

Moisson Montréal inc.

Financial Report

March 31, 2022

Independent Auditor's Report	1 – 3
Statement of Revenue	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 19
Supplementary Financial Data	
Schedule A – In-kind contributions of food redistributed	20
Schedule B – Revenue and expenses by activity centres	20 – 21
Schedule C – Allocation of expenses	22
Schedule D – Financial and other revenues	23

Independent Auditor's Report

To the Administrators of
Moisson Montréal inc.:

Qualified Opinion

We have audited the financial statements of **Moisson Montréal inc.** (the "Company"), which comprise the statement of financial position as at March 31, 2022, and the statements of revenue, 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 our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, 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 Qualified Opinion

In common with many not-for-profit organizations, the Company derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenue was limited to the amounts recorded in the records of the Company. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenue (expenses) and cash flows from operating activities for the years ended March 31, 2022 and 2021, assets as at March 31, 2022 and 2021, and net assets as at March 31, 2022 and 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

Independent Auditor's Report (cont'd)

We 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 we identify during our audit.

A handwritten signature in black ink that reads "Pierre Raymond". The signature is written in a cursive style with a large, sweeping initial "P".

Montréal, Québec
May 27, 2022

Chartered Professional Accountant Partnership LLP

¹ CPA Auditor, Public Accountancy Permit No. A111328

Statement of Revenue

Year ended March 31	2022	2021
Food supply		
In-kind contributions of food	\$ 100,566,996	\$ 122,167,469
Compost, recycling, waste and changes in inventory	(4,079,535)	(2,677,301)
In-kind contributions of food redistributed (Schedule A)	<u>(98,648,767)</u>	<u>(117,629,539)</u>
Net result – Food supply	<u>(2,161,306)</u>	<u>1,860,629</u>
Food distribution activities		
Revenue		
Donations (Schedule B)	5,417,983	7,574,456
Fundraising activities (Schedule B)	2,725,287	4,424,869
Contributions (Schedule B)	352,526	911,585
Rental and other services	364,332	447,376
Amortization of deferred contributions related to fixed assets and intangible assets (Note 15)	310,832	206,729
Financial and other revenues (Schedule D)	<u>14,912</u>	<u>159,026</u>
	<u>9,185,872</u>	<u>13,724,041</u>
Expenses (Schedule C)		
Operations		
Warehouse	1,646,611	1,633,302
Procurement	411,054	406,600
Transportation	1,105,763	1,191,327
Maintenance of building	907,339	881,836
Community liaison	<u>138,653</u>	<u>216,353</u>
	<u>4,209,420</u>	<u>4,329,418</u>
Fundraising activities (Schedule C)	<u>151,790</u>	<u>75,231</u>
Activities and communications development (Schedule C)	<u>540,119</u>	<u>504,603</u>
Philanthropic development (Schedule C)	<u>322,015</u>	<u>253,446</u>
Management (Schedule C)		
Executive and finances	901,069	747,275
Human resources	368,812	397,099
Financial expenses	<u>8,117</u>	<u>3,895</u>
	<u>1,277,998</u>	<u>1,148,269</u>
	<u>6,501,342</u>	<u>6,310,967</u>
Net result – Food distribution activities before other revenue (expenses)	<u>2,684,530</u>	<u>7,413,074</u>
Other revenue (expenses) (Note 17)		
Distributions	248,880	-
Donations	<u>(2,370,880)</u>	<u>(6,730,000)</u>
	<u>(2,122,000)</u>	<u>(6,730,000)</u>
Net result – Food distribution activities	<u>562,530</u>	<u>683,074</u>
Excess of revenue (expenses)	<u>\$ (1,598,776)</u>	<u>\$ 2,543,703</u>
Total revenue	<u>\$ 110,001,748</u>	<u>\$ 135,891,510</u>
Total expenses	<u>111,600,524</u>	<u>133,347,807</u>
Excess of revenue (expenses)	<u>\$ (1,598,776)</u>	<u>\$ 2,543,703</u>
Excess of revenue excluding food supply	<u>\$ 562,530</u>	<u>\$ 683,074</u>

