

SANTROPOL ROULANT INC. /
SANTROPOL ON WHEELS INC.

Financial Statements

December 31, 2009

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

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Amstutz Mackenzie & associé

comptables agréés / Chartered Accountants

AUDITORS' REPORT

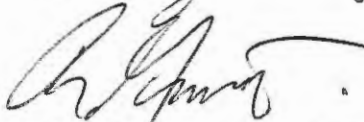
To the Directors of
SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

We have audited the balance sheet of SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC. as at December 31, 2009 and the statements of changes in net assets and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the organization's records and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Amstutz Mackenzie & associé


By Ron Amstutz, CA auditor
Montréal, Québec
January 29, 2010

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
BALANCE SHEET
as at December 31, 2009

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 340,213	\$ 111,176
Term deposit (Note 3)	23,515	23,032
Accounts receivable (Note 4)	127,855	80,049
Prepaid expenses	<u>4,997</u>	<u>6,469</u>
	496,580	220,726
DEFERRED COSTS (Note 5)	1,409,324	1,022,807
CAPITAL ASSETS (Note 6)	<u>4,210</u>	<u>3,167</u>
	<u>\$ 1,910,114</u>	<u>\$ 1,246,700</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	\$ 100,421	\$ 20,062
Deferred contributions (Note 8)	106,666	85,130
Current portion of long-term debt (Note 10)	<u>86,448</u>	<u>300,000</u>
	293,535	405,192
DEFERRED CONTRIBUTIONS (Note 5)	1,031,700	307,492
DEFERRED GRANTS FOR CAPITAL ASSETS (Note 9)	1,041	1,487
LONG-TERM DEBT (Note 10)	<u>442,044</u>	<u>400,000</u>
	<u>1,768,320</u>	<u>1,114,171</u>
NET ASSETS		
RESTRICTED		
Invested in capital assets	3,169	1,680
UNRESTRICTED	<u>138,625</u>	<u>130,849</u>
	<u>141,794</u>	<u>132,529</u>
	<u>\$ 1,910,114</u>	<u>\$ 1,246,700</u>

CONTRACTUAL OBLIGATIONS (Note 14)

ON BEHALF OF THE BOARD

....., director

....., director

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 STATEMENT OF CHANGES IN NET ASSETS
 year ended December 31, 2009

	<u>Restricted</u> Invested in capital <u>assets</u>	Un- <u>restricted</u>	<u>2 0 0 9</u> <u>Total</u>	<u>2 0 0 8</u> <u>Total</u>
Balance, beginning of year	\$ 1,680	\$ 130,849	\$ 132,529	\$ 149,568
Excess (deficiency) of revenues over expenses	-	9,265	9,265	(17,039)
Acquisition of capital assets	2,700	(2,700)	-	-
Amortization - capital assets	(1,657)	1,657	-	-
Amortization of deferred grants for capital assets	<u>446</u>	<u>(446)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>3,169</u>	\$ <u>138,625</u>	\$ <u>141,794</u>	\$ <u>132,529</u>

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
STATEMENT OF OPERATIONS
year ended December 31, 2009

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
REVENUES		
Foundations and organizations	\$ 278,233	\$ 285,666
Individual donations	71,955	55,502
Private company donations	34,879	25,715
Net contributions from clients - meals on wheels revenues	75,575	72,406
Grants		
Federal programs		
Human Resources and Skills Development Canada		
New Horizons for Seniors Program	5,351	4,526
Canada Summer Jobs	6,174	6,218
Provincial programs		
Ministre de l'Emploi et de la Solidarité sociale		
Fonds de développement du marché du travail	20,700	19,268
Secrétariat à l'action communautaire autonome et aux initiatives sociales	-	8,750
Agence de la santé et de services sociaux de Montréal		
Programme d'aide aux personnes âgées en perte d'autonomie	18,780	18,329
Programme de soutien aux organismes communautaires	64,359	61,640
Municipal programs		
Lutte contre la pauvreté et l'exclusion sociale	10,000	-
Aide financière aux OBNL locataires	2,482	3,114
Benefits and fund raising events	41,693	43,031
Miscellaneous revenues	<u>1,275</u>	<u>2,740</u>
	<u>631,456</u>	<u>606,905</u>
EXPENSES		
Program costs		
Meals on Wheels project - Appendix I	110,135	87,714
Community and intergenerational project - Appendix I	20,018	13,129
The Rooftop Garden project - Appendix I	5,864	2,163
Salaries, allowances and social contributions - Appendix II	401,662	434,202
Operating and administrative expenses - Appendix II	<u>84,512</u>	<u>86,736</u>
	<u>622,191</u>	<u>623,944</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>9,265</u>	\$ <u>(17,039)</u>

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2009

1. STATUS AND PURPOSE OF THE ORGANIZATION

The organization was incorporated under the Canada Corporations Act and is a registered charity. Its main goal is to prepare and deliver healthy meals to individuals dealing with a temporary or permanent loss of autonomy. It also organizes recreational and social activities for its clients.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the organization are the following:

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Revenue recognition

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.

