

SANTROPOL ROULANT INC. /
SANTROPOL ON WHEELS INC.

Financial Statements

December 31, 2013

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

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Amstutz Inc.
Société de Comptables Professionnels Agréés

INDEPENDENT AUDITORS' REPORT

To the Members 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, 2013, 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 - 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, 2013 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.



By: R. Amstutz, CPA auditor, CA
March 12, 2014
Montreal, Quebec

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
BALANCE SHEET
as at December 31, 2013

	<u>2 0 1 3</u>	<u>2 0 1 2</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 334,672	\$ 256,822
Accounts receivable (Note 3)	36,920	37,868
Prepaid expenses	<u>11,440</u>	<u>8,227</u>
Total current assets	<u>383,032</u>	<u>302,917</u>
 PROPERTY AND EQUIPMENT (Note 4)	 <u>2,569,922</u>	 <u>2,686,178</u>
Total long-term assets	<u>2,569,922</u>	<u>2,686,178</u>
Total assets	\$ <u>2,952,954</u>	\$ <u>2,989,095</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank credit line (Note 5)	\$ -	\$ -
Accounts payable (Note 6)	26,239	21,575
Deferred contributions (Note 7)	166,647	99,493
Current portion of long-term debt (Note 9)	<u>12,566</u>	<u>37,108</u>
Total current liabilities	<u>205,452</u>	<u>158,176</u>
 DEFERRED GRANTS FOR THE BUILDING (Note 8)	 2,086,906	 1,996,743
 LONG-TERM DEBT (Note 9)	 <u>447,655</u>	 <u>635,225</u>
Total long-term liabilities	<u>2,534,561</u>	<u>2,631,968</u>
Total liabilities	<u>2,740,013</u>	<u>2,790,144</u>
NET ASSETS		
NET ASSETS		
Invested in property and equipment	22,795	17,102
Unrestricted	<u>190,146</u>	<u>181,849</u>
Total net assets	<u>212,941</u>	<u>198,951</u>
Total liabilities and net assets	\$ <u>2,952,954</u>	\$ <u>2,989,095</u>

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.
 CHANGES IN NET ASSETS
 year ended December 31, 2013

	Invested in property and equipment	Un- restricted	<u>2 0 1 3</u> Total	<u>2 0 1 2</u> Total
Balance, beginning of year	\$ 17,102	\$ 181,849	\$ 198,951	\$ 185,878
Excess of revenues over expenses	-	13,990	13,990	13,073
Acquisition of property and equipment	816	(816)	-	-
Amortization - property and equipment	(117,072)	117,072	-	-
Amortization - deferred grants for the building	109,837	(109,837)	-	-
Increase in deferred grants for the building	(200,000)	200,000	-	-
Decrease in long-term debt	200,000	(200,000)	-	-
Repayment of long-term debt	<u>12,112</u>	<u>(12,112)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>22,795</u>	\$ <u>190,146</u>	\$ <u>212,941</u>	\$ <u>198,951</u>

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
OPERATIONS
year ended December 31, 2013

	<u>2 0 1 3</u>	<u>2 0 1 2</u>
REVENUES		
Foundations and organizations	\$ 211,406	\$ 211,862
Government Grants (Note 10)	269,184	296,392
Centraide	70,000	70,000
L'Oeuvre Léger	8,333	14,167
Individual donations	72,580	66,059
Private company donations	32,414	57,495
Amortization - deferred grants for the building	109,837	97,197
Meals on wheels	112,971	99,799
Senneville Farm	96,233	10,132
SantroVélo - Community Bikeshop	27,060	14,193
Urban agriculture	9,342	13,114
Autofinancing and other fundraising		
Catering	13,492	7,502
Rental of space	9,611	4,343
Fundraising events	43,533	31,909
Other fundraising	13,365	19,545
Third party fundraising activities	24,811	23,844
Miscellaneous revenues	<u>719</u>	<u>4,720</u>
	<u>1,124,891</u>	<u>1,042,273</u>
EXPENSES		
Program costs		
Meals on Wheels - Appendix I	117,236	110,667
Community and intergenerational - Appendix I	25,548	10,656
Urban agriculture - Appendix I	70,996	32,667
Salaries and social contributions	560,931	552,287
Youth and development programs - salaries and social contributions	108,287	41,070
Operating and administrative expenses - Appendix II	110,831	157,344
Amortization - property and equipment	<u>117,072</u>	<u>124,509</u>
	<u>1,110,901</u>	<u>1,029,200</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 13,990</u>	<u>\$ 13,073</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, 2013