Statement of Changes in Net Assets

Year ended March 31

2022

2021

	<u>Internally restricted (Note 16)</u>			<u>Total</u>	<u>Total</u>
	<u>Management of capital assets</u>	<u>Invested in capital assets</u>	<u>Unrestricted</u>		
Balance at beginning of year	\$ 1,013,862	\$ 2,787,257	\$ 5,978,794	\$ 9,779,913	\$ 7,236,210
Excess of revenue	-	(181,849)*	(1,416,927)	(1,598,776)	2,543,703
Transfer (Note 16)	100,000	-	(100,000)	-	-
Additions to capital assets	<u>(62,668)</u>	<u>(182,236)</u>	<u>244,904</u>	<u>-</u>	<u>-</u>
Balance at end of year	\$ 1,051,194	\$ 2,423,172	\$ 4,706,771 **	\$ 8,181,137	\$ 9,779,913

* **Represented by:**
Amortization of deferred contributions related to fixed assets and intangible assets

\$ 319,142
<u>(500,991)</u>
<u>\$ (181,849)</u>

** **Represented by:**
Inventory of food to be redistributed
Other net assets

\$ 1,484,352
<u>3,222,419</u>
<u>\$ 4,706,771</u>

Statement of Financial Position

March 31

2022

2021

Current assets

Cash (Note 3)	\$ 2,847,418	\$ 1,941,213
Accounts receivable (Note 4)	373,981	267,544
Grant receivable from the MAMOT (Notes 5 and 13)	48,694	111,710
Inventory of food	1,484,352	3,645,658
Prepaid expenses	50,041	35,451
Current portion of investments (Note 6)	1,392,062	813,118

6,196,548	6,814,694
-----------	-----------

Grant receivable from the MAMOT (Notes 5 and 13)

- 48,694

Investments (Note 6)

486,190 1,325,476

Reserved investments for children's food aid (Note 7)

1,174,213 1,132,354

Fixed assets (Note 8)

6,095,308 6,331,776

Intangible assets (Note 9)

10,914 15,592

7,766,625	8,853,892
-----------	-----------

Total assets

\$ 13,963,173	\$ 15,668,586
---------------	---------------

Current liabilities

Payables and accrued charges (Note 11)	\$ 869,124	\$ 914,004
Deferred contributions related to specific projects (Note 12)	-	65,000
Deferred revenue	6,955	56,800
Current portion of subsidized long-term debt (Note 13)	48,694	111,710

924,773	1,147,514
---------	-----------

Subsidized long-term debt (Note 13)

- 48,694

Deferred contribution related to children's food aid (Note 14)

1,174,213 1,132,354

Deferred contributions related to fixed and intangible assets (Note 15)

3,683,050 3,560,111

4,857,263	4,741,159
-----------	-----------

Total liabilities

5,782,036	5,888,673
-----------	-----------

Net assets

Internally restricted (Note 16)		
Management of capital assets	1,051,194	1,013,862
Invested in capital assets	2,423,172	2,787,257
Unrestricted	4,706,771	5,978,794

8,181,137	9,779,913
-----------	-----------

Total liabilities and net assets

\$ 13,963,173	\$ 15,668,586
---------------	---------------

On behalf of the board

 Administrator

 Administrator

Statement of Cash Flows

Year ended March 31	2022	2021
Operating activities		
Excess of revenue (expenses)	\$ (1,598,776)	\$ 2,543,703
Items not affecting cash		
Changes in inventory of food	2,161,306	(1,860,629)
Deferred contributions related to specific projects recognized as revenue (Note 12)	(220,169)	(382,718)
Deferred contribution related to children's food aid recognized as revenue (Note 14)	(5,000)	-
Amortization of deferred contributions related to fixed and intangible assets (Note 15)	(319,142)	(218,601)
Amortization of fixed and intangible assets	500,991	402,526
Investments donations recognized as revenue	(134,931)	(428,622)
Profit on disposal of investments included in financial revenues	(10,567)	(19,928)
Change in fair value of investments	56,361	(78,996)
	<u>430,073</u>	<u>(43,265)</u>
Changes in non-cash working capital items (Note 20)	(96,226)	652,960
Receipt of deferred contributions related to specific projects (Note 12)	155,169	129,555
Investments revenues allocated to deferred contributions related to children's food aid (Note 14)	40,343	54,745
	<u>529,359</u>	<u>793,995</u>
Financing activity		
Receipt of deferred contributions related to fixed and intangible assets (Note 15)	442,081	508,000
Investing activities		
Acquisition of investments	(2,205,364)	(2,378,119)
Disposal of investments	2,519,500	2,214,563
Additions to fixed and intangible assets	(379,371)	(1,338,619)
	<u>(65,235)</u>	<u>(1,502,175)</u>
Net increase (decrease) in cash and cash equivalents	906,205	(200,180)
Cash and cash equivalents at beginning of year	1,941,213	2,141,393
Cash and cash equivalents at end of year	\$ 2,847,418	\$ 1,941,213
Supplemental information without effect on cash		
Reduction of long-term debt by the MAMOT – financing	\$ 111,710	\$ 106,747
Additions to fixed assets included in accounts payable and accrued charges – investing	\$ 14,159	\$ 133,685
Change in fair value of reserved investments for children's food aid and deferred contributions related to children's food aid – investing and financing	\$ 6,516	\$ 63,365

