

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

Financial Statements

December 31, 2011

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

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Amstutz Mackenzie & associé

comptables agréés / Chartered Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC. which comprise the balance sheet as at December 31, 2011, 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 generally accepted accounting principles, 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 - Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 judgement, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis For Qualified Opinion - 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.

Qualified Opinion - 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 paragraphs, the financial statements present fairly, in all material respects, the financial position of SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC. as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



By R. Amstutz CA auditor
February 29, 2012
Montreal, Quebec

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
BALANCE SHEET
as at December 31, 2011

	<u>2 0 1 1</u>	<u>2 0 1 0</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 284,184	\$ 250,322
Term deposit	-	23,515
Accounts receivable (Note 3)	22,970	77,936
Prepaid expenses	<u>10,335</u>	<u>5,941</u>
Total current assets	<u>317,489</u>	<u>357,714</u>
 CAPITAL ASSETS (Note 4)	 <u>2,786,159</u>	 <u>2,863,872</u>
Total long-term assets	<u>2,786,159</u>	<u>2,863,872</u>
 Total assets	 \$ <u>3,103,648</u>	 \$ <u>3,221,586</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank credit line	\$ -	\$ 285,075
Accounts payable (Note 5)	14,645	11,934
Deferred contributions (Note 6)	134,483	63,835
Current portion of long-term debt (Note 8)	<u>13,450</u>	<u>12,622</u>
Total current liabilities	<u>162,578</u>	<u>373,466</u>
 DEFERRED GRANTS FOR CAPITAL ASSETS (Note 7)	 1,943,940	 1,858,403
 LONG-TERM DEBT (Note 8)	 <u>811,252</u>	 <u>825,710</u>
Total long-term liabilities	<u>2,755,192</u>	<u>2,684,113</u>
Total liabilities	<u>2,917,770</u>	<u>3,057,579</u>
NET ASSETS		
NET ASSETS		
Invested in capital assets	17,517	167,137
Unrestricted	<u>168,361</u>	<u>(3,130)</u>
Total net assets	<u>185,878</u>	<u>164,007</u>
 Total liabilities and net assets	 \$ <u>3,103,648</u>	 \$ <u>3,221,586</u>

ON BEHALF OF THE BOARD

Paul Donat
....., director

Kim Sufjan
....., 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, 2011

	<u>Invested in capital assets</u>	<u>Un- restricted</u>	<u>2 0 1 1 Total</u>	<u>2 0 1 0 Total</u>
Balance, beginning of year	\$ 167,137	\$ (3,130)	\$ 164,007	\$ 141,794
Excess of revenues over expenses	-	21,871	21,871	22,213
Acquisition of capital assets	49,264	(49,264)	-	-
Amortization	(127,337)	127,337	-	-
Amortization of deferred grants for capital assets	103,831	(103,831)	-	-
Increase in deferred grants for capital assets	(189,368)	189,368	-	-
Repayment of long-term debt	<u>13,630</u>	<u>(13,630)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>17,517</u>	\$ <u>168,361</u>	\$ <u>185,878</u>	\$ <u>164,007</u>

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 OPERATIONS
 year ended December 31, 2011

	<u>2 0 1 1</u>	<u>2 0 1 0</u>
REVENUES		
Foundations and organizations	\$ 205,418	\$ 192,523
Government Grants (Note 9)	198,877	147,570
Centraide	70,000	75,000
L'Oeuvre Léger	15,500	11,000
Individual donations	60,606	77,018
Private company donations	59,975	44,199
Amortization - deferred grants for capital assets	103,831	39,518
Net contributions from clients - meals on wheels revenues	96,323	75,745
Benefits and fundraising events	54,584	30,077
Miscellaneous revenues	<u>19,192</u>	<u>2,769</u>
	<u>884,306</u>	<u>695,419</u>
EXPENSES		
Program costs		
Meals on Wheels project - Appendix I	86,752	100,832
Community and intergenerational project - Appendix I	10,324	7,361
The Rooftop Garden project - Appendix I	12,878	5,462
Salaries, allowances and social contributions - Appendix II	490,218	413,112
Operating and administrative expenses - Appendix II	134,926	93,432
Amortization - capital assets	<u>127,337</u>	<u>53,007</u>
	<u>862,435</u>	<u>673,206</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>21,871</u>	\$ <u>22,213</u>

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
CASH FLOWS
year ended December 31, 2011