	<u>2 0 1 3</u>	<u>2 0 1 2</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 13,990	\$ 13,073
Items not affecting cash		
Amortization - property and equipment	117,072	124,509
Amortization - deferred grants for the building	<u>(109,837)</u>	<u>(97,197)</u>
	21,225	40,385
CHANGES IN NON CASH OPERATING WORKING CAPITAL		
Accounts receivable	948	(14,898)
Prepaid expenses	(3,213)	2,108
Accounts payable	4,664	6,930
Deferred contributions	<u>67,154</u>	<u>(34,990)</u>
	<u>90,778</u>	<u>(465)</u>
INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(816)</u>	<u>(24,528)</u>
	<u>(816)</u>	<u>(24,528)</u>
FINANCING ACTIVITIES		
Increase in deferred grants for the building	200,000	150,000
Decrease in long-term debt	(200,000)	(150,000)
Repayment of long-term debt	<u>(12,112)</u>	<u>(2,369)</u>
	<u>(12,112)</u>	<u>(2,369)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	77,850	(27,362)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>256,822</u>	<u>284,184</u>
CASH AND CASH EQUIVALENTS END OF YEAR	\$ <u><u>334,672</u></u>	\$ <u><u>256,822</u></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, 2013

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 financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amount 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.

The revenues from autofinancing and other fundraising includes contributions considered as donations.

Property and equipment

Property and equipment 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 and landscaping	10%
Office and kitchen equipment and cold storage room	20%
Computer equipment, vehicles and bikes	30%

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
 NOTES TO FINANCIAL STATEMENTS
 as at December 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the bank credit line, accounts payable, deferred contributions, deferred grants for property and equipment and long-term debt.

3. ACCOUNTS RECEIVABLE	<u>2 0 1 3</u>	<u>2 0 1 2</u>
Accounts receivable	\$ 15,206	\$ 13,450
Allowance for doubtful accounts	<u>(3,967)</u>	<u>(2,079)</u>
	11,239	11,371
Grants, foundations, organizations and private companies	20,944	21,271
Sales taxes receivable	4,637	5,126
Miscellaneous	<u>100</u>	<u>100</u>
	<u>\$ 36,920</u>	<u>\$ 37,868</u>

4. PROPERTY AND EQUIPMENT			<u>2 0 1 3</u>	<u>2 0 1 2</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	2,509,193	403,126	2,106,067	2,216,913
Rooftop garden	23,452	5,869	17,583	19,537
Landscaping	11,489	2,183	9,306	10,340
Cold storage room	16,682	6,437	10,245	12,806
Office and kitchen equipment	20,731	20,394	337	421
Computer equipment	14,925	14,354	571	-
Vehicles and bikes	27,847	27,034	813	1,161
Leasehold improvements	<u>4,394</u>	<u>4,394</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,053,713</u>	<u>\$ 483,791</u>	<u>\$ 2,569,922</u>	<u>\$ 2,686,178</u>

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

5. BANK CREDIT LINE

The organization has an approved bank line of credit in the amount of \$65,000 bearing interest at the prime rate plus 1.50%.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2013

6. ACCOUNTS PAYABLE	<u>2 0 1 3</u>	<u>2 0 1 2</u>
Suppliers	\$ 13,864	\$ 7,028
Salaries and fringe benefits	<u>12,375</u>	<u>14,547</u>
	\$ <u>26,239</u>	\$ <u>21,575</u>

7. 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.

8. DEFERRED GRANTS FOR THE BUILDING	<u>2 0 1 3</u>	<u>2 0 1 2</u>		
	<u>Grants</u>	<u>Accumulated Amort- ization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ <u>2,436,248</u>	\$ <u>349,342</u>	\$ <u>2,086,906</u>	\$ <u>1,996,743</u>
	\$ <u>2,436,248</u>	\$ <u>349,342</u>	\$ <u>2,086,906</u>	\$ <u>1,996,743</u>

Deferred grants for the building are amortized at the same rates as the assets to which they relate.