Notes to Financial Statements**March 31, 2022**

1. Incorporation and nature of activities

Moisson Montréal inc. (the “Company”) is incorporated under Part III of the Québec Companies Act. The Company is working to provide an optimal food supply for community agencies serving Montréal’s most vulnerable people while actively participating in the development of sustainable solutions to promote food security. As a charitable organization registered under the Income Tax Act, Moisson Montréal inc. can issue receipts for charitable donations.

2. Significant accounting policies*Authoritative accounting pronouncements*

The Company applies the Canadian Accounting Standards for the Not-for-Profit Organizations, hereafter referred to as “ASNPO” under Part III of CPA Canada Handbook – Accounting.

Contributions and revenue recognition

The Company follows the deferral method of accounting for contributions (donations and contributions). Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Fundraising activities revenue is recognized at the date of the event.

The rental revenue is recorded monthly as it becomes due.

The other services revenue is recorded when the services are rendered.

The financial revenue is recorded as it is earned.

Recovered donations redistributed as food products and compost, recycling, waste and changes in inventory

The operations of the Company depend mainly on in-kind contributions of food. Donated and redistributed food supplies are weighted and recognized by food categories to be valued. Compost, recycling and waste are also weighted and recognized under the same method. Donations are valued based on a value established by an internationally renowned measurement and data analytics firm to evaluate in-kind contributions of food, food redistributed as well as compost, recycling and waste.

Donations received in supplies, services or in goods

Donations received in supplies, services or in goods (donations in-kind) are recorded at fair value when they can be reasonably estimated. Supplies contributions for the year ended in 2022 consist of in-kind contributions of food, publicly-listed securities and donated services. The fair value of the in-kind contributions of food is established with a value provided by an internationally renowned measurement and data analytics firm. The publicly-listed securities are evaluated at the fair value of the stock market at the moment of the transfer. Donated services are evaluated at the real value the Company would have paid for those services. The fair value of the donations in supplies, services or in goods represents \$154,931 in 2022 (\$448,622 in 2021).

Notes to Financial Statements

March 31, 2022

2. Significant accounting policies (cont'd)*Cash and cash equivalents*

Cash and equivalents are composed of cash and cash at progressive rate.

Inventory of food

Inventory of food is held in transit before distribution. It is valued based on a value established by an internationally renowned measurement and data analytics firm.

Fixed assets

Fixed assets additions are recorded at cost whereas contributions of fixed assets are recorded at their fair value at the date of the donation. Amortization of fixed assets is calculated using the declining balance method at the following rates:

Building	–	5%
Rolling stock	–	30%
Refrigeration and freezing equipment	–	20%
Computer equipment	–	30%
Office and warehouse equipment	–	20% and 30%

Intangible assets

Intangible assets acquisitions are recorded at cost whereas contributions of intangible assets are recorded at their fair value at the date of donation. The Company's intangible assets are recorded at cost and amortized using the declining balance method at 30%.

Impairment of long-term assets

Long-term assets are tested for impairment whenever events or changes in circumstances indicate that there are no more potential service for the Company. An impairment loss is recognized when the carrying amount of the asset exceeds the residual value. The impairment loss is measured as the amount by which the carrying amount of the long-term asset exceeds its residual value.

Deferred contributions related to fixed and intangible assets

Amounts received and specifically allocated for the acquisition of fixed and intangible assets are recorded as deferred contributions relating to fixed and intangible assets and amortized over the estimated useful life of the related fixed or intangible assets. When a portion of an amount received and specifically allocated can be used, with the donor's approval, to cover current expenses, that portion of the deferred contributions is then transferred to revenue for the year.

*Financial instruments**Valuation*

The Company initially measures its financial assets and financial liabilities at fair value. The Company subsequently measures all its financial assets and financial liabilities at amortized cost, with exception of its investments that are evaluated at fair value which is determined using the closing price as at March 31, 2022 or at the fair value provided by the managers for the other investments. The change in fair value of investments is recorded in the statement of revenue.