	<u>2 0 1 1</u>	<u>2 0 1 0</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 21,871	\$ 22,213
Items not affecting cash		
Amortization - capital assets	127,337	53,007
Amortization -deferred grants for capital assets	<u>(103,831)</u>	<u>(39,518)</u>
	45 377	35 702
CHANGES IN NON CASH OPERATING WORKING CAPITAL		
Accounts receivable	54,966	49,919
Prepaid expenses	(4,394)	(944)
Accounts payable	2,711	88,487
Deferred contributions	<u>70,648</u>	<u>(42,831)</u>
	<u>169 308</u>	<u>(46,641)</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(49,624)</u>	<u>(1,503,345)</u>
	<u>(49,624)</u>	<u>(1,503,345)</u>
FINANCING ACTIVITIES		
Increase in deferred grants for capital assets	189,368	865,180
Increase in long-term debt	-	321,508
Repayment of long-term debt	<u>(13,630)</u>	<u>(11,668)</u>
	<u>175,738</u>	<u>1,175,020</u>
INCREASE (DECREASE) IN CASH	295,422	(374,966)
CASH BEGINNING OF YEAR	<u>(11,238)</u>	<u>363,728</u>
CASH END OF YEAR	\$ <u>284,184</u>	\$ <u>(11,238)</u>
 Cash comprises:		
Cash	\$ 284,184	\$ 250,322
Term deposit	-	23,515
Bank credit line	<u>-</u>	<u>(285,075)</u>
CASH END OF YEAR	\$ <u>284,184</u>	\$ <u>(11,238)</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, 2011

1. STATUS AND PURPOSE OF THE ORGANIZATION

The organization was incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. 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 rates:

Building	5%
Rooftop garden	10%
Office and kitchen equipment and cold storage room	20%
Computer equipment	30%
Vehicles and bikes	30%

Benefit and fundraising events

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

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 NOTES TO FINANCIAL STATEMENTS
 as at December 31, 2011

3. ACCOUNTS RECEIVABLE	<u>2 0 1 1</u>	<u>2 0 1 0</u>
Accounts receivable	\$ 19,306	\$ 14,144
Allowance for doubtful accounts	<u>(9,499)</u>	<u>(5,773)</u>
	9,807	8,371
Grants, foundations, organizations and private companies	10,000	35,000
Sales taxes receivable	3,063	34,565
Miscellaneous	<u>100</u>	<u>-</u>
	<u>\$ 22,970</u>	<u>\$ 77,936</u>

4. CAPITAL ASSETS		<u>2 0 1 1</u>		<u>2 0 1 0</u>
	<u>Cost</u>	<u>Accumulated Amort-ization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 425,000	\$ -	\$ 425,000	\$ 425,000
Building	2,506,087	175,600	2,330,487	2,416,371
Rooftop garden	23,452	1,744	21,708	-
Cold storage room	6,750	675	6,075	-
Office and kitchen equipment	20,731	20,205	526	20,130
Computer equipment	14,108	13,405	703	-
Vehicles and bikes	27,847	26,187	1 660	2,371
Leasehold improvements	<u>4,394</u>	<u>4,394</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,028,369</u>	<u>\$ 242,210</u>	<u>\$ 2,786,159</u>	<u>\$ 2,863,872</u>

Funds raised towards the cost of the building are included in deferred grants for capital assets and are being amortized at the same rate and method as the building (see Note 8).

5. ACCOUNTS PAYABLE	<u>2 0 1 1</u>	<u>2 0 1 0</u>
Suppliers	\$ 8,522	\$ 5,312
Salaries and fringe benefits	<u>6,123</u>	<u>6,622</u>
	<u>\$ 14,645</u>	<u>\$ 11,934</u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent funds not yet spent that, under funding agreements with partners, are allocated to cover costs for activities in a subsequent year.

7. DEFERRED GRANTS FOR CAPITAL ASSETS		<u>2 0 1 1</u>		<u>2 0 1 0</u>
	<u>Grants</u>	<u>Accumulated Amort-ization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 2,086,248	\$ 142,308	\$ 1,943,940	\$ 1,857,674
Vehicles	<u>1,487</u>	<u>1,487</u>	<u>-</u>	<u>729</u>
	<u>\$ 2,087,735</u>	<u>\$ 143,795</u>	<u>\$ 1,943,940</u>	<u>\$ 1,858,403</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 NOTES TO FINANCIAL STATEMENTS
 as at December 31, 2011

7. DEFERRED GRANTS FOR CAPITAL ASSETS (cont'd)

Deferred grants for capital assets are amortized at the same rates as the assets to which they relate (building at 5% and vehicles at 30%).

8. LONG-TERM DEBT	<u>2 0 1 1</u>	<u>2 0 1 0</u>
Term loan, interest at the Caisse d'économie solidaire Desjardins' prime rate plus 1.9% per annum, interest and principal payable in equal monthly instalments of \$3,070. The loan is amortized over 20 years with an initial term of 3 years, secured by a mortgage on land and building.	\$ 474,702	\$ 488,332
Unsecured loan, non-interest bearing and without fixed maturity.	<u>350,000</u>	<u>350,000</u>
	824,702	838,332
Current portion	<u>13,450</u>	<u>12,622</u>
	<u>\$ 811,252</u>	<u>\$ 825,710</u>

Long-term debt principal repayments to be made during the next five years are as follows: 2012 - \$13,450; 2013 - \$14,137; 2014 - \$14,859; 2015 - \$15,617; 2016 - \$16,415.

