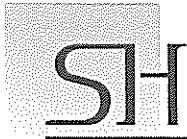


**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/
MONTREAL DIET DISPENSARY
FINANCIAL STATEMENTS
MARCH 31, 2016**

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/
MONTREAL DIET DISPENSARY
FINANCIAL STATEMENTS
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SUMMARY

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors and Members of
Dispensaire diététique de Montréal/Montreal Diet Dispensary

I have audited the accompanying financial statements of Dispensaire diététique de Montréal/Montreal Diet Dispensary, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

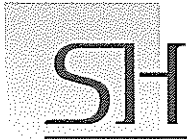
Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.





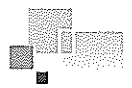
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Dispensaire diététique de Montréal/Montreal Diet Dispensary as at March 31, 2016, 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.

Sophie Houle CPA INC.

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Montreal, Canada
June 6, 2016



DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Operations

Year ended March 31, 2016

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	2016	2015
Revenues		
Contributions - (Schedule A)	\$ 1,189,067	\$ 1,241,411
Self-generated revenues		
Donations	154,395	191,368
Fundraising events	93,184	54,272
Sale of publication and services	6,696	13,991
Interest	9,361	15,271
Recovery of charges related to dietary intakes	60,322	-
	323,958	274,902
	1,513,025	1,516,313
Expenses		
Amortization - capital assets	7,463	9,443
Dietary intakes	133,191	158,510
Emergency relief	244	200
Insurance	10,919	11,258
Electricity and heating	9,014	10,963
Communications and website	5,466	1,626
Membership dues	24,336	44,798
Repairs and maintenance	21,384	23,158
Office supplies	6,590	7,233
Bank charges	2,186	1,337
Travelling and representation expenses	5,359	9,207
Training	2,930	7,086
Fundraising event - related fees	17,572	17,884
Supplies for activities	18,311	1,954
Salaries and fringe benefits	974,867	989,643
Computer services	9,880	26,832
Professional fees	120,010	116,575
Taxes and permits	8,751	8,103
Telecommunications	8,757	6,157
	1,387,230	1,451,967
Excess of revenues over expenses before other expenses	125,795	64,346
Expenses assumed by the net assets subject to internal restriction		
Website - (Note 10)	17,005	-
Initiative related to the strategic plan - (Note 10)	16,890	-
	33,895	-
Excess of revenues over expenses	\$ 91,900	\$ 64,346

The accompanying notes and additional information are an integral part of these financial statements.

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Financial Position

March 31, 2016

Page 5

	2016	2015
Assets		
Current		
Cash	\$ 152,421	\$ 798,665
Short-term investments - (Note 4)	825,519	150,000
Accounts receivable - (Note 5)	14,738	17,423
Inventory	32,699	49,544
Prepaid expenses	53,719	10,034
	1,079,096	1,025,666
Capital assets - (Note 6)	140,412	147,875
	\$ 1,219,508	\$ 1,173,541
Liabilities		
Current		
Accounts payable - (Note 7)	\$ 105,985	\$ 167,679
Deferred contributions - (Note 8)	30,984	11,723
Deferred revenues	2,750	6,250
	139,719	185,652
Net assets		
Restricted for special projects - (Note 10)	95,834	-
Restricted for research purposes - (Note 10)	-	68,399
Restricted for purchase and maintenance of capital assets - (Note 10)	156,496	109,140
Invested in capital assets	140,412	147,875
Unrestricted	687,047	662,475
	1,079,789	987,889
	\$ 1,219,508	\$ 1,173,541

ON BEHALF OF THE BOARD:
_____, Director
_____, Director

The accompanying notes are an integral part of these financial statements.

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Cash Flows

Year ended March 31, 2016

Page 6

	2016	2015
Operating activities		
Excess of revenues over expenses	\$ 91,900	\$ 64,346
Non-cash item: Amortization of capital assets	7,463	9,443
	99,363	73,789
Net change in non-cash items related to operating activities - (Note 9)	(70,088)	(78,342)
	29,275	(4,553)
Investing activities		
Investment acquisition	(825,519)	-
Cash receipts from investments	150,000	250,000
Acquisition of capital assets	-	(3,980)
	(675,519)	246,020
Increase (decrease) in cash and cash equivalents	(646,244)	241,467
Cash and cash equivalents, beginning of year	798,665	557,198
Cash and cash equivalents, end of year	\$ 152,421	\$ 798,665

Cash and cash equivalents consist of cash.