Notes to Financial Statements

March 31, 2022

2. Significant accounting policies (cont'd)*Financial instruments (cont'd)**Valuation (cont'd)*

The Company's financial assets, measured at amortized cost include cash, distributions receivable, other receivables and the grant receivable from the MAMOT.

The Company's financial liabilities include accounts payable and accrued charges and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of write-off is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Foreign exchange

The Company uses the temporal method to record its foreign currency transactions. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items are translated at the historical exchange rate unless they are recorded at the fair value in which case, they are translated at the rate of exchange in effect at the balance sheet date, while revenues and expenses are translated at the rate of exchange in effect on the dates they occur. Gains or losses resulting from these translations are reflected in the statement of earnings.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant areas requiring the use of estimates include amortization of fixed and intangible assets as well as the determination of the food value and fair value of the investments. Actual results could differ from these estimates.

3. Cash

	<u>2022</u>	<u>2021</u>
Cash	\$ 675,069	\$ 378,954
Cash at progressive rate	<u>2,172,349</u>	<u>1,562,259</u>
	<u>\$ 2,847,418</u>	<u>\$ 1,941,213</u>

Notes to Financial Statements

March 31, 2022

4. Accounts receivable	2022	2021
Distributions receivable from the Foundation of Greater Montreal	\$ 248,880	\$ -
Other receivables	103,120	178,813
Receivable wage subsidy	-	25,000
Sales taxes	21,981	63,731
	\$ 373,981	\$ 267,544

5. Grant receivable and deferred contributions

The grant receivable to finance the renovation works undertaken with the collaboration of the CECD represents an amount receivable to reimburse the long-term debt. This amount was recorded as a long-term asset in order to record in the statement of revenue, the debt reimbursement in the same period as the amortization of fixed assets as well as related interest expense (Note 13).

A deferred contribution amount has been recorded as a long-term debt against the grant receivable from MAMOT to finance the work undertaken with the collaboration of the CECD is recorded in long-term liabilities in order to record, in the statement of revenue, the debt reimbursement in the same period as the amortization of fixed assets as well as the related interest expense.

6. Investments	2022		2021	
	Cost	Fair value	Cost	Fair value
Floating interest rate bank notes and guaranteed investment certificates, rate of 1.14% to 1.95%, maturing through March 2023	\$ 1,385,917	\$ 1,392,062	\$ 2,089,036	\$ 2,137,597
Units of mutual funds	500,000	486,190	862	997
	\$ 1,885,917	1,878,252	\$ 2,089,898	2,138,594
Current portion of investments		1,392,062		813,118
		\$ 486,190		\$ 1,325,476

Notes to Financial Statements

March 31, 2022

7. Reserved investments for children's food aid	2022		2021	
	Cost	Fair value	Cost	Fair value
Cash	\$ 43,515	\$ 43,515	\$ 3,358	\$ 3,358
Floating interest rate bank note and guaranteed investment certificates, rates ranging from 2.4% to 3.27%, maturing through October 2024	240,000	242,954	400,009	404,450
Units of mutual funds	820,817	887,744	665,622	724,546
	\$ 1,104,332	\$ 1,174,213	\$ 1,068,989	\$ 1,132,354

8. Fixed assets	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,460,619	\$ -	\$ 1,460,619	\$ 1,460,619
Building	5,706,264	2,734,130	2,972,134	3,128,561
Rolling stock	1,127,632	863,422	264,210	331,965
Refrigeration and freezing equipment	1,224,611	698,787	525,824	657,280
Computer equipment	329,883	296,899	32,984	25,139
Office and warehouse equipment	1,963,082	1,123,545	839,537	728,212
	\$ 11,812,091	\$ 5,716,783	\$ 6,095,308	\$ 6,331,776

No amortization was recorded for a portion of the office and warehouse equipment as it was not in service on March 31, 2022.

9. Intangible assets	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 104,205	\$ 97,147	\$ 7,058	\$ 10,083
Multimedia material – Food Recovery Program in Supermarkets	36,544	33,081	3,463	4,947
Trademark	3,821	3,428	393	562
	\$ 144,570	\$ 133,656	\$ 10,914	\$ 15,592

Notes to Financial Statements

March 31, 2022

10. Credit facilities

The Company has a line of credit of \$250,000 bearing interest at prime rate (2.7% as at March 31, 2022), plus 0.5%, secured by a first rank hypothec on the building. The line of credit is unused as at March 31, 2022.

