570	\$ 128,978	\$ 15,592	\$ 23,003

Notes to Financial Statements

March 31, 2021

10. Credit facilities

The Company has a line of credit of \$250,000 bearing interest at prime rate (2.45% as at March 31, 2021 and 2020), plus 0.5% (0.25% as at March 31, 2020), secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2021.

11. Payables and accrued charges

	<u>2021</u>	<u>2020</u>
Accounts payable and accrued charges	\$ 561,263	\$ 268,397
Salaries and vacations payable	302,852	252,876
Government remittances	<u>49,889</u>	<u>42,815</u>
	<u>\$ 914,004</u>	<u>\$ 564,088</u>

Notes to Financial Statements

March 31, 2021

12. Deferred contributions related to specific projects

Deferred contributions are intended to cover the operating expenses for the Christmas campaign, FBC – After the Bell program, the General Mills – Transportation project, the Snack project, the COVID-19 reserve and the Walmart – Fight Hunger Spark Change Campaign.

Changes in deferred contributions are as follows:

	Christmas campaign	FBC – After the Bell	General Mills – Trans- portation project	Snack project	COVID-19	Walmart – Fight Hunger Spark Change Campaign	2021	2020
Balance at beginning of year	\$ -	\$ -	\$ 37,167	\$ 20,000	\$ 246,000	\$ 14,996	\$ 318,163	\$ 251,979
Contributions received during the year	50,000	9,000	-	1,000	-	69,555	129,555	491,224
Contributions recognized as revenue	<u>-</u>	<u>(9,000)</u>	<u>(37,167)</u>	<u>(6,000)</u>	<u>(246,000)</u>	<u>(84,551)</u>	<u>(382,718)</u>	<u>(425,040)</u>
Balance at end of year	<u>\$ 50,000</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ 15,000</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ 65,000</u>	<u>\$ 318,163</u>

Notes to Financial Statements

March 31, 2021

13. Subsidized long-term debt	<u>2021</u>	<u>2020</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	\$ 64,885	\$ 126,611
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>95,519</u>	<u>140,540</u>
	160,404	267,151
Current portion of the subsidized long-term debt	<u>111,710</u>	<u>106,748</u>
	\$ 48,694	\$ 160,403

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

2022	\$ 111,710
2023	<u>48,694</u>
	<u>\$ 160,404</u>

Notes to Financial Statements

March 31, 2021

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>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 1,014,244	\$ 983,433
Investment revenues allocated to the project	54,745	30,811
Change in fair value of reserved investments	<u>63,365</u>	<u>-</u>
Balance at end of year	<u>\$ 1,132,354</u>	<u>\$ 1,014,244</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>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 3,270,712	\$ 2,993,408
Contributions received during the year	508,000	486,238
Amortization	<u>(218,601)</u>	<u>(208,934)</u>
Balance at end of year	<u>\$ 3,560,111</u>	<u>\$ 3,270,712</u>

During the year, Moisson Montréal Inc. recorded contributions of \$508,000 including an amount of \$468,000 (\$165,000 in 2020 for the acquisition of a truck) coming from Fonds Moisson Montréal the Foundation of Greater Montreal for the construction of new freezers and the installment of a food transformation unit. The creation of this fund was initiated and funded in January 2018 by the Société des célébrations du 375^e anniversaire de Montréal as part of its social-economic projects.

Notes to Financial Statements**March 31, 2021**

16. Internally restricted

For the year, the Company's Board of directors reserved an amount of \$700,000 for the management of assets in case of potential repair needed to maintain the good condition of the Company's capital assets and an amount of \$617,570 (net from allocated donations) was invested to acquire assets.

Exceptional future costs relating to COVID-19 pandemic

On May 29, 2021, the Board of directors decided to reserve, as at March 31, 2021, an amount of \$311,837 to provide for all exceptional future costs relating to the COVID-19 pandemic. These amounts were used in full during the year.

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 the unsubsidized portion of loans, if any.

17. Endowment fund and philanthropic fund at the Foundation of Greater Montreal*Endowment fund*

During the year, the Company established an endowment fund at the Foundation of Greater Montreal ("FGM") with the aim of creating a permanent and autonomous source of financing whose assets are invested in a long-term perspective. The amounts collected during the fiscal year for the Moisson Montréal Endowment fund at the FGM come from donations from a private foundation, individuals and businesses. The amounts include donations solicited by Moisson Montréal Inc. for the endowment fund during its Winter 2020-2021 direct mail campaign.

The amounts collected by the FGM, which represents a total of \$1,082,264 as of March 31, 2021, have been invested in the FGM investment funds ("FIGM") in accordance with the FGM investment policy and will be held for a minimum period of ten years. The FGM will annually distribute amounts from the fund's income, in accordance with its distribution policy. Distributions so received will be recognized in donation revenue in the Company's statement of revenue at the time they are transferred by the FGM to the Company. The fund balance as of March 31, 2021 was \$1,086,269.