Self-financing

Revenues from self-financing activities are recognized when the services are rendered or when the events have taken place.

Term deposits

Term deposits are recorded at cost.

Capital assets

Capital assets are recorded at cost. They are amortized over their estimated useful lives using the declining-balance method at the following annual rate:

Office and kitchen equipment	20%
Computer equipment	30%
Vehicles and bikes	30%

Benefit and fund raising events

The revenues from benefit and fund raising events includes contributions considered as donations.

3. TERM DEPOSIT

The term deposit matures June 2, 2010 and bears interest at the rate of 0.2% per annum.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 NOTES TO FINANCIAL STATEMENTS
 as at December 31, 2009

4. ACCOUNTS RECEIVABLE	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Accounts receivable	\$ 24,610	\$ 23,345
Allowance for doubtful accounts	<u>(18,700)</u>	<u>(16,500)</u>
	5,910	6,845
Grants, foundations, organizations and private companies	29,392	50,962
Sales taxes receivable	90,278	12,677
Miscellaneous	<u>2,275</u>	<u>9,565</u>
	\$ <u>127,855</u>	\$ <u>80,049</u>

5. DEFERRED COSTS AND DEFERRED CONTRIBUTIONS - SECURING OUR FUTURE

As part of the Organization's long-term plans, a building was purchased in 2008. This building is being renovated to suit the future needs of the Organization. The goal being to use the new space, once renovated, to further the work of the Organization and to grow its programs and impact on society.

Costs associated with the purchase of the building are included in deferred costs. Once the renovations are complete, all costs will be accounted for as part of capital assets and will be amortized accordingly. Funds raised are included in deferred contributions and will be amortized at the same rate and method as the building.

6. PROPERTY		<u>2 0 0 9</u>	<u>2 0 0 8</u>
	Accumulated	Net Book	Net Book
	Amort-	Value	Value
	ization		
	<u>Cost</u>		
Office and kitchen equipment	\$ 20,731	\$ 19,908	\$ 823
Computer equipment	13,104	13,104	-
Vehicles and bikes	27,847	24,460	3 387
Leasehold improvements	<u>4,394</u>	<u>4,394</u>	<u>-</u>
	\$ <u>66,076</u>	\$ <u>61,866</u>	\$ <u>4,210</u>
			\$ <u>3,167</u>

7. ACCOUNTS PAYABLE	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Suppliers	\$ 9,902	\$ 8,800
Sales taxes payable	89,350	-
Salaries and fringe benefits	<u>1,169</u>	<u>11,262</u>
	\$ <u>100,421</u>	\$ <u>20,062</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 NOTES TO FINANCIAL STATEMENTS
 as at December 31, 2009

8.	DEFERRED CONTRIBUTIONS	<u>2 0 0 9</u>	<u>2 0 0 8</u>
	Deferred contributions represent funds not yet spent that, under funding agreements with partners, are allocated to cover costs for activities in a subsequent year.		
	The changes during the year are the following:		
	Balance, beginning of year	\$ 85,130	\$ 47,599
	Plus - amounts received during the year	179,051	157,762
	Less - amounts recognized as revenue during the year	<u>(157,515)</u>	<u>(120,231)</u>
	Balance, end of year	\$ <u>106,666</u>	\$ <u>85,130</u>
9.	DEFERRED GRANTS FOR CAPITAL ASSETS	<u>2 0 0 9</u>	<u>2 0 0 8</u>
	Gift of a vehicle, amortized at 30% using the declining balance method.		
	Balance, beginning of year	\$ 1,487	\$ 2,124
	Less - amount recognized as revenue during the year	<u>(446)</u>	<u>(637)</u>
	Balance, end of year	\$ <u>1,041</u>	\$ <u>1,487</u>
10.	LONG-TERM DEBT	<u>2 0 0 9</u>	<u>2 0 0 8</u>
	Balance of sale, repayable in twenty quarterly instalments of \$21,612 plus interest calculated at the rate of 5% per annum, beginning January 2010 and ending December 2014, secured by a first mortgage on the building.		
		\$ 432,242	\$ 700,000
	Second mortgage with Canadian Alternative Investments Cooperative, used for building renovations, interest payable monthly at the rate of 5.5% per annum. Loan to be amortized over 15 years with an initial term of 5 years to commence after final advance of funds.		
		96,250	-
		<u>528,492</u>	<u>700,000</u>
	Current portion	<u>86,448</u>	<u>300,000</u>
		\$ <u>442,044</u>	\$ <u>400,000</u>
	Long-term debt principal repayments to be made during the next five years are as follows: 2010 - \$86,448; 2011 - \$86,448; 2012 - \$86,448; 2013 - \$86,448; 2014 - \$86,448.		