11. Payables and accrued charges

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued charges	\$ 313,600	\$ 561,263
Donations payable to Foundation of Greater Montreal	248,880	-
Salaries and vacations payable	262,949	302,852
Government remittances	<u>43,695</u>	<u>49,889</u>
	<u>\$ 869,124</u>	<u>\$ 914,004</u>

Notes to Financial Statements

March 31, 2022

12. Deferred contributions related to specific projects

Deferred contributions are intended to cover the operating expenses for the Holiday hampers, FBC – After the Bell program, the COVID-19 reserve, the Walmart – Fight Hunger Spark Change and of other projects.

Changes in deferred contributions are as follows:

	RBC Foundation – Holiday hampers	FBC – After the Bell	FBC – COVID-19	Walmart – Fight Hunger Spark Change	Other projects	2022	2021
Balance at beginning of year	\$ 50,000	\$ -	\$ -	\$ -	\$ 15,000	\$ 65,000	\$ 318,163
Contributions received during the year	-	12,230	50,000	92,939	-	155,169	129,555
Contributions recognized as revenue	<u>(50,000)</u>	<u>(12,230)</u>	<u>(50,000)</u>	<u>(92,939)</u>	<u>(15,000)</u>	<u>(220,169)</u>	<u>(382,718)</u>
Balance at end of year	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ 65,000</u>

Notes to Financial Statements

March 31, 2022

13. Subsidized long-term debt	<u>2022</u>	<u>2021</u>
Loan from “Programme d’infrastructure Québec-Municipalité”, at 4%, maturing in October 2022, secured by a first rank hypothec of \$410,774 on all moveable and immoveable assets. However, repayment of the loan is guaranteed by MAMOT through a grant in the same amount received in the context of the renovation works undertaken with the collaboration of the CECD. The capital will be fully repaid during the next year by the MAMOT. The interest will also be paid at 100% by the MAMOT	\$ 48,694	\$ 95,519
Loan from “Programme d’infrastructure Québec-Municipalité”, at 5.12%, repaid during the year	<u>-</u>	<u>64,885</u>
	48,694	160,404
Current portion of the subsidized long-term debt	<u>48,694</u>	<u>111,710</u>
	\$ Nil	\$ 48,694

14. Deferred contributions related to children’s food aid

Deferred contributions represent funds received which, with respect to external restrictions, are intended for parents and children of the Island of Montreal living in poverty. Changes in the balance of deferred contributions are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 1,132,354	\$ 1,014,244
Investment revenues allocated to the project	40,343	54,745
Change in fair value of reserved investments	6,516	63,365
Deferred contributions recognized as revenue	<u>(5,000)</u>	<u>-</u>
Balance at end of year	<u>\$ 1,174,213</u>	<u>\$ 1,132,354</u>

Notes to Financial Statements

March 31, 2022

15. Deferred contributions related to fixed and intangible assets

Deferred contributions represent funds received which, with respect to external restrictions, are intended for the acquisition of fixed and intangible assets and donations received in fixed and intangible assets. Changes in the balances of deferred contributions are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 3,560,111	\$ 3,270,712
Contributions received during the year	442,081	508,000
Amortization	<u>(319,142)</u>	<u>(218,601)</u>
Balance at end of year	<u>\$ 3,683,050</u>	<u>\$ 3,560,111</u>

During the year, Moisson Montréal Inc. recorded contributions of \$442,081 including an amount of \$244,905 from the McKesson Foundation for the acquisition of a new truck and an amount of \$117,000 (\$468,000 in 2021) coming from Fonds Moisson Montréal the Foundation of Greater Montreal for the construction of new freezers and the installation of a food transformation unit. The creation of this fund was initiated and funded in January 2018 by the Société des célébrations du 375^e anniversaire de Montréal as part of its social-economic projects.

16. Internally restricted

For the year, the Company's Board of directors reserved an amount of \$100,000 for the management of assets in case of potential repair needed to maintain the good condition of the Company's capital assets and an amount of \$62,668 (net from allocated donations) was invested to acquire assets.

Invested in capital assets

The Board of directors decided to restrict, internally, the amount invested in capital assets and to present it net of deferred contributions related to capital assets and the unsubsidized portion of loans, if any.