The accompanying notes are an integral part of these financial statements.

1. Status and nature of activities

The Organization was incorporated under Part III of the Québec Companies Act as a not-for-profit organisation and is a registered charity under the income Tax Act. Its mission is to offer nutritional and social support to pregnant women in need to help them to give birth to, and raise, babies in good health.

2. Changes in accounting policies

During the year, the organization has chosen to change the method of presentation of financial statements. Its financial statements are now presented using the deferral method without fund accounting. Previously, they were prepared according to the deferral method with fund accounting which included a General Fund and Capital Assets Funds. This change had no effect on the balance of assets, liabilities and net assets.

3. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimate relate to the useful life of capital assets subject to amortization.

Revenue recognition

Contributions

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

Investment income

Unrestricted investment income is recognized as revenue when earned.

Other income

Other income is recognized when there is a persuasive evidence resulting from an agreement that goods have been delivered and received by the customer, that prices are fixed of determinable, and that ultimate collection is reasonably assured.

3. Significant accounting policies - (continued)**Contributed services**

Volunteers contribute numerous hours each year to the organization to help it carry out its service delivery activities. Due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

Pension plan

The organization participates in a contributory multi-employer defined benefit plan. Payments made to the plan are charged to expenses annually. Accounting for defined contribution plans is applied to the presentation of the financial information presented in the financial statements of the organization.

Inventory

Inventory includes milk coupons and vitamins which are distributed for free and is found at the lower of cost and replacement value. Cost is determined using the first-in first-out method

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their estimated useful life using the declining balance method at the following rates:

	Periods
Land	
Building	2.5%
Office equipment	20%
Telephone system	20%
Computer equipment	30%

Cash and cash equivalents

The Organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition.

Financial instruments*Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

3. Significant accounting policies - (continued)**Financial instruments - (continued)**

Financial assets measured at amortized cost include cash, grants and accounts receivable and canadian bonds.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include mutual fund.

4. Short-term investments

	2016	2015
Mutual fund (Cost: 595 519 \$)	\$ 595,519	\$ -
Canadian bonds, maturing in December 2016 and January 2017 (November 2015 in 2015), at rates varying between 1.50% to 1.71% (1.85 % to 1.95 % in 2015)	230,000	150,000
	\$ 825,519	\$ 150,000

5. Accounts receivable

	2016	2015
Grants receivable	\$ 5,000	\$ 5,000
Accounts receivable	3,056	6,848
Sales taxes receivable	6,682	5,575
	\$ 14,738	\$ 17,423

6. Capital assets

	2016			2015	
	Cost	Accumulated amortization	Net value	Net value	
Land	\$ 52,222	\$ -	\$ 52,222	\$ 52,222	
Building	138,295	67,881	70,414	72,220	
Office equipment	23,055	19,003	4,052	5,064	
Telephone system	13,542	6,609	6,933	8,667	
Computer equipment	19,046	12,255	6,791	9,702	
	\$ 246,160	\$ 105,748	\$ 140,412	\$ 147,875	

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Notes to Financial Statements

March 31, 2016

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7. Accounts payable

	2016		2015
Accounts payable	\$ 18,654	\$	86,188
Vacations	60,087		58,640
Government remittances	27,244		22,851
	<u>\$ 105,985</u>	<u>\$</u>	<u>167,679</u>

8. Deferred contributions

Deferred contributions represent unexpended grants externally restricted which are intended to cover the activities expenses related to the subsequent year. Changes in the deferred contributions balance are as follows:

	2016		2015
Balance, beginning of the year	\$ 11,723	\$	61,950
Less: Amount recognized as revenue in the year	(11,723)		(61,950)
Plus: Amount received related to the following year	30,984		11,723
Balance, end of year	<u>\$ 30,984</u>	<u>\$</u>	<u>11,723</u>

