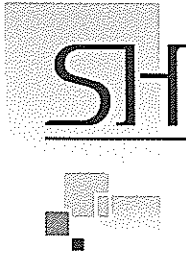


**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/
MONTREAL DIET DISPENSARY
FINANCIAL STATEMENTS
MARCH 31, 2017**

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

Independent Auditor's Report	1 - 2
Statement of Operations	3
Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Additional Information	13



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, 2017, 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.

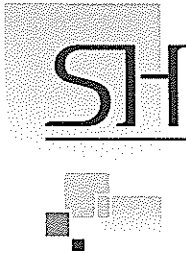
Auditor's Responsibility

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, 2017, 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.

1

Montreal, Canada
June 6, 2017

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



DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Operations

Year ended March 31, 2017

Page 3

	2017	2016
Revenues		
Contributions - (Schedule A)	\$ 1,116,969	\$ 1,189,067
Self-generated revenues - (Schedule B)	244,477	323,958
	<u>1,361,446</u>	<u>1,513,025</u>
Expenses		
Amortization - capital assets	7,317	7,463
Dietary intakes	129,546	133,191
Emergency relief	-	244
Insurance	10,641	10,919
Electricity and heating	8,320	9,014
Communications and website	31,287	5,466
Membership dues	16,323	24,336
Repairs and maintenance	48,555	21,384
Office supplies	7,517	6,590
Bank charges	1,626	2,186
Travelling and representation expenses	7,052	5,359
Training	6,454	2,930
Fundraising event - related fees	26,151	17,572
Supplies for activities	12,944	18,311
Salaries and fringe benefits	970,388	974,867
Computer services	17,178	9,880
Professional fees	99,498	120,010
Taxes and permits	9,313	8,751
Telecommunications	11,038	8,757
	<u>1,421,148</u>	<u>1,387,230</u>
(Deficiency) Excess of revenues over expenses from operations	<u>(59,702)</u>	<u>125,795</u>
Expenses assumed by the net assets subject to internal restriction		
Website - (Note 9)	(3,419)	(17,005)
Initiative related to the strategic plan - (Note 9)	(84,632)	(16,890)
	<u>(88,051)</u>	<u>(33,895)</u>
(Deficiency) Excess of revenues over expenses	<u>\$ (147,753)</u>	<u>\$ 91,900</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, 2017

Page 4

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

	Restricted for special projects	Restricted for research purpose	Restricted for purchase and maintenance of capital assets	Invested in capital assets	Unrestricted	2016 Total
Balance, beginning of year	\$ -	\$ 68,399	\$ 109,140	\$ 147,875	\$ 662,475	\$ 987,889
Excess (deficiency) of revenues over expenses	(33,895)	-	2,211	(7,463)	131,047	91,900
Internal restrictions - (Note 9)	129,729	(68,399)	45,145	-	(106,475)	-
Balance, end of year	\$ 95,834	\$ -	\$ 156,496	\$ 140,412	\$ 687,047	\$ 1,079,789

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

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Statement of Financial Position

March 31, 2017

Page 5

	2017	2016
Assets		
Current		
Cash	\$ 58,554	\$ 152,421
Short-term investments - (Note 3)	649,029	825,519
Accounts receivable - (Note 4)	49,625	14,738
Inventory	23,899	32,699
Prepaid expenses	23,914	53,719
	805,021	1,079,096
Investment - (Note 5)	100,000	-
Capital assets - (Note 6)	142,655	140,412
	\$ 1,047,676	\$ 1,219,508
Liabilities		
Current		
Accounts payable - (Note 7)	\$ 106,890	\$ 105,985
Deferred contributions - (Note 8)	2,500	30,984
Deferred revenues	6,250	2,750
	115,640	139,719
Net assets		
Restricted for special projects - (Note 9)	99,683	95,834
Restricted for purchase and maintenance of capital assets - (Note 9)	118,054	156,496
Invested in capital assets	142,655	140,412
Unrestricted	571,644	687,047
	932,036	1,079,789
	\$ 1,047,676	\$ 1,219,508

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, 2017

Page 6

	2017	2016
Operating activities		
(Deficiency) Excess of revenues over expenses	\$ (147,753)	\$ 91,900
Non-cash item:		
Amortization of capital assets	7,317	7,463
	(140,436)	99,363
Net change in non-cash working capital items - (Note 10)	(20,361)	(70,088)
	(160,797)	29,275
Investing activities		
Investment acquisition	(568,510)	(825,519)
Cash receipts from investments	645,000	150,000
Acquisition of capital assets	(9,560)	-
	66,930	(675,519)
Decrease in cash and cash equivalents	(93,867)	(646,244)
Cash and cash equivalents, beginning of year	152,421	798,665
Cash and cash equivalents, end of year	\$ 58,554	\$ 152,421

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:

	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*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 mutual fund and Guaranteed Investment Certificates.