17. Endowment fund and philanthropic fund at the Foundation of Greater Montreal*Endowment fund*

During the previous year, the Company established an endowment fund at the Foundation of Greater Montreal ("FGM") with the aim of creating a permanent and autonomous source of financing whose assets are invested in a long-term perspective. The amounts collected during the fiscal year for the Moisson Montréal Endowment fund at the FGM come from donations from a private foundation, from the estate of Jacques Bourgeois, individuals and businesses.

Notes to Financial Statements**March 31, 2022**

17. Endowment fund and philanthropic fund at the Foundation of Greater Montreal (cont'd)

The amounts collected by the FGM, which represents a total of \$298,755 for the year ended March 31, 2022 (\$1,082,264 in 2021), of which \$80,000 come from a donation to Moisson Montréal inc. from the J. Armand Bombardier Foundation have been invested in the FGM investment funds (“FIGM”) in accordance with the FGM investment policy and will be held for a minimum period of ten years from its creation in 2020. The FGM will annually distribute amounts from the fund’s income, in accordance with its distribution policy. Distributions so received will be recognized in distribution revenue in the Company’s statement of revenue at the time they are transferred by the FGM to the Company. The fund balance as of March 31, 2022 was \$1,355,808 (\$1,086,269 in 2021).

Philanthropic fund

During the year, the Company transferred \$2,042,000 (\$6,730,000 in 2021) to the FGM in a designated philanthropic fund with a limited term. This transfer with transfer of ownership was recorded in expenses as donations in the statement of revenue. The fund is intended to support Moisson Montréal Inc. in the pursuit of its mission. The FGM invests the amounts received in the FGM investment fund (“FIGM”), in accordance with its investment policy. The amounts, the asset fair value as well as the income they generate will be returned to the Company over a minimum period of six years from its creation in 2020. Distribution thus received will be recorded in distributions proceeds in the Company’s statement of revenue when the FGM transfers them to the Company. The fund balance as of March 31, 2022 was \$8,671,075 (\$6,752,413 in 2021).

FGM’s income distribution policy for the endowment and philanthropic fund

The distribution rate is set annually by the FGM Board of directors on the recommendation of the investment committee at a minimum of 3.5% of the average market value of the fund closing market value during the 12 quarters ending on December 31 of the previous year. For the new funds that have been in existence for less than 12 quarters, the total amount of distributions of any given year is set at the rate determined by the Board of directors of the FGM multiplied by the average closing market value of the fund for all quarters from inception to December 31 of the previous year. In the case of the philanthropic fund, the Company may request a distribution greater than that established by the FGM up to an annual maximum of 17% of the market value of the fund as of December 31 of the previous year.

During the year, the FGM distributed \$248,880 (none in 2021) to the Company. This amount will be reinvested in full with the FGM.

18. Financial instruments*Financial risks and exposure*

The Company is subject to various risks from its financial instruments. The following analysis details the significant risks and exposure for the Company at the balance sheet date, as at March 31, 2022.

Credit risk

Credit risk refers to the financial loss that the Company could incur should a counterparty to a financial instrument default on its obligations. The main credit risk to which the Company is exposed derives from its distributions receivable and other receivables.

Notes to Financial Statements**March 31, 2022**

18. Financial instruments (cont'd)*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to all those risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2022, the Company holds an amount of \$286,429 (\$239,523 in 2021) of units of mutual funds in US dollars and is consequently exposed to the foreign exchange fluctuations.

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 Company is exposed to interest rate risk on its floating interest rates financial instrument (cash at progressive rate and bank notes) which subject the Company to a cash flow risk and on its fixed interest rates financial instruments (guaranteed investment certificates and long-term debt) which subject the Company to a fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate as a result 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its investments in shares of public entities and units of mutual funds. The investment policy limits the risk of other prices by limiting the maximum number of variable income and fixed income securities that can be held. The risk and volatility of Investment returns are reduced by the fact that the investments are allocated among different sectors.

Secured financial liabilities

The carrying value of all secured financial liabilities aggregates to \$48,694 (\$160,404 in 2021).

19. Capital disclosures

The Company defines its capital as the balance of the restricted and unrestricted net assets. The Company is subject to an externally imposed capital requirement with regards to accumulation of capital from the Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l'Île-de-Montréal (CIUSSS C-S) within the framework of the Programme de soutien aux organismes communautaires (thereafter "PSOC"). The Company received, during the year, with regards to PSOC an amount of \$129,688 (\$127,656 in 2021). The Company has to limit its unrestricted accumulated financial surplus to an amount below 25% of its annual expenses. If the Company defaults, the CIUSSS C-S could reduce the annual grant or even revoke its financial support. As at March 31, 2022, the Company is in compliance with this requirement.

