

DISPENSAIRE DIÉTÉTIQUE DE MONTRÉAL/

MONTREAL DIET DISPENSARY

FINANCIAL STATEMENTS

MARCH 31, 2019

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Dispensaire diététique de Montréal/Montreal Diet Dispensary (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

Sophie Houle CPA Inc.¹

Montreal,
June 4, 2019

¹ By CPA auditor, CA, public accountancy permit No. A111691



DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARYStatement of Operations
Year Ended March 31, 2019

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	2019	2018
Revenues		
Contributions (Schedule A)	\$ 1,060,065	\$ 1,081,141
Self-generated revenues (Schedule B)	653,920	569,877
	<u>1,713,985</u>	<u>1,651,018</u>
Expenses		
Amortization - capital assets	7,769	7,170
Dietary intakes (Note 12)	153,176	141,784
Insurance	11,415	11,156
Electricity and heating	8,962	8,538
Communications and website	11,866	17,788
Membership dues	19,472	19,891
Clothing donations (Note 12)	11,320	-
Repairs and maintenance	23,812	23,373
Office supplies	6,129	7,416
Bank charges	3,099	2,934
Travelling and representation expenses	7,718	7,789
Training	5,674	4,832
Investment management fees	8,723	-
Fundraising event - related fees	32,255	34,491
Supplies for activities	12,081	8,244
Salaries and fringe benefits	1,159,737	962,877
Computer services	14,158	18,195
Professional fees	59,883	72,908
Taxes and permits	9,744	9,528
Telecommunications	7,891	8,427
	<u>1,574,884</u>	<u>1,367,341</u>
Excess of revenues over expenses before other expenses	139,101	283,677
Expenses assumed by the net assets subject to internal restriction		
Repairs, maintenance and consulting fees - building (Note 9)	(8,864)	(34,020)
Initiative related to the strategic plan (Note 9)	(40,300)	(204,737)
	<u>(49,164)</u>	<u>(238,757)</u>
Excess of revenues over expenses	<u>\$ 89,937</u>	<u>\$ 44,920</u>

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

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Changes in Net Assets

Year Ended March 31, 2019

	Restricted for purchase and maintenance of capital assets	Restricted for special projects	Invested in capital assets	Unrestricted	2019 Total
Balance, beginning of year	\$ 205,777	\$ 226,946	\$ 140,183	\$ 404,050	\$ 976,956
Excess of revenues over expenses	(8,864)	(40,300)	(7,769)	146,870	89,937
Invested in fixed assets	-	-	7,561	(7,561)	-
Balance, end of year	\$ 196,913	\$ 186,646	\$ 139,975	\$ 543,359	\$ 1,066,893

	Restricted for purchase and maintenance of capital assets	Restricted for special projects	Invested in capital assets	Unrestricted	2018 Total
Balance, beginning of year	\$ 118,054	\$ 99,683	\$ 142,655	\$ 571,644	\$ 932,036
Excess of revenues over expenses	(34,020)	(204,737)	(7,170)	44,920	44,920
Internal restrictions (Note 9)	121,743	332,000	-	(453,743)	-
Invested in fixed assets	-	-	4,698	(4,698)	-
Balance, end of year	\$ 205,777	\$ 226,946	\$ 140,183	\$ 404,050	\$ 976,956

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

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Financial Position

As at March 31, 2019

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	2019	2018
Assets		
Current assets		
Cash	\$ 69,644	\$ 35,257
Short-term investments (Note 3)	858,382	710,063
Accounts receivable (Note 4)	10,782	10,073
Inventory	9,240	14,018
Prepaid expenses	47,599	34,508
Current portion of investments (Note 5)	50,629	101,853
	1,046,276	905,772
Investments (Note 5)	-	50,629
Capital assets (Note 6)	139,975	140,183
	\$ 1,186,251	\$ 1,096,584
Liabilities		
Current liabilities		
Accounts payable (Note 7)	\$ 114,858	\$ 113,558
Deferred contributions (Note 8)	4,500	6,070
	119,358	119,628
Net assets		
Restricted for special projects (Note 9)	186,646	226,946
Restricted for purchase and maintenance of capital assets (Note 9)	196,913	205,777
Invested in capital assets	139,975	140,183
Unrestricted	543,359	404,050
	1,066,893	976,956
	\$ 1,186,251	\$ 1,096,584