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Notes to Financial Statements

March 31, 2017

Page 9

3. Short-term investments

	2017	2016
Mutual fund (Cost: \$ 369,029, \$ 595,519 in 2016)	\$ 369,029	\$ 595,519
Guaranteed Investment Certificates, at rate of 1.25% (1.50 % to 1.71% in 2016) maturing in March 2018 (December 2016 and January 2017)	230,000	230,000
Guaranteed Investment Certificate, at rate of 1.76%, maturing in May 2017	50,000	-
	\$ 649,029	\$ 825,519

4. Accounts receivable

	2017	2016
Grants receivable	\$ 31,462	\$ 5,000
Accounts receivable	6,181	3,056
Sales taxes receivable	10,041	6,682
Interest	1,941	-
	\$ 49,625	\$ 14,738

5. Investment

	2017	2016
Guaranteed Investment Certificate, at rate of 2.05%, maturing in May 2018	\$ 100,000	\$ -

6. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Net value	Net value
Land	\$ 52,222	\$ -	\$ 52,222	\$ 52,222
Building	138,295	69,641	68,654	70,414
Office equipment	25,294	20,037	5,257	4,052
Telephone system	13,542	7,995	5,547	6,933
Computer equipment	26,365	15,390	10,975	6,791
	\$ 255,718	\$ 113,063	\$ 142,655	\$ 140,412

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

Notes to Financial Statements

March 31, 2017

Page 10

7. Accounts payable

	2017	2016
Accounts payable	\$ 11,999	\$ 18,654
Vacations	94,891	60,087
Government remittances	-	27,244
	\$ 106,890	\$ 105,985

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:

	2017	2016
Balance, beginning of the year	\$ 30,984	\$ 11,723
Less: Amount recognized as revenue in the year	(30,984)	(11,723)
Plus: Amount received related to the following year	2,500	30,984
Balance, end of year	\$ 2,500	\$ 30,984

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	2,500
Mc Gill University - Master's project	-	784
	\$ 2,500	\$ 30,984

9. Internal restrictions

During the year, the board of directors has resolved to allocated an amount of \$ 91,900 (which represent the surplus of last year) to special projects. As a result, these allocations, as at March 31, 2017, are as follows :

	Balance, March 31, 2016	New allocations	Uses	Balance, March 31, 2017
Restricted assets				
Website	\$ 4,825	\$ -	\$ (3,419)	\$ 1,406
Initiative related to the strategic plan	91,009	91,900	(84,632)	98,277
	\$ 95,834	\$ 91,900	\$ (88,051)	\$ 99,683

During the year, the organization used an amount of 38,442 \$ for the purchase and maintenance of capital assets. As a result, on March 31, 2017, the net assets restricted for the purchase and maintenance of capital assets amounted to \$ 118,054.

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

	2017	2016
Accounts receivable	\$ (34,887)	\$ 2,685
Inventory	8,800	16,845
Prepaid expenses	29,805	(43,685)
Accounts payable	905	(61,694)
Deferred contributions	(28,484)	19,261
Deferred revenues	3,500	(3,500)
	\$ (20,361)	\$ (70,088)

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 \$ 62,309 (\$ 125,517 in 2016). 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 \$ 64,721 (\$ 94,221 in 2016). 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**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.

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.

	2017	2016
Schedule A - Contributions		
Centre de santé et de services sociaux du Sud-Ouest-Verdun	\$ 375,583	\$ 370,910
Centre de la santé et de services sociaux de la Montagne	26,328	26,000
Centre de santé et de services sociaux de l'Estrie	5,000	-
Ministère de l'Immigration, de la Diversité et de l'Inclusion	-	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	57,300
Canada Summer Jobs	6,058	2,972
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)	12,792	12,708
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	10,000	7,500
Centraide	281,795	281,795
Credits related to dietary intakes purchases - OLO Foundation	64,721	94,221
J.W. McConnell Family Foundation	-	12,050
Mc Gill University - Master's project	784	18,216
	\$ 1,116,969	\$ 1,189,067

Schedule B - Self-generated revenues

Donations	\$ 156,007	\$ 154,395
Fundraising events	60,117	93,184
Sale of publication and services	17,831	6,696
Interest	10,522	9,361
Recovery of charges related to dietary intakes	-	60,322
	\$ 244,477	\$ 323,958