The Company's general objectives when managing capital is to maintain sufficient capital to keep a satisfactory liquidity level in order to comply regularly and continuously with its mission which is to recuperate and distribute food to families in need in the Montreal area.

Notes to Financial Statements

March 31, 2022

19. Capital disclosures (cont'd)

Since its main financing activities are seasonal and occur mostly in December of each year, the Company has set the objective to maintain a level of immediate liquidity the equivalent of approximately six months of operations. This should provide adequate protection to help maintain a consistency in the offering of services. This way, the Company will be less vulnerable to the short and long-term fluctuations of its sources of income and will be able to ensure the replacement, at the right time, of its equipment and installations.

The cash surplus, not essential to the regular activities, will be entrusted to portfolio management professionals in order to obtain a meaningful return with minimum risk. Management ensures periodically that the established investment rules are followed to ensure the security of the invested capital.

20. Statement of cash flows

	<u>2022</u>	<u>2021</u>
<i>Changes in non-cash working capital items</i>		
Accounts receivable	\$ (106,437)	\$ 410,772
Prepaid expenses	(14,590)	26,940
Payables and accrued charges	74,646	216,231
Deferred revenue	<u>(49,845)</u>	<u>(983)</u>
	\$ (96,226)	\$ 652,960
	<u><u> </u></u>	<u><u> </u></u>

21. Comparative figures

Certain comparative figures of the year 2021 have been reclassified to conform to the financial statement presentation adopted in the current year.

Supplementary Financial Data

Year ended March 31	2022	2021
---------------------	------	------

SCHEDULE A – IN-KIND CONTRIBUTIONS OF FOOD REDISTRIBUTED

Inventory balance at beginning of year	\$ 3,645,658	\$ 1,785,029
Food supply received during the year	100,566,996	122,167,469
Compost, recycling, waste and changes in inventory	<u>(4,079,535)</u>	<u>(2,677,301)</u>
	100,133,119	121,275,197
Inventory balance at end of year	<u>(1,484,352)</u>	<u>(3,645,658)</u>
	<u>\$ 98,648,767</u>	<u>\$ 117,629,539</u>

SCHEDULE B – REVENUE AND EXPENSES BY ACTIVITY CENTRES**Revenue**

Donations

Fondation Marcelle et Jean Coutu (including amortization of deferred contributions related to fixed assets of \$8,310 (\$11,872 in 2021))	\$ 65,310	\$ 134,872
Chamandy Foundation	200,020	-
J. Armand Bombardier Foundation	160,000	-
Direct mail campaign	929,944	330,309
Enterprises	1,123,392	2,190,201
Individuals	904,700	2,281,194
Religious communities	477,600	339,040
Other foundations	332,502	840,671
Monthly		
Individuals	362,774	323,006
Unions and other associations	42,597	84,332
In-Kind		
Enterprises	20,000	20,000
Individuals	134,931	428,622
Planned giving	<u>244,042</u>	<u>186,451</u>

	4,997,812	7,158,698
--	-----------	-----------

Centraide of Greater Montreal	<u>420,171</u>	<u>415,758</u>
-------------------------------	----------------	----------------

	<u>\$ 5,417,983</u>	<u>\$ 7,574,456</u>
--	---------------------	---------------------

Supplementary Financial Data

Year ended March 31

2022

2021

SCHEDULE B – REVENUE AND EXPENSES BY ACTIVITY CENTRES (cont'd)**Revenue (cont'd)**

Fundraising activities

The Media Food Drive	\$ 192,239	\$ 433,314
The Great Food Drive for Children	14,530	42,392
Golf tournament	193,694	-
Food Banks Canada (“FBC”)	700,872	1,317,210
Banques alimentaires du Québec (“BAQ”)	891,920	971,691
SAQXBAQ Campaign	428,216	847,249
Loto-Québec, Société des casinos du Québec and Casino de Montréal	87,555	306,761
The CP Holiday Train	15,000	15,000
Other activities	201,261	491,252
	<u>\$ 2,725,287</u>	<u>\$ 4,424,869</u>

Contributions

Government of Québec

Centre intégré universitaire de santé et de services sociaux du Centre-Sud-de-l’Île-de-Montréal (Note 19)	\$ 129,688	\$ 127,646
Emploi Québec	7,800	13,350
Other provincial programs	9,738	528,589

Government of Canada

Service Canada	-	25,000
----------------	---	--------

Other

Municipal program	205,300	217,000
	<u>\$ 352,526</u>	<u>\$ 911,585</u>

Expenses (Schedule C)

Fundraising activities

The Media Food Drive	\$ 46,909	\$ -
Golf tournament	51,951	-
Other activities	4,480	633
	<u>\$ 103,340</u>	<u>\$ 633</u>

Supplementary Financial Data

Year ended March 31, 2022

SCHEDULE C – ALLOCATION OF EXPENSES

The Company allocates its expenses by attributing them directly to the activities they relate to.