On behalf of the Board,

_____, Director

_____, Director

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

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARYStatement of Cash Flows
Year Ended March 31, 2019

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	2019	2018
Operating activities		
Excess of revenues over expenses	\$ 89,937	\$ 44,920
Non-cash items:		
Amortization of capital assets	7,769	7,170
Interests, distributions and realized gains capitalized to investments	(25,922)	(1,205)
Unrealized gain on investments	(4,206)	(442)
	67,578	50,443
Net change in non-cash items related to operating activities (Note 10)	(9,292)	42,827
	58,286	93,270
Investing activities		
Net change in short-term investments	(118,191)	-
Investments acquisition	-	(627,563)
Cash receipts from investments	101,853	515,694
Acquisition of capital assets	(7,561)	(4,698)
	(23,899)	(116,567)
Increase (decrease) in cash and cash equivalents	34,387	(23,297)
Cash and cash equivalents, beginning of year	35,257	58,554
Cash and cash equivalents, end of year	\$ 69,644	\$ 35,257

Cash and cash equivalents consist of cash.

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

1. Purpose and legal form of the organization

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 foster optimal infant health through social nutrition interventions with pregnant women in precarious situations, one pregnant woman, infant and family at a time.

2. 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.

Donated goods and services

Donations of goods and services are recorded as revenue and expense in the financial statements when the fair value can be reasonably estimated.

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.

2. Significant accounting policies (continued)**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 and eggs 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:

	Rates
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 that 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***Initial and subsequent measurement***

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

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

Financial liabilities measured at amortized cost include the accounts payable.

Financial assets measured at fair value include investment funds and Guaranteed Investment Certificates.

3. Short-term investments

	Cost	2019	2018
Cash broker	\$ -	\$ -	\$ 131,625
Guaranteed Investment Certificate, at rate of 1.4%, matured in July 2018	-	-	50,471
Investment funds:			
- Money-market fund	23,205	23,205	10,002
- Canadian fixed-income securities	462,216	464,473	294,068
- Non-Canadian fixed income securities	48,287	47,849	30,551
- Non-traditional investment strategies	111,968	112,685	65,316
- Canadian shares securities	90,282	92,235	54,798
- American shares securities	83,723	83,856	45,675
- Non-North American shares	34,682	34,079	27,557
	\$ 854,363	\$ 858,382	\$ 710,063

The manager investment manages the portfolio investments in accordance with the investment policy approved by the board of directors to optimize the investment income so the organization will be able to meet its future obligations.

4. Accounts receivable

	2019	2018
Grants receivable	\$ 5,000	\$ 5,000
Accounts receivable	284	-
Sales taxes receivable	5,498	5,073
	\$ 10,782	\$ 10,073

5. Investments

	2019	2018
Guaranteed Investment Certificate, at rate of 2.05%, matured in May 2018	\$ -	\$ 101,853
Guaranteed Investment Certificate, at rate of 1.86%, maturing in July 2019	50,629	50,629
	50,629	152,482
Current portion of investments	50,629	101,853
	\$ -	\$ 50,629

6. Capital assets

	2019			2018	
	Cost	Accumulated amortization	Net book value	Net book value	
Land	\$ 52,222	\$ -	\$ 52,222	\$ 52,222	\$ 52,222
Telephone system	13,542	9,992	3,550	4,437	4,437
Office equipment	25,294	21,930	3,364	4,205	4,205
Computer equipment	32,104	16,529	15,575	12,382	12,382
Building	138,295	73,031	65,264	66,937	66,937
	\$ 261,457	\$ 121,482	\$ 139,975	\$ 140,183	\$ 140,183