Summary

Public Health Agency of Canada - Fetal Alcohol Spectrum Disorder (FASD)	\$ 27,700	\$	-
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	2,500		-
Mc Gill University - Master's project	784		-
J.W. McConnell Family Foundation	-		7,050
Peter McGill Community Council (Avenir d'enfants)	-		4,673
	<u>\$ 30,984</u>	<u>\$</u>	<u>11,723</u>

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Notes to Financial Statements

March 31, 2016

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9. Net change in non-cash items related to operating activities

	2016	2015
Accounts receivable	\$ 2,685	\$ 9,528
Inventory	16,845	(49,144)
Prepaid expenses	(43,685)	3,570
Accounts payable	(61,694)	1,681
Deferred contributions	19,261	(50,227)
Deferred revenues	(3,500)	6,250
	\$ (70,088)	\$ (78,342)

10. Internal restrictions

Previously, the board of directors has restricted for research purposes an amount of \$ 68,399. During the year, it was resolved to reallocate these funds and an additional amount of \$ 61,330 to special projects which, as at March 31, 2016, are as follows :

	Balance, March 31, 2015	New allocations	Uses	Balance, March 31, 2016
Restricted assets				
Website	\$ -	\$ 21,830	\$ (17,005)	\$ 4,825
Initiative related to the strategic plan	-	107,899	(16,890)	91,009
	\$ -	\$ 129,729	\$ (33,895)	\$ 95,834

The board of directors also resolved to transfer from unrestricted assets an amount of \$ 45,145 for the purchase and maintenance of capital assets. As a result, on March 31, 2016, the net assets restricted for the purchase and maintenance of capital assets amounted to \$ 156,496.

The organization may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

11. Pension plan

The organization participates in a multi-employer contributory defined benefit plan which is administered by another agency. The benefits are capitalized in the pension fund for all participants of the pension plan. The employer's contribution paid is \$ 125,517 (\$ 130,528 in 2015). Since the inception of Bill 29 on private sector pension plans on January, 1st 2016, new funding rules are applicable. Going concern funding is now the single funding approach which will result in a decrease in employer's contributions. Based on the last actuarial valuation of the multi-employer pension plan performed on December 31, 2015, the pension plan has no capitalization deficit.

12. Non-monetary transactions

During the year, the organization received, as an affiliated member of the OLO Foundation, credits for purchases of eggs and milk with a value of \$ 94,221 (\$ 79,834 in 2015). These transactions have been accounted for at the exchange value which is the amount of counterpart established and agreed between the parties.

13. Financial instruments**Risk and concentrations**

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the organization's risk exposure as at March 31, 2016.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable and grants receivable.

For grants receivable, the organisation assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

For the other receivables, the Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

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 interest rates. The Organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

14. Comparative figures

Certain figures for 2015 have been reclassified to conform to the presentation adopted in 2016.

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Additional Information

Year ended March 31, 2016

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	2016	2015
Schedule A - Contributions		
Centre de santé et de services sociaux du Sud-Ouest-Verdun	\$ 370,910	\$ 367,165
Centre de la santé et de services sociaux de la Montagne	26,000	28,000
Ministère de l'Immigration, de la Diversité et de l'Inclusion	5,000	-
Ministère de l'Emploi et de la Solidarité Sociale - Wage subsidies	-	3,173
Public Health Agency of Canada - Canada Prenatal Nutrition Program (CPNP)	275,395	275,395
- Fetal Alcohol Spectrum Disorder (FASD)	57,300	-
Canada Summer Jobs	2,972	2,913
Ville de Montréal - Fonds québécois d'initiatives sociales dans le cadre des alliances pour la solidarité	25,000	25,000
Peter McGill Community Council (Avenir d'enfants)	12,708	4,201
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	7,500	14,985
Centraide	281,795	401,795
Credits related to dietary intakes purchases - OLO Foundation	94,221	79,834
J.W. McConnell Family Foundation	12,050	38,950
Mc Gill University - Master's project	18,216	-
	\$ 1,189,067	\$ 1,241,411