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2009

10. LONG-TERM DEBT (continued)

Subsequent to year end the above loans were replaced by a first mortgage on the building, bearing interest at the Desjardins prime rate plus 1.9% per annum. Under the terms of the new loan capital and interest are repayable in monthly instalments of \$3,069.57. The initial term is for three years and the loan is being amortized over 20 years.

11. CONTRIBUTION OF GOODS AND SERVICES

The organization benefits of the right to use a car for a period of three years. The cost to the organization is less than the true value of the automobile. The excess which is assumed by the Nissan Foundation is accounted for in revenue from foundations and organizations.

In addition, the organization receives donations of packaging materials and food for its Meals on Wheels activities. This type of donation is accounted for at its true value in revenue from private companies.

The organization could not fulfill its mission without the gift of a great deal of time and energy from volunteers. Due to the complexity involved in counting these hours, volunteer services are not accounted for in these financial statements. If it were possible to determine the monetary value of these services, the amounts would have been recorded in the appropriate revenue and expense captions.

12. FINANCIAL INSTRUMENTS

The organization's financial assets and financial liabilities are held for trading.

Fair Value

The fair value of short term assets and short term liabilities is approximately equal to their carrying value due to their short-term maturity date. Fair values are based on estimates, and as such, the financial instruments may not be realizable at the amounts indicated if they were settled immediately.

Interest rate risk

The organization manages its temporary investments according to its cash requirements and in order to maximize its interest revenues. The average interest rate earned on the temporary investments during the year was 0.2%.

Credit Risk

The organization continuously evaluates all of its accounts receivable and records a provision for doubtful accounts when the accounts are considered unrecoverable.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2009

13. RELATED PARTY

Santropol Roulant Inc. is the sole member of Santropol Roulant (Québec) Inc., a non-profit organization incorporated under the laws of Québec, and elects all of its officers and directors. Santropol Roulant (Québec) Inc. has appointed Santropol Roulant Inc. as its exclusive agent to carry out all of its obligations under any grants awarded to it. This year and the previous year, no grant has been awarded to Santropol Roulant (Québec) Inc., and it has no other activities.

14. CONTRACTUAL OBLIGATIONS

The organization decided to renovate the building purchased in 2008. A contract in the amount of \$1,280,000 has been signed and the work should be completed by December 18, 2010.

15. COMPARATIVE FIGURES

Figures for 2008 were audited by another auditor.

Certain figures for 2008 have been reclassified to increase clarity and make their presentation identical to that adopted in 2009.

16. CASH FLOWS

A cash flow statement has not been presented as it would not provide any additional useful information in understanding the cash flows for the year.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2009

APPENDIX I

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
PROGRAM COSTS		
MEALS ON WHEELS PROJECT		
Food	\$ 68,158	\$ 41,563
Food packaging	10,372	10,465
Transportation, delivery and vehicle insurance	10,042	15,286
Rent - office and kitchen	7,272	6,858
Equipment - maintenance and repairs	5,834	5,392
Bad debts	2,421	3,322
Electricity	1,930	1,880
Office expenses and licenses	1,745	1,775
Amortization - capital assets	1,657	1,173
Telecommunications	<u>704</u>	<u>-</u>
	\$ <u>110,135</u>	\$ <u>87,714</u>
COMMUNITY AND INTERGENERATIONAL PROJECT		
Social activities	\$ 9,232	\$ 1,969
Rent - office and community space	8,519	8,036
Electricity	2,267	2,208
Telecommunications	-	455
Office supplies and maintenance	<u>-</u>	<u>461</u>
	\$ <u>20,018</u>	\$ <u>13,129</u>
ROOFTOP GARDEN PROJECT		
Garden supplies and equipment	\$ 5,864	\$ 105
Social activities	<u>-</u>	<u>2,058</u>
	\$ <u>5,864</u>	\$ <u>2,163</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2009

APPENDIX II

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
SALARIES, ALLOWANCES AND SOCIAL CONTRIBUTIONS		
Salaries and social contributions non-subsidized	\$ 356,861	\$ 381,197
Salaries and social contributions subsidized	<u>44,801</u>	<u>53,005</u>
	\$ <u>401,662</u>	\$ <u>434,202</u>
 OPERATING AND ADMINISTRATIVE EXPENSES		
Fundraising activities	\$ 15,050	\$ 12,381
Rent - office	12,051	22,451
Professional fees	11,613	10,574
Other expenses	7,115	1,753
Office expenses	6,016	4,216
Interest and bank charges	4,703	2,492
Office insurance	4,359	4,168
Telecommunications	3,930	3,843
Computer expenses	3,756	7,615
Advertising and promotion	3,439	3,506
Professional training and development	3,056	920
Taxes	2,617	2,121
Calendars and news letters	2,443	2,613
Meeting and transportation expenses	2,228	1,867
Electricity	2,089	2,820
Maintenance and repairs	<u>47</u>	<u>3,396</u>
	\$ <u>84,512</u>	\$ <u>86,736</u>