Philanthropic fund

During the year, the Company transferred \$6,730,000 to the FGM in a designated philanthropic fund with a limited term. This transfer with transfer of ownership was recorded in expenses as donations in the statement of revenue. The fund is intended to support Moisson Montréal Inc. in the pursuit of its mission. The FGM invests the amounts received in the FGM investment fund ("FIGM"), in accordance with its investment policy. The amounts, the asset fair value as well as the income they generate will be returned to the Company over a minimum period of six years. Distribution thus received will be recorded in donation proceeds in the Company's statement of revenue when the FGM transfers them to the Company. The fund balance as of March 31, 2021 was \$6,752,413.

Notes to Financial Statements**March 31, 2021**

17. Endowment fund and philanthropic fund at the Foundation of Greater Montreal (cont'd)*FGM's income distribution policy for the endowment and philanthropic fund*

The distribution rate is set annually by the FGM Board of directors on the recommendation of the investment committee at a minimum of 3.5% of the average market value of the fund closing market value during the 12 quarters ending on December 31 of the previous year. For the new funds that have been in existence for less than 12 quarters, the total amount of distributions of any given year is set at the rate determined by the Board of directors of the FGM multiplied by the average closing market value of the fund for all quarters from inception to December 31 of the previous year. In the case of the philanthropic fund, the Company may request a distribution greater than that established by the FGM up to an annual maximum of 17% of the market value of the fund as of December 31 of the previous year.

There were no distributions during the fiscal year.

18. 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, 2021.

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, 2021, approximately 72% of other receivables from contributors came from one contributor (61% from one contributor in 2020).

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.

As at March 31, 2021, roughly 20% of accounts payable and accrued charges are from one supplier (17% from one supplier in 2020).

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 exposed to all those risks.

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, 2021, the Company holds an amount of \$239,523 (\$171,761 in 2020) of units of mutual funds in US dollars and is consequently exposed to the foreign exchange fluctuations.

Notes to Financial Statements**March 31, 2021**

18. 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 investment policy limits the risk of other prices by limiting the maximum number of variable income and fixed income securities that can be held. The risk and volatility of Investment returns are reduced by the fact that the investments are allocated among different sectors.

The carrying value of all financial liabilities secured aggregates to \$160,404 (\$257,151 in 2020).

19. 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 \$127,656 (\$117,594 in 2020). 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, 2021, 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. 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.

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.

Notes to Financial Statements

March 31, 2021

20. Statement of cash flows

	<u>2021</u>	<u>2020</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ 410,772	\$ (468,277)
Prepaid expenses	26,940	41,433
Payables and accrued charges	216,231	55,897
Deferred revenue	<u>(983)</u>	<u>(13,453)</u>
	<u>\$ 652,960</u>	<u>\$ (384,400)</u>

21. Comparative figures

Certain comparative figures of the year 2020 have been reclassified to conform to the financial statement presentation adopted in the current year.

Supplementary Financial Data

Year ended March 31	2021	2020
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SCHEDULE A – IN-KIND CONTRIBUTIONS OF FOOD REDISTRIBUTED

Inventory balance at beginning of year	\$ 1,785,029	\$ 2,626,103
Food supply received during the year	122,167,469	84,088,432
Compost, recycling, waste and changes in inventory	<u>(2,677,301)</u>	<u>(3,386,808)</u>
	121,275,197	83,327,727
Inventory balance at end of year	<u>(3,645,658)</u>	<u>(1,785,029)</u>
	<u>\$117,629,539</u>	<u>\$ 81,542,698</u>

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

Donations

Fondation Marcelle et Jean Coutu (including amortization of deferred contributions related to fixed assets of \$11,872 (\$16,960 in 2020))	\$ 134,872	\$ 216,961
Trottier Family Foundation	250,000	-
Enterprises	2,190,201	475,599
Individuals	2,281,194	585,461
Religious communities	339,040	87,275
Other foundations	590,671	613,079
Monthly		
Individuals	323,006	194,366
Unions and other associations	84,332	38,723
The CP Holiday Train		
Enterprises	15,000	15,000
Individuals	-	2,705
In-Kind		
Enterprises	20,000	35,000
Individuals	428,622	54,902
Planned giving	<u>186,451</u>	<u>595,433</u>

	<u>6,843,389</u>	<u>2,914,504</u>
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Centraide of Greater Montreal	<u>415,758</u>	<u>415,758</u>
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	<u>\$ 7,259,147</u>	<u>\$ 3,330,262</u>
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Supplementary Financial Data

Year ended March 31	2021	2020
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SCHEDULE B – REVENUE AND EXPENSES BY ACTIVITY CENTRES (cont'd)**Revenue (cont'd)**