9. LONG-TERM DEBT	<u>2 0 1 3</u>	<u>2 0 1 2</u>
Term loan, interest at the rate of 3.75% per annum, principal and interest payable in equal monthly instalments of \$2,468. The loan is amortized over 25 years with an initial term of 5 years, secured by a mortgage on land and building.	\$ 460,221	\$ 472,333
Unsecured loan.	<u>-</u>	<u>200,000</u>
	460,221	672,333
Current portion	<u>12,566</u>	<u>37,108</u>
	\$ <u>447,655</u>	\$ <u>635,225</u>

Long-term debt principal repayments to be made during the next five years are as follows: 2014 - \$12,570; 2015 - \$13,050; 2016 - \$13,548; 2017 - \$14,064; 2018 - \$14,580.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2013

10. GOVERNMENT GRANTS	<u>2 0 1 3</u>	<u>2 0 1 2</u>
Federal programs		
Human Resources and Skills Development		
Canada New Horizons for Seniors Program	\$ 6,778	\$ 13,555
Canada Summer Jobs	2,132	2,309
Agriculture and Agri-Food Canada	-	8,344
Provincial programs		
Ministre de l'Emploi et de la Solidarité sociale		
Fonds de développement du marché du travail	35,326	29,669
Secrétariat à l'action communautaire autonome et aux initiatives sociales	-	17,500
Agence de la santé et de services sociaux de Montréal		
Programme d'aide aux personnes âgées en perte d'autonomie	18,398	19,654
Programme de soutien aux organismes communautaires	70,032	70,521
Ministère de la santé et des services sociaux		
Plan d'action sur les changements climatiques (PACC) - Volet santé	9,856	49,292
Ministère de la famille et des aînés	65,013	72,208
Municipal programs		
Fonds régional d'investissement jeunesse (FRIJ)	48,333	-
Lutte contre la pauvreté et l'exclusion sociale	10,476	12,100
Aide financière aux OBNL locataires	<u>2 840</u>	<u>1,240</u>
	<u>\$ 269,184</u>	<u>\$ 296,392</u>

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 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

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date, i.e. December 31, 2013.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2013

12. FINANCIAL INSTRUMENTS (cont'd)

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 bank credit line, accounts payable and long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable, grants and other amounts receivable. The organization provides credit to its clients in the normal course of its operations.

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 market interest rates. The organization is exposed to interest rate risk on its variable-rate bank credit line and its fixed-rate long-term debt. Given the current composition of long-term debt (proportion of debt at a fixed interest rate compared to a floating interest rate), fixed-rate instruments subject the organization to a fair value risk while floating-rate instruments subject it to a cash flow risk.

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. COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to make their presentation identical to that adopted in 2013.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2013

APPENDIX I

	<u>2 0 1 3</u>	<u>2 0 1 2</u>
PROGRAM COSTS		
MEALS ON WHEELS		
Food	\$ 72,838	\$ 71,761
Transportation, delivery and vehicle insurance	20,477	13,705
Packaging	14,805	13,310
Bad debts	3,999	1,768
Equipment - maintenance and repairs	2,671	2,765
Utilities	2,283	-
Telecommunications	130	346
Office expenses and licenses	33	101
Professional fees	-	5,960
Workshop costs	-	951
	<u>\$ 117,236</u>	<u>\$ 110,667</u>
 COMMUNITY AND INTERGENERATIONAL		
Community workshops and intergenerational activities	\$ 7,855	\$ 3,816
SantroVélo - Community Bikeshop	<u>17,693</u>	<u>6,840</u>
	<u>\$ 25,548</u>	<u>\$ 10,656</u>
 URBAN AGRICULTURE		
Senneville farm	\$ 48,213	\$ 15,743
Garden supplies and equipment	<u>22,783</u>	<u>16,924</u>
	<u>\$ 70,996</u>	<u>\$ 32,667</u>

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
EXPENSES
year ended December 31, 2013

APPENDIX II

	<u>2 0 1 3</u>	<u>2 0 1 2</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Fundraising activities	\$ 24,843	\$ 28,003
Interest on long-term debt	17,502	26,758
Electricity	12,924	16,072
Professional fees	8,095	19,834
Maintenance and repairs	6,807	11,655
Office expenses	6,294	10,034
Advertising and promotion	5,569	4,376
Office insurance	5,514	4,404
Telecommunications	5,219	4,672
Taxes	4,750	4,443
Interest and bank charges	3,644	4,203
Calendar	2,797	2,486
Meetings	2,608	1,708
Other expenses	2,119	5,710
Professional training and development	921	8,737
Computer expenses	836	3,643
Expenses for volunteers	306	545
Transportation	<u>83</u>	<u>61</u>
	\$ <u>110,831</u>	\$ <u>157,344</u>