SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.

Financial Statements

December 31, 2014

Amstutz Inc.

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, 2014, 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, 2014 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.

Amstutz Inc.

By: R. Amstutz, CPA auditor, CA
March 23, 2015
Montreal, Quebec

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SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
BALANCE SHEET
as at December 31, 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	$ 408,507	$ 334 672
Accounts receivable (Note 3)	17,452	36,920
Prepaid expenses	13,540	11,440
Total current assets	439,499	383,032
PROPERTY AND EQUIPMENT (Note 4)	2,468,444	2,569,922
Total long-term assets	2,468,444	2,569,922
Total assets	$ 2,907,943	$ 2,952,954
LIABILITIES		
CURRENT LIABILITIES		
Bank credit line (Note 5)	$ -	$ -
Accounts payable (Note 6)	30,829	26,239
Deferred contributions (Note 7)	198,713	166,647
Current portion of long-term debt (Note 9)	13,050	12,566
Total current liabilities	242,592	205,452
DEFERRED GRANTS FOR THE BUILDING (Note 8)	1,982,561	2,086,906
LONG-TERM DEBT (Note 9)	434,597	447,655
Total long-term liabilities	2,417,158	2,534,561
Total liabilities	2,659,750	2,740,013
NET ASSETS		
NET ASSETS		
Invested in property and equipment	38,236	22,795
Unrestricted	209,957	190,146
Total net assets	248,193	212,941
Total liabilities and net assets	$ 2,907,943	$ 2,952,954

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, 2014

	Invested in property and equipment	Un-restricted	2014 Total	2013 Total
Balance, beginning of year	$ 22,795	$ 190,146	$ 212,941	$ 198,951
Excess of revenues over expenses	-	35,252	35,252	13,990
Acquisition of property and equipment	21,791	(21,791)	-	-
Amortization - property and equipment	(123,269)	123,269	-	-
Amortization - deferred grants for the building	104,345	(104,345)	-	-
Repayment of long-term debt	12,574	(12,574)	-	-
Balance, end of year	$ 38,236	$ 209,957	$ 248,193	$ 212,941

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
OPERATIONS
year ended December 31, 2014

	2014	2013
REVENUES		
Foundations and organizations	$ 276,030	$ 211,406
Government Grants (Note 10)	282,817	269,184
Centraide	69,634	70,000
L'Oeuvre Léger	-	8,333
Individual donations	82,568	72,580
Private company donations	21,054	32,414
Amortization - deferred grants for the building	104,345	109,837
Meals on wheels	102,842	112,971
Senneville Farm	107,131	96,233
SantroVélo - Community Bikeshop	27,572	27,060
Fruits défendus / Fruit harvesting	2,696	1,374
Bee keeping	1,189	2,229
Urban agriculture	3,252	9,342
Autofinancing and other fundraising		
Catering	17,060	13,492
Rental of space	15,111	9,611
Frozen meals	11,184	-
Fundraising events	38,446	43,533
Other fundraising	18,187	10,481
Third party fundraising activities	3,739	24,811
General store	4,933	-
	1,189,790	1,124,891
EXPENSES		
Program costs		
Meals on Wheels - Appendix I	124,793	117,236
Community and intergenerational - Appendix I	31,328	25,548
Urban agriculture - Appendix I	69,137	70,996
Salaries and social contributions	599,439	560,931
Youth and development programs - salaries and social contributions	81,851	108,287
Operating and administrative expenses - Appendix II	124,721	110,831
Amortization - property and equipment	123,269	117,072
	1,154,538	1,110,901
EXCESS OF REVENUES OVER EXPENSES	$ 35,252	$ 13,990

The accompanying notes form an integral part of the financial statements

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC.
CASH FLOWS
year ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 35,252	$ 13,990
Items not affecting cash		
Amortization - property and equipment	123,269	117,072
Amortization - deferred grants for the building	(104,345)	(109,837)
	54,176	21,225
CHANGES IN NON CASH OPERATING WORKING CAPITAL		
Accounts receivable	19,468	948
Prepaid expenses	(2,100)	(3,213)
Accounts payable	4,590	4,664
Deferred contributions	32,066	67,154
	108,200	90,778
INVESTING ACTIVITIES		
Acquisition of property and equipment	(21,791)	(816)
	(21,791)	(816)
FINANCING ACTIVITIES		
Increase in deferred grants for the building	-	200,000
Decrease in long-term debt	-	(200,000)
Repayment of long-term debt	(12,574)	(12,112)
	(12,574)	(12,112)
INCREASE IN CASH AND CASH EQUIVALENTS	73,835	77,850
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	334,672	256,822
CASH AND CASH EQUIVALENTS END OF YEAR	$ 408,507	$ 334,672

Cash and cash equivalents are comprised of cash.