9. GOVERNMENT GRANTS	<u>2 0 1 1</u>	<u>2 0 1 0</u>
Federal programs		
Human Resources and Skills Development Canada New Horizons for Seniors Program	\$ -	\$ 14,123
Canada Summer Jobs	-	3,821
Youth Employment Services	7,585	4,659
Other programs	-	3,351
Provincial programs		
Ministre de l'Emploi et de la Solidarité sociale Fonds de développement du marché du travail	17,493	9,979
Secrétariat à l'action communautaire autonome et aux initiatives sociales	-	17,500
Fonds étudiant solidarité travail du Québec	3,888	-
Agence de la santé et de services sociaux de Montréal Programme d'aide aux personnes âgées en perte d'autonomie	11,290	19,071
Programme de soutien aux organismes communautaires	64,803	65,551
Ministère de la santé et des services sociaux Plan d'action 2006-2012 sur les changements climatiques (PACC) - Volet santé	39,412	-
Ministère de la famille et des aînés	40,796	-
Municipal programs		
Lutte contre la pauvreté et l'exclusion sociale	11,935	8,760
Aide financière aux OBNL locataires	<u>1 675</u>	<u>755</u>
	<u>\$ 198,877</u>	<u>\$ 147,570</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2011

10. 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.

11. 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.

12. 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.

13. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Accounting Standards Board (AcSB) has announced that all Canadian publicly accountable enterprises, subject to certain exceptions which include not-for-profit organizations, will adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011 (January 1, 2012 for not-for-profit organizations). The organization had the option of adopting IFRSs. Management is currently assessing the implications of adopting these new standards.

14. CAPITAL DISCLOSURES

The organization defines capital as being comprised of balances invested in capital assets restricted and unrestricted balances. The organization is not subject to externally imposed requirements on capital.

The organization manages its financial resources to achieve its objectives with respect to the services provided to its members. Management's objectives in managing capital are to hold sufficient unrestricted assets to enable it to withstand unexpected financial events, in order to maintain stability in the financial structure. The organization seeks to minimize reliance on financial leverage and to maintain sufficient liquidity to enable it to meet its obligations as they become due.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2011

APPENDIX I

	<u>2 0 1 1</u>	<u>2 0 1 0</u>
PROGRAM COSTS		
 MEALS ON WHEELS PROJECT		
Food	\$ 62,286	\$ 62,673
Food packaging	5,509	9,367
Transportation, delivery and vehicle insurance	12,556	9,289
Rent - office and kitchen	-	5,956
Equipment - maintenance and repairs	1,882	3,922
Electricity	-	1,702
Office expenses and licenses	31	1,229
Bad debts	3,726	5,952
Telecommunications	<u>762</u>	<u>742</u>
	<u>\$ 86,752</u>	<u>\$ 100,832</u>
 COMMUNITY AND INTERGENERATIONAL PROJECT		
Community and intergenerational activities	\$ <u>10,324</u>	\$ <u>7,361</u>
	<u>\$ 10,324</u>	<u>\$ 7,361</u>
 ROOFTOP GARDEN PROJECT		
Garden supplies and equipment	\$ <u>12,878</u>	\$ <u>5,462</u>
	<u>\$ 12,878</u>	<u>\$ 5,462</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2011

APPENDIX II

	<u>2 0 1 1</u>	<u>2 0 1 0</u>
SALARIES, ALLOWANCES AND SOCIAL CONTRIBUTIONS		
Salaries and social contributions non-subsidized	\$ 448,354	\$ 376,657
Salaries and social contributions subsidized	<u>41,864</u>	<u>36,455</u>
	<u>\$ 490,218</u>	<u>\$ 413,112</u>
 OPERATING AND ADMINISTRATIVE EXPENSES		
Maintenance and repairs	\$ 36,294	\$ 850
Interest on long-term debt	23,205	10,273
Electricity	13,729	1,495
Interest and bank charges	12,000	13,318
Fundraising activities	7,951	13,259
Professional fees	5,971	4,608
Office expenses	5,927	9,264
Office insurance	5,731	8,276
Telecommunications	4,773	4,759
Professional training and development	3,973	4,850
Taxes	3,756	9,494
Advertising and promotion	3,476	3,233
Calendars and newsletters	2,342	2,227
Meetings	1,540	581
Computer expenses	1,345	3,106
Expenses for volunteers	1,343	-
Other expenses	938	3,299
Transportation	<u>632</u>	<u>540</u>
	<u>\$ 134,926</u>	<u>\$ 93,432</u>