

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/

MONTREAL DIET DISPENSARY

FINANCIAL STATEMENTS

MARCH 31, 2020

**DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/
MONTREAL DIET DISPENSARY
FINANCIAL STATEMENTS
MARCH 31, 2020**

SUMMARY

	Page
Independent Auditor's Report	1 - 3
Statement of Operations	4
Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15
Additional Information	16



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, 2020, 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, 2020, 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

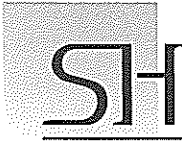
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance 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.





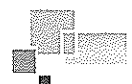
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. 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 10, 2020

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



DISPENSARE DIÉTÉTIQUE DE MONTRÉAL / MONTREAL DIET DISPENSARY

Statement of Operations

Year Ended March 31, 2020

Page 4

	2020	2019
Revenues		
Contributions (Schedule A)	\$ 1,059,783	\$ 1,060,065
Self-generated revenues (Schedule B)	311,398	653,920
	<u>1,371,181</u>	<u>1,713,985</u>
Expenses		
Amortization - capital assets	8,415	7,769
Dietary intakes (Note 12)	155,574	153,176
Insurance	12,565	11,415
Electricity and heating	9,267	8,962
Communications and website	3,730	11,866
Membership dues	19,513	19,472
Clothing donations (Note 12)	-	11,320
Repairs and maintenance	21,135	23,812
Office supplies	9,057	6,130
Bank charges	3,618	3,099
Travelling and representation expenses	8,061	7,718
Training	11,474	5,674
Investment management fees	11,451	8,723
Fundraising event - related fees	9,363	32,255
Supplies for activities	11,522	12,081
Salaries and fringe benefits	1,258,852	1,152,819
Computer services	14,363	14,158
Professional fees	56,864	66,800
Taxes and permits	10,006	9,744
Telecommunications	8,777	7,891
	<u>1,643,607</u>	<u>1,574,884</u>
(Deficiency) excess of revenues over expenses before other expenses	<u>(272,426)</u>	<u>139,101</u>
Expenses assumed by the net assets subject to internal restriction		
Initiative related to the strategic plan (Note 9)	(63,123)	(40,300)
Repairs, maintenance and consulting fees - building (Note 9)	(18,333)	(8,864)
	<u>(81,456)</u>	<u>(49,164)</u>
(Deficiency) excess of revenues over expenses	<u>\$ (353,882)</u>	<u>\$ 89,937</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, 2020

	Restricted for purchase and maintenance of capital assets	Invested in capital assets	Unrestricted	2020 Total
Balance, beginning of year	\$ 186,646	\$ 196,913	\$ 139,975	\$ 543,359
(Deficiency) excess of revenues over expenses	(63,123)	(18,333)	(8,415)	(264,011)
Investment in fixed assets	-	-	5,824	(5,824)
Balance, end of year	\$ 123,523	\$ 178,580	\$ 137,384	\$ 273,524
				\$ 713,011

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

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

DISPENSARE DIÉTÉTIQUE DE MONTRÉAL/MONTREAL DIET DISPENSARY

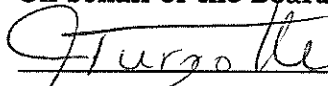
Statement of Financial Position

As at March 31, 2020

Page 6

	2020	2019
Assets		
Current assets		
Cash	\$ 149,201	\$ 69,644
Short-term investments (Note 3)	780,269	858,382
Accounts receivable (Note 4)	12,371	10,782
Inventory	33,553	9,240
Prepaid expenses	61,326	47,599
Current portion of investments (Note 5)	-	50,629
	1,036,720	1,046,276
Capital assets (Note 6)	137,384	139,975
	\$ 1,174,104	\$ 1,186,251
Liabilities		
Current liabilities		
Accounts payable (Note 7)	\$ 147,696	\$ 114,858
Deferred revenues	2,720	-
Deferred contributions (Note 8)	310,677	4,500
	461,093	119,358
Net assets		
Restricted for special projects (Note 9)	123,523	186,646
Restricted for purchase and maintenance of capital assets (Note 9)	178,580	196,913
Invested in capital assets	137,384	139,975
Unrestricted	273,524	543,359
	713,011	1,066,893
	\$ 1,174,104	\$ 1,186,251

Subsequent event (Note 13)

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, 2020

Page 7

	2020	2019
Operating activities		
(Deficiency) excess of revenues over expenses	\$ (353,882)	\$ 89,937
Non-cash items:		
Amortization of capital assets	8,415	7,769
Interests and distributions funds capitalized to investments cost	(31,145)	(25,922)
Loss on disposal of investments	4,620	-
Unrealized loss (gain) on investments	42,560	(4,206)
	(329,432)	67,578
Net change in non-cash items related to operating activities (Note 10)	302,106	(9,292)
	(27,326)	58,286
Investing activities		
Net change in short-term investments	12,707	(118,191)
Cash receipts from investments	100,000	101,853
Acquisition of capital assets	(5,824)	(7,561)
	106,883	(23,899)
Increase in cash and cash equivalents	79,557	34,387
Cash and cash equivalents, beginning of year	69,644	35,257
Cash and cash equivalents, end of year	\$ 149,201	\$ 69,644

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

Investment transactions are recognized on the transaction date and the income derived therefrom is recognized on an accrual basis. Interest income is recognized as a function of time, while fund distribution and dividends are recognized on the declaration date. Gains (losses) on investments are recognized when they occur.

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 or determinable, and that ultimate collection is reasonably assured.

Revenue from fundraising events is recognized when it takes place.

2. Significant accounting policies (continued)**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.

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.