The accompanying notes form an integral part of the financial statements

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.

Cash and cash equivalents

The organization's policy is to disclose cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.

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%

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 the building and long-term debt.

3. ACCOUNTS RECEIVABLE

	2014	2013
Accounts receivable	$ 12,045	$ 15,206
Allowance for doubtful accounts	(2,134)	(3,967)
	9,911	11,239
Grants, foundations, organizations and private companies	-	20,944
Sales taxes receivable	7,441	4,637
Miscellaneous	100	100
	$ 17,452	$ 36,920

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Land	$ 425,000	$ -	$ 425,000	$ 425,000
Building	2,509,193	508,429	2,000,764	2,106,067
Rooftop garden	23,452	7,627	15,825	17,583
Landscaping	11,489	4,044	7,445	9,306
Cold storage room	16,682	15,682	1,000	10,245
Office and kitchen equipment	39,910	24,297	15,613	337
Computer equipment	15,437	14,679	758	571
Vehicles and bikes	29,947	27,908	2,039	813
	$ 3,071,110	$ 602,666	$ 2,468,444	$ 2,569,922

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%.

6. ACCOUNTS PAYABLE

	2014	2013
Suppliers	$ 17,642	$ 13,864
Salaries and fringe benefits	13,187	12,375
	$ 30,829	$ 26,239

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

	Grants	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Building	$ 2,436,248	$ 453,687	$ 1,982,561	$ 2,086,906
	$ 2,436,248	$ 453,687	$ 1,982,561	$ 2,086,906

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

9. LONG-TERM DEBT

	2014	2013
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.	$ 447,647	$ 460,221
Current portion	13,050	12,566
	$ 434,597	$ 447,655

Long-term debt principal repayments to be made during the next five years are as follows: 2015 - $13,050; 2016 - $13,548; 2017 - $14,064; 2018 - $14,580; 2019 - $15,096.

10. GOVERNMENT GRANTS

	2014	2013
Federal programs		
Human Resources and Skills Development Canada New Horizons for Seniors Program	$ -	$ 6,778
Canada Summer Jobs	10,496	2,132
Provincial programs		
Ministre de l'Emploi et de la Solidarité sociale Fonds de développement du marché du travail	30,204	35,326
Agence de la santé et de services sociaux de Montréal Programme d'aide aux personnes âgées en perte d'autonomie	31,024	18,398
Programme de soutien aux organismes communautaires	125,739	70,032
Ministère de la santé et des services sociaux Plan d'action sur les changements climatiques (PACC) - Volet santé	-	9,856
Ministère de la famille et des aînés	54,072	65,013
Municipal programs		
Fonds régional d'investissement jeunesse (FRIJ)	24,317	48,333
Lutte contre la pauvreté et l'exclusion sociale	3,500	10,476
Aide financière aux OBNL locataires	3 465	2,840
	$ 282,817	$ 269,184

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, 2014.

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. 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.

SANTROPOL ROULANT INC. / SANTROPOL ON WHEELS INC. APPENDIX I
EXPENSES
year ended December 31, 2014

	2014	2013
PROGRAM COSTS		
MEALS ON WHEELS		
Food	$ 87,307	$ 72,838
Transportation, delivery and vehicle insurance	18,202	20,477
Packaging	12,390	14,805
Equipment - maintenance and repairs	2,813	2,671
Utilities	2,662	2,283
Workshop costs	1,268	-
Telecommunications	118	130
Office expenses and licenses	33	33
Bad debts	-	3,999
	$ 124,793	$ 117,236
COMMUNITY AND INTERGENERATIONAL		
Community workshops and intergenerational activities	$ 15,898	$ 7,855
SantroVélo - Community Bikeshop	15,430	17,693
	$ 31,328	$ 25,548
URBAN AGRICULTURE		
Senneville farm	$ 54,096	$ 48,213
Garden supplies and equipment	15,041	22,783
	$ 69,137	$ 70,996

EXPENSES
year ended December 31, 2014

	2014	2013
OPERATING AND ADMINISTRATIVE EXPENSES		
Fundraising activities	$ 25,410	$ 24,843
Professional fees	18,831	8,095
Interest on long-term debt	17,039	17,502
Electricity	12,592	12,924
Office expenses	7,285	6,294
Professional training and development	6,294	921
Office insurance	6,193	5,514
Advertising and promotion	5,838	5,569
Telecommunications	5,717	5,219
Taxes	5,098	4,750
Interest and bank charges	4,984	3,644
Calendar	2,078	2,797
Maintenance and repairs	1,981	6,807
Meetings	1,819	2,608
Other expenses	1,658	2,119
Computer expenses	1,562	836
Expenses for volunteers	342	306
Transportation	-	83
	$ 124,721	$ 110,831