	Warehouse	Procurement	Transportation	Maintenance of building	Community liaison	Fundraising activities	Activities and communications development	Philanthropic development	Executive and finances	Human resources	Financial expenses	Total 2022	Total 2021
Salaries (net from government grants of \$24,011 in 2022 (\$28,995 in 2021))*	\$ 1,008,386	\$ 137,345	\$ 513,980	\$ 143,841	\$ 135,576	\$ -	\$ 450,016	\$ 301,819	\$ 665,751	\$ 294,144	\$ -	\$ 3,650,858	\$ 3,586,486
Sub-contractors	34,659	-	53,146	-	-	-	-	200	-	7,097	-	95,102	116,332
Equipment rental	76,600	-	29,150	4,894	-	-	-	-	-	-	-	110,644	324,366
Maintenance and repair	78,351	-	-	310,673	-	-	-	-	-	-	-	389,024	320,772
External transportation	-	-	243,558	-	-	-	-	-	-	-	-	243,558	247,275
Purchases of products	-	270,636	-	-	-	-	-	-	-	-	-	270,636	229,569
Heating and electricity	-	-	-	221,742	-	-	-	-	-	-	-	221,742	180,641
Vehicles	-	-	154,021	-	-	-	-	-	-	-	-	154,021	178,351
Garbage removal	122,217	-	-	-	-	-	-	-	-	-	-	122,217	122,114
Warehouse supplies	84,973	-	-	-	-	-	-	-	-	-	-	84,973	69,890
Consultant and IT	-	-	-	-	-	-	-	-	106,554	-	-	106,554	96,328
Professional fees	-	-	-	-	-	-	27,660	-	51,435	8,026	-	87,121	99,734
Hiring fees	-	-	-	-	-	-	-	-	-	35,816	-	35,816	12,254
Bank charges	-	-	-	-	-	48,450	-	-	1,602	-	-	50,052	69,780
Municipal taxes	-	-	-	38,813	-	-	-	-	-	-	-	38,813	38,189
Insurances	-	-	9,153	27,879	-	-	-	-	-	-	-	37,032	34,157
Telecommunications	1,104	1,244	1,983	994	989	-	3,936	251	15,859	232	-	26,592	33,342
Office expenses	5,025	-	539	-	-	-	8,612	-	19,740	-	-	33,916	32,326
Promotion	-	-	-	-	-	-	36,411	-	-	723	-	37,134	29,119
Training	-	-	-	-	-	-	-	-	-	12,776	-	12,776	17,539
Activities organization costs (Schedule B)	-	-	-	-	-	103,340	-	14,943	-	-	-	118,283	8,595
Travel and entertainment	80	46	18	714	764	-	84	62	3,952	85	-	5,805	3,240
Miscellaneous	8,622	1,783	214	-	1,324	-	13,400	4,740	19,738	9,744	-	59,565	54,147
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	8,117	8,117	3,895
Amortization of capital assets	226,594	-	100,001	157,789	-	-	-	-	16,438	169	-	500,991	402,526
	\$ 1,646,611	\$ 411,054	\$ 1,105,763	\$ 907,339	\$ 138,653	\$ 151,790	\$ 540,119	\$ 322,015	\$ 901,069	\$ 368,812	\$ 8,117	\$ 6,501,342	\$ 6,310,967

* The breakdown key for the salaries between the different activities is the proportion of the time allocated by the employees to each activity.

Supplementary Financial Data

Year ended March 31	2022	2021
---------------------	------	------

SCHEDULE D – FINANCIAL AND OTHER REVENUES

Interest and dividends	\$ 68,092	\$ 64,814
Profit on disposal of investments	10,567	19,928
Change in fair value of investments	(56,361)	78,996
Investment management fees	<u>(7,386)</u>	<u>(4,712)</u>
	\$ 14,912	\$ 159,026
	<u><u> </u></u>	<u><u> </u></u>