

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/**

**MONTREAL DIET DISPENSARY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/  
MONTREAL DIET DISPENSARY  
FINANCIAL STATEMENTS  
MARCH 31, 2018**

**SUMMARY**

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## INDEPENDENT AUDITOR'S REPORT

To the Board 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, 2018, 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, 2018, 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.*

Montreal, Canada  
May 29, 2018

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY**

Statement of Operations

Year ended March 31, 2018

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	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Contributions - (Schedule A)	\$ 1,081,141	\$ 1,116,969
Self-generated revenues - (Schedule B)	569,877	302,389
	<u>1,651,018</u>	<u>1,419,358</u>
<b>Expenses</b>		
Amortization - capital assets	7,170	7,317
Dietary intakes - (Note 12)	142,896	187,458
Insurance	11,156	10,641
Electricity and heating	8,538	8,320
Communications and website	17,788	32,217
Membership dues	19,891	16,323
Repairs, maintenance and consulting fees - building	34,020	28,882
Repairs and maintenance	23,373	19,672
Office supplies	7,416	7,518
Bank charges	2,934	1,626
Travelling and representation expenses	7,789	7,052
Training	4,832	6,454
Fundraising event - related fees	34,491	26,151
Supplies for activities	8,244	12,944
Salaries and fringe benefits	961,765	970,388
Computer services	16,583	16,248
Professional fees	72,908	99,498
Taxes and permits	9,528	9,313
Telecommunications	10,039	11,038
	<u>1,401,361</u>	<u>1,479,060</u>
<b>Excess (deficiency) of revenues over expenses from operations</b>	249,657	(59,702)
<b>Expenses assumed by the net assets subject to internal restriction</b>		
Website - (Note 9)	-	(3,419)
Initiative related to the strategic plan - (Note 9)	(204,737)	(84,632)
	<u>(204,737)</u>	<u>(88,051)</u>
<b>Excess (deficiency) of revenues over expenses</b>	\$ 44,920	\$ (147,753)

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, 2018

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	Restricted for purchase and maintenance of capital assets	Restricted for special projects	Invested in capital assets	Unrestricted	2018 Total
<b>Balance, beginning of year</b>	\$ 118,054	\$ 99,683	\$ 142,655	\$ 571,644	\$ 932,036
(Insuffisance) Excédent des produits sur les charges	(34,020)	(204,737)	(7,170)	290,847	44,920
Internal restrictions - (Note 9)	121,743	332,000	-	(453,743)	-
Invested in fixed assets	-	-	4,698	(4,698)	-
<b>Balance, end of year</b>	\$ 205,777	\$ 226,946	\$ 140,183	\$ 404,050	\$ 976,956

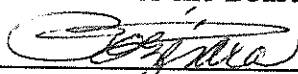
	Restricted for purchase and maintenance of capital assets	Restricted for special projects	Invested in capital assets	Unrestricted	2017 Total
<b>Balance, beginning of year</b>	\$ 156,496	\$ 95,834	\$ 140,412	\$ 687,047	\$ 1,079,789
Excess (deficiency) of revenues over expenses	(28,882)	(88,051)	(7,317)	(23,503)	(147,753)
Internal restrictions	-	91,900	-	(91,900)	-
Invested in fixed assets	(9,560)	-	9,560	-	-
<b>Balance, end of year</b>	\$ 118,054	\$ 99,683	\$ 142,655	\$ 571,644	\$ 932,036

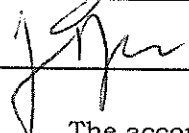
The accompanying notes are an integral part of these financial statements.

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY**  
 Statement of Financial Position  
 March 31, 2018

	2018	2017
<b>Assets</b>		
Current		
Cash	\$ 35,257	\$ 58,554
Short-term investments - (Note 3)	710,063	649,029
Accounts receivable - (Note 4)	10,073	49,625
Inventory	14,018	23,899
Prepaid expenses	34,508	23,914
Current portion of investments - (Note 5)	101,853	-
	905,772	805,021
Investments - (Note 5)	50,629	100,000
Capital assets - (Note 6)	140,183	142,655
	\$ 1,096,584	\$ 1,047,676
<b>Liabilities</b>		
Current		
Accounts payable - (Note 7)	\$ 113,558	\$ 106,890
Deferred contributions - (Note 8)	6,070	2,500
Deferred revenues	-	6,250
	119,628	115,640
<b>Net assets</b>		
Restricted for special projects - (Note 9)	226,946	99,683
Restricted for purchase and maintenance of capital assets - (Note 9)	205,777	118,054
Invested in capital assets	140,183	142,655
Unrestricted	404,050	571,644
	976,956	932,036
	\$ 1,096,584	\$ 1,047,676

**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, 2018

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	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 44,920	\$ (147,753)
Non-cash items:		
Amortization of capital assets	7,170	7,317
Interests capitalized to investments	(1,205)	-
Unrealized gain on investments	(442)	-
	50,443	(140,436)
Net change in non-cash working capital items - (Note 10)	42,827	(20,360)
	93,270	(160,796)
<b>Investing activities</b>		
Investments acquisition	(627,563)	(568,510)
Cash receipts from investments	515,694	645,000
Acquisition of capital assets	(4,698)	(9,560)
	(116,567)	66,930
<b>Decrease in cash and cash equivalents</b>	(23,297)	(93,866)
<b>Cash and cash equivalents, beginning of year</b>	58,554	152,421
<b>Cash and cash equivalents, end of year</b>	\$ 35,257	\$ 58,555

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. 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.

**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.

**2. Significant accounting policies - (continued)****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:

	<b>Rates</b>
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***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.

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.