7. Accounts payable

	2019	2018
Accounts payable	\$ 23,023	\$ 16,995
Salaries and vacations payable	91,835	96,563
	\$ 114,858	\$ 113,558

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:

	2019	2018
Balance, beginning of the year	\$ 6,070	\$ 2,500
Less: Amount recognized as revenue in the year	(16,238)	(17,409)
Plus: Amount received related to the following year	14,668	20,979
Balance, end of year	\$ 4,500	\$ 6,070

Summary

Peter McGill Community Council (Avenir d'enfants)	\$ -	\$ 3,570
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	2,500	2,500
Centraide - Training grant	2,000	-
	\$ 4,500	\$ 6,070

9. Internal restrictions

During prior years, the board of directors has resolved to allocate unrestricted net assets to the initiative related to the strategic plan. During the year, the organization used an amount of \$ 40,300 (\$ 204,737 in 2018) for expenses related to the strategic plan. As a result, these allocations, as of March 31, 2019, are as follows :

	Balance March 31, 2018	New Allocations	Uses	Balance March 31, 2019
Restricted assets				
Website	\$ 1,406	\$ -	\$ -	\$ 1,406
Initiative related to the strategic plan	225,540	-	(40,300)	185,240
	\$ 226,946	\$ -	\$ (40,300)	\$ 186,646

During the year, the organization used an amount of \$ 8,864 (\$ 34,020 in 2018) for consulting fees about works to be performed on the building. As a result, on March 31, 2019, the net assets restricted for the purchase and maintenance of capital assets amounted to \$ 196,913.

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

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

	2019	2018
Accounts receivable	\$ (709)	\$ 39,552
Inventory	4,778	9,881
Prepaid expenses	(13,091)	(10,594)
Accounts payable	1,300	6,668
Deferred contributions	(1,570)	3,570
Deferred revenues	-	(6,250)
	\$ (9,292)	\$ 42,827

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 \$ 79,977 (\$ 82,388 in 2018). 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, 2017, 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 to purchase eggs and milk with a value of \$ 50 483 (\$ 48,452 in 2018). The organization also received goods donations having a value of \$ 15,860 and investments in shares quoted in an active market having a fair market value of \$ 25,666. Also, Moisson Montréal distributed to the organization 11,539 (9,902 in 2018) kilos of foodstuffs representing a total value of \$ 65,774 (\$ 51,445 in 2018). These transactions have been accounted for at the exchange value which is the amount of the counterpart established and agreed between the parties.

13. Financial instruments**Financial risks**

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of the Organization's financial instruments will fluctuate because of changes in market prices. Some of the Organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

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.

13. Financial instruments (continued)**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price.

14. Comparative figures

Certain figures for 2018 have been reclassified to make their presentation identical to that adopted in 2019.

	2019	2018
Schedule A - Contributions		
Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal		
- Operating	\$ 388,306	\$ 380,654
- Public health measure 3.1 (SIPPE-SCEF)	25,592	26,123
- Promotion and support of breastfeeding in Montréal	-	20,000
Public Health Agency of Canada		
- Canada Prenatal Nutrition Program (CPNP)	275,395	275,395
- Adjustment for prior year	(8,508)	-
Canada Summer Jobs	5,764	6,313
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)	6,238	7,409
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	10,000	10,000
Centraide	281,795	281,795
Credits related to dietary intakes purchases - OLO Foundation (Note 12)	50,483	48,452
	\$ 1,060,065	\$ 1,081,141

Schedule B - Self-generated revenues

Donations	\$ 401,442	\$ 360,241
Donations in kind (Note 12)	107,300	51,445
Fundraising events	110,238	134,508
Sale of publication and services	4,395	10,741
Interest, distributions and realized gains on investments	26,339	12,500
Unrealized gains on investments	4,206	442
	\$ 653,920	\$ 569,877