Fundraising activities

La guignolée des médias	\$ 433,314	\$ 168,173
The Great Food Drive for Children	42,392	80,859
Direct mail campaign	330,309	510,802
Golf tournament	-	263,978
Food Banks Canada (“FBC”)	1,317,210	48,627
Banques alimentaires du Québec (“BAQ”)	971,691	175,318
SAQXBAQ Campaign	847,249	204,633
Loto-Québec, Société des casinos du Québec and Casino de Montréal	306,761	29,500
Other activities	491,252	440,862
	\$ 4,740,178	\$ 1,922,752

Contributions

Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (Note 19)	\$ 127,646	\$ 117,594
Emploi Québec	13,350	16,200
Other provincial programs	528,589	119,950

Government of Canada

Service Canada	25,000	-
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Other

Municipal program	217,000	200,000
	\$ 911,585	\$ 453,744

Expenses (Schedule C)

Fundraising activities

The Great Food Drive for Children	\$ -	\$ 8,530
Direct mail campaign	7,962	29,324
Golf tournament	-	80,884
Other activities	633	23,580
	\$ 8,595	\$ 142,318

Supplementary Financial Data

Year ended March 31, 2021

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	Fundraising activities	Activities and communications development	Philanthropic development	Executive and finances	Human resources	Financial expenses	Total 2021	Total 2020
Salaries (net from government grants of \$28,995 in 2021 (\$18,930 in 2020))*	\$ 1,036,919	\$ 174,137	\$ 511,838	\$ 143,393	\$ 213,409	\$ -	\$ 433,572	\$ 244,784	\$ 489,452	\$ 338,982	\$ -	\$ 3,586,486	\$ 3,118,761
Sub-contractors	25,367	-	81,490	-	-	-	-	1,338	-	8,137	-	116,332	67,921
Equipment rental	266,234	-	55,502	2,630	-	-	-	-	-	-	-	324,366	143,704
Maintenance and repair	44,152	-	-	276,620	-	-	-	-	-	-	-	320,772	242,919
External transportation	-	-	247,275	-	-	-	-	-	-	-	-	247,275	168,734
Purchases of products	-	229,569	-	-	-	-	-	-	-	-	-	229,569	195,297
Heating and electricity	-	-	-	180,641	-	-	-	-	-	-	-	180,641	166,523
Vehicles	-	-	178,351	-	-	-	-	-	-	-	-	178,351	196,446
Garbage removal	122,114	-	-	-	-	-	-	-	-	-	-	122,114	96,999
Warehouse supplies	69,890	-	-	-	-	-	-	-	-	-	-	69,890	65,981
Consultant and IT	-	-	-	-	-	-	-	-	96,328	-	-	96,328	102,733
Professional fees	-	-	-	-	-	-	22,726	-	70,696	6,312	-	99,734	108,455
Bank charges	-	-	-	-	-	66,636	-	-	3,144	-	-	69,780	41,083
Municipal taxes	-	-	-	38,189	-	-	-	-	-	-	-	38,189	37,566
Insurances	-	-	8,164	25,993	-	-	-	-	-	-	-	34,157	28,164
Telecommunications	1,133	1,435	2,309	1,377	1,328	-	4,014	500	20,678	568	-	33,342	24,568
Office expenses	1,362	-	399	-	-	-	5,665	-	24,900	-	-	32,326	35,746
Promotion	-	-	-	-	-	-	28,026	-	-	1,093	-	29,119	54,144
Training	-	-	-	-	-	-	-	-	-	17,539	-	17,539	14,357
Activities organization costs (Schedule B)	-	-	-	-	-	8,595	-	-	-	-	-	8,595	142,318
Travel and entertainment	124	97	-	659	378	-	184	-	1,798	-	-	3,240	16,160
Miscellaneous	5,077	1,362	-	-	1,238	-	10,416	6,824	17,257	24,227	-	66,401	82,148
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	3,895	3,895	13,469
Amortization of capital assets	60,930	-	105,999	212,334	-	-	-	-	23,022	241	-	402,526	321,561
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	(31,658)
	\$ 1,633,302	\$ 406,600	\$ 1,191,327	\$ 881,836	\$ 216,353	\$ 75,231	\$ 504,603	\$ 253,446	\$ 747,275	\$ 397,099	\$ 3,895	\$ 6,310,967	\$ 5,454,099

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

Supplementary Financial Data

<u>Year ended March 31</u>	<u>2021</u>	<u>2020</u>
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SCHEDULE D – FINANCIAL AND OTHER REVENUES

Interest and dividends	\$ 64,814	\$ 44,270
Profit on realization of investments	19,928	5,223
Change in fair value of investments	78,996	(69,105)
Loss on disposal of fixed assets	-	(2,037)
Investment management fees	<u>(4,712)</u>	<u>(4,604)</u>
	<u>\$ 159,026</u>	<u>\$ (26,253)</u>