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY**

Notes to Financial Statements

March 31, 2018

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**3. Short-term investments**

	Coût	2018	2017
Guaranteed Investment Certificates, at rate of 1.25% matured in March 2018	\$ -	\$ -	\$ 230,000
Guaranteed Investment Certificate, at rate of 1.76%, matured in May 2017	-	-	50,000
Guaranteed Investment Certificate, at rate of 1.4%, maturing in July 2018	50,471	50,471	-
Cash broker	131,625	131,625	-
Investment funds:			
- Money-market fund	10,002	10,002	-
- Canadian fixed-income securities	294,252	294,068	-
- Non-Canadian fixed income securities	30,529	30,551	-
- Non-traditional investment strategies	65,455	65,316	-
- Canadian shares securities	54,649	54,798	-
- American shares securities	45,267	45,675	-
- Non-North American shares	27,371	27,557	-
Mutual fund (Cost: \$ 369,029 \$)	-	-	369,029
	\$ 709,621	\$ 710,063	\$ 649,029

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**

	2018	2017
Grants receivable	\$ 5,000	\$ 31,462
Accounts receivable	-	6,181
Sales taxes receivable	5,073	10,041
Accrued interest	-	1,941
	\$ 10,073	\$ 49,625

**5. Investments**

	<b>2018</b>	<b>2017</b>
Guaranteed Investment Certificate, at rate of 2.05%, maturing in May 2018	\$ 101,853	\$ 100,000
Guaranteed Investment Certificate, at rate of 1.86%, maturing in July 2019	50,629	-
	152,482	100,000
Current portion of investments	101,853	-
	\$ 50,629	\$ 100,000

**6. Capital assets**

	<b>2018</b>			<b>2017</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net value</b>	<b>Net value</b>
Land	\$ 52,222	\$ -	\$ 52,222	\$ 52,222
Building	138,295	71,358	66,937	68,654
Office equipment	25,294	21,089	4,205	5,257
Telephone system	13,542	9,105	4,437	5,547
Computer equipment	31,065	18,683	12,382	10,975
	\$ 260,418	\$ 120,235	\$ 140,183	\$ 142,655

**7. Accounts payable**

	<b>2018</b>	<b>2017</b>
Accounts payable	\$ 16,995	\$ 11,999
Salaries and vacations payable	96,563	94,891
	\$ 113,558	\$ 106,890

**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:

	2018	2017
Balance, beginning of the year	\$ 2,500	\$ 30,984
Less: Amount recognized as revenue in the year	(17,409)	(30,984)
Plus: Amount received related to the following year	20,979	2,500
<b>Balance, end of year</b>	<b>\$ 6,070</b>	<b>\$ 2,500</b>
<b>Summary</b>		
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
	<b>\$ 6,070</b>	<b>\$ 2,500</b>

**9. Internal restrictions**

During the year, the board of directors has resolved to allocate an amount of \$ 172,000 and a donation amount of \$ 150,000 to the initiative related to the strategic plan. As a result, these allocations, as of March 31, 2018, are as follows :

	Balance March 31, 2017	New allocations	Uses	Balance March 31, 2018
<b>Restricted assets</b>				
Website	\$ 1,406	\$ -	\$ -	\$ 1,406
Initiative related to the strategic plan	98,277	332,000	(204,737)	225,540
	<b>\$ 99,683</b>	<b>\$ 332,000</b>	<b>\$ (204,737)</b>	<b>\$ 226,946</b>

During the year, the organization used an amount of \$ 34,020 for consulting fees about works to be performed on the building. Additionally, the board of director resolved to restrict an amount of \$ 121,743 to the net assets restricted for the purchase and maintenance of capital assets. As a result, on March 31, 2018, the net assets restricted for the purchase and maintenance of capital assets amounted to \$ 205,277.

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 working capital items**

	2018	2017
Accounts receivable	\$ 39,552	\$ (34,887)
Inventory	9,881	8,800
Prepaid expenses	(10,594)	29,805
Accounts payable	6,668	906
Deferred contributions	3,570	(28,484)
Deferred revenues	(6,250)	3,500
	\$ 42,827	\$ (20,360)

**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 \$ 82,388 (\$ 62,309 in 2017). 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 to purchase eggs and milk with a value of \$ 48,452 (\$ 64,721 in 2017). Also, Moisson Montréal distributed to the organization 9,902 (11,583 in 2016) kilos of foodstuffs representing a total value of \$ 51,445 (\$ 57,912 in 2017). 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.

**13. Financial instruments - (continued)**

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.

**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 2017 have been reclassified to make their presentation identical to that adopted in 2018.

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY**

Additional Information

Year ended March 31, 2018

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	2018	2017
<b>Schedule A - Contributions</b>		
Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal		
- Operating	\$ 380,654	\$ 375,583
- Public health measure 3.1 (SIPPE-SCEF)	26,123	26,328
- Promotion and support of breastfeeding in Montréal	20,000	-
Centre de santé et de services sociaux de l'Estrie	-	5,000
Ministère de l'Emploi et de la Solidarité Sociale		
- Tasks forces on employment	-	5,813
Public Health Agency of Canada		
- Canada Prenatal Nutrition Program (CPNP)	275,395	275,395
- Fetal Alcohol Spectrum Disorder (FASD)	-	27,700
Canada Summer Jobs	6,313	6,058
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)	7,409	12,792
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)	48,452	64,721
Mc Gill University		
- Master's project	-	784
	\$ 1,081,141	\$ 1,116,969

**Schedule B - Self-generated revenues**

Donations	\$ 360,241	\$ 156,007
Food donations - (Note 12)	51,445	57,912
Fundraising events	134,508	60,117
Sale of publication and services	10,741	17,831
Interest and mutual funds distribution	12,500	10,522
Unrealized gains on investments	442	-
	\$ 569,877	\$ 302,389