2. Significant accounting policies (continued)**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.

3. Short-term investments

	Cost	2020	2019
Investment funds:			
- Money-market fund	\$ 11,741	\$ 11,471	\$ 23,205
- Canadian fixed-income securities	470,894	469,150	464,473
- Non-Canadian fixed income securities	49,502	42,311	47,849
- Non-traditional investment strategies	113,272	104,163	112,685
- Canadian shares securities	65,227	57,806	92,235
- American shares securities	72,938	63,593	83,856
- Non-North American shares	34,713	31,775	34,079
	\$ 818,287	\$ 780,269	\$ 858,382

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

	2020		2019	
Grants receivable	\$	5,000	\$	5,000
Accounts receivable		437		284
Sales taxes receivable		6,934		5,498
	\$	12,371	\$	10,782

5. Investments

	2020		2019	
Guaranteed Investment Certificate, at rate of 1.86%, matured in July 2019	\$	-	\$	50,629
Current portion of investments		-		50,629
	\$	-	\$	-

6. Capital assets

	2020			2019	
	Cost	Accumulated amortization	Net book value	Net book value	
Land	\$ 52,222	\$ -	\$ 52,222	\$	52,222
Building	138,295	74,663	63,632	\$	65,264
Office equipment	25,294	22,602	2,692	\$	3,364
Telephone system	13,542	10,703	2,839	\$	3,550
Computer equipment	37,929	21,930	15,999	\$	15,575
	\$ 267,282	\$ 129,898	\$ 137,384	\$	139,975

7. Accounts payable

	2020		2019	
Accounts payable	\$	17,326	\$	23,023
Salaries and vacations payable		130,370		91,835
	\$	147,696	\$	114,858

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:

	2020	2019
Balance, beginning of the year	\$ 4,500	\$ 6,070
Plus: amounts received related to the following year	563,395	14,668
Less: amounts recognized as revenue in the year	(257,218)	(16,238)
Balance, end of year	\$ 310,677	\$ 4,500

Summary

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal - Foster Economic Inclusion and Social Participation measure 3.1	\$ 274,421	\$ -
Public Health Agency of Canada - Canada Prenatal Nutrition Program (CPNP)	33,756	-
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	2,500	2,500
Centraide - Training grant	-	2,000
	\$ 310,677	\$ 4,500

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 \$ 63,123 (\$ 40,300 in 2019) for expenses related to the strategic plan. As a result, these allocations, as of March 31, 2020, are as follows :

	Balance March 31, 2019	New Allocations	Uses	Balance March 31, 2020
Restricted assets				
Website	\$ 1,406	\$ -	\$ -	\$ 1,406
Initiative related to the strategic plan	185,240	-	(63,123)	122,117
	\$ 186,646	\$ -	\$ (63,123)	\$ 123,523

During the year, the organization used an amount of \$ 18,333 (\$ 8,864 in 2019) for consulting fees about works to be performed on the building. As a result, on March 31, 2020, the net assets restricted for the purchase and maintenance of capital assets amounted to \$ 178,580.

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

	2020	2019
Accounts receivable	\$ (1,589)	\$ (709)
Inventory	(24,313)	4,778
Prepaid expenses	(13,727)	(13,091)
Accounts payable	32,838	1,300
Deferred revenues	2,720	-
Deferred contributions	306,177	(1,570)
	\$ 302,106	\$ (9,292)

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 \$ 75,738 (\$ 79,977 in 2019). 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 \$ 60 580 (\$ 50 483 in 2019). The organization also received goods donations having a value of \$ 460 (\$ 15,860 in 2019) and, in 2019, investments in shares quoted in an active market having a fair market value of \$ 25,666. Also, Moisson Montréal distributed to the organization 15,918 (11,539 in 2019) kilos of foodstuffs representing a total value of \$ 90,735 (\$ 65,774 in 2019). These transactions have been accounted for at the exchange value which is the amount of the counterpart established and agreed between the parties.

13. Subsequent event

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is closely monitoring the situation. Following the Quebec government decret ordering the closure of non-essential businesses to combat the spread of COVID-19, the organization has closed its offices for an indefinite period. However, in order to continue to provide services to the beneficiaries, measures were taken and the employees were deployed by telework.

As of the date of publication of the financial statements, management is unable to determine when the organization's activities will resume normally and what the impact will be on its self-funding revenues for the next fiscal year.

14. 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.

14. Financial instruments (continued)**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 funds which invests in quoted shares for which the value fluctuates with the quoted market price.

	2020	2019
Schedule A - Contributions		
Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal		
- Operating	\$ 392,538	\$ 388,306
- Public health measure 3.1 (SIPPE-SCEF)	13,635	25,592
- Foster Economic Inclusion and Social Participation measure 3.1	3,579	-
Public Health Agency of Canada		
- Canada Prenatal Nutrition Program (CPNP)	241,639	275,395
- Adjustment for prior year	-	(8,508)
Canada Summer Jobs	7,967	5,764
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
La Société de gestion du fonds pour le développement des jeunes enfants (Avenir d'enfants)	10,000	10,000
Centraide		
- Operating	281,795	281,795
- Training assistance	3,050	-
Credits related to dietary intakes purchases - OLO Foundation (Note 12)	60,580	50,483
Fondation Énergie Valero du Québec	20,000	-
	\$ 1,059,783	\$ 1,060,065

Schedule B - Self-generated revenues

Donations	\$ 213,850	\$ 401,442
Donations in kind (Note 12)	91,195	107,300
Fundraising events	18,094	110,238
Sale of publication and services	4,228	4,395
Interest and fund distributions	31,211	26,339
Loss on disposal of investments	(4,620)	-
Unrealized (loss) gains on investments	(42,560)	4,206
	\$ 311,398	\$ 653,920