# ANNUAL REPOR

2017

#### **PROUDLY SERVING ANIMALS SINCE 1869**

The Montreal SPCA's mission consists of protecting animals from neglect, abuse and exploitation; representing their interests and ensuring their well-being; and last but not least, raising public awareness and helping develop compassion for all sentient beings.



### A WORD FROM THE DIRECTOR

In April, Élise Desaulniers was appointed Interim Executive Director at the Montreal SPCA. Three months later, in July, her position was made permanent. She is one of the instigators of the Animals are Not Things manifesto, which led to an amendment to the Civil Code of Quebec explicitly recognizing animals as sentient beings. The Montreal SPCA is delighted to be able to count on her expertise on a permanent basis.

#### A YEAR FULL OF VICTORIES FOR ANIMALS

The beginning of 2017 was difficult for the Montreal SPCA. In addition to the City of Montreal's breed-specific legislation (BSL), Quebec introduced Bill 128, which included a province-wide breed ban. Early July, when many people move to a new apartment or house, was another challenging time. Since only 4.2% of all landlords accept tenants with dogs, many animals are abandoned at this point in the year. For shelters like the Montreal SPCA that take these animals in, finding adopters for dogs that were potentially targeted by the municipal or provincial breed bans became more challenging than ever.

A few months later, Valérie Plante was elected Mayor of Montreal. This was the first time in history that animal welfare issues had become so important in public debate. The Plante administration quickly honoured its promises by ending the municipal breed ban and maintained its commitment to abolishing the horse-drawn carriage industry in the City.

Also in 2017, Jean-Luc Rodier, the owner of Visons JNJ Inc., a Montérégie fur farm on which a Montreal SPCA criminal investigation had been carried out, was found guilty of three counts of animal cruelty and neglect. To the Montreal SPCA's knowledge, this is the first time a fur farmer has ever been convicted of animal cruelty in Canada.

On a more personal note, this year was also an important one for myself as I was appointed Executive Director of the Montreal SPCA. I was fortunate to join a strong team of donors, volunteers and staff who care about the welfare of all animals. The victories of recent months confirm that our hard work over the past 150 years is paying off and give us the energy to continue working in the same direction. We will continue fighting for better protection for animals. We will continue our valuable investigative work, our awareness campaigns and the development of our spay and neuter clinic. Over the next few months, we will also be introducing new programs that will allow us to save even more lives.

We are at a pivotal moment in history. Now more than ever, animal issues make the news. Now more than ever, Quebeckers say they care about animal welfare. The Montreal SPCA team is determined to be at the heart of this revolution.

Élise Desaulniers Executive Director

# SPECIAL EVENTS IN 2017

#### BEASTS OF FASHION GALA

With the theme "UTOPIA – a world where everything's possible", the fourth edition of the Beasts of Fashion gala was held on November 9th at Gare Dalhousie in Montreal. In the enchanting setting of the Cirque Éloize premises, more than 400 people enjoyed delicious vegan delights and admired our precocious pooches as they strutted in their usual grand style. The prestigious evening was hosted by animal-lover and Quebec television star Karl Hardy, as well as web-video creators Lili Boisvert and Judith Lussier. This fundraising evening, which promoted love and compassion for all animals, raised more than \$238,000.

#### SNOUT & ABOUT

On June 11th, the seventh edition of the annual Snout & About walk brought hundreds of people and dogs together on Mount Royal. Under a beautiful blue sky, we had a great time and raised over \$55,000 to help stop cruelty and injustice to animals.

#### POP-UP SALE

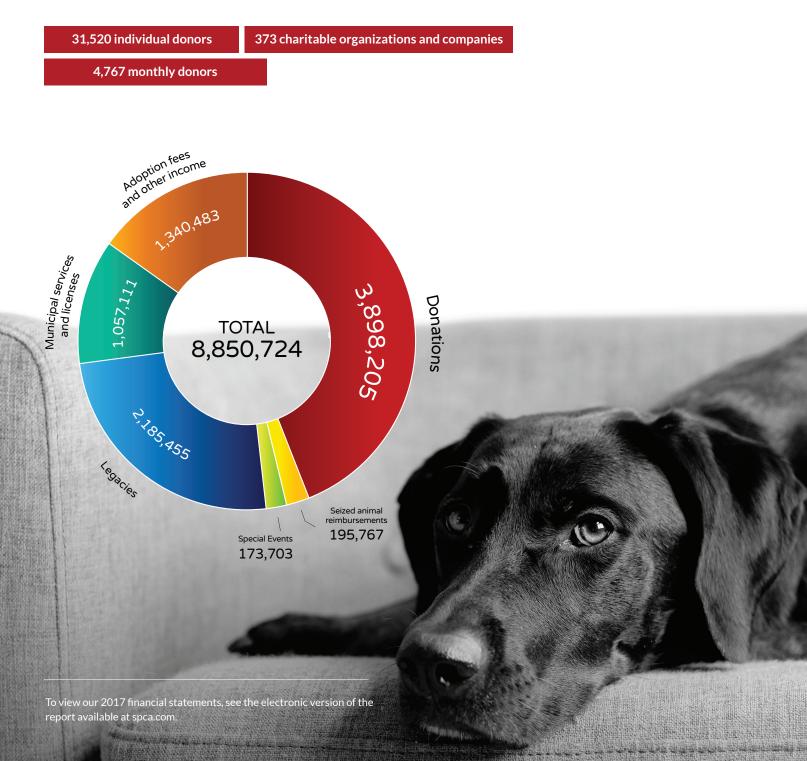
On September 9th, the Montreal SPCA held its first Pop-up sale with several local artists on hand. The event allowed us to raise nearly \$5,000 to support our fight against the breed ban. At this unique event, hundreds of people purchased accessories and food for their four-legged friends and enjoyed delicious vegan barbecue items and sweets.

A big thank you to our sponsors and partners for their support during our events:

Centre Vétérinaire Laval / Centre Vétérinaire Rive-Sud, Royal Canin Canada, Petsecure Pet Health Insurance, PWL Capital inc., Mondou, I love Tyler Madison, Lapointe Rosenstein Marchand Melançon, Lacrem and i24 Call Management Solutions.

# 2017 REVENUES

The Montreal SPCA is a registered charity that depends on donations from the public to carry out its mission. In 2017, 31,520 individual donors and 373 charitable organizations and companies lent us a generous helping hand. Our monthly donation program "Paw Partners" continues to be a success, with 4,767 monthly donors. The Montreal SPCA is extremely grateful to all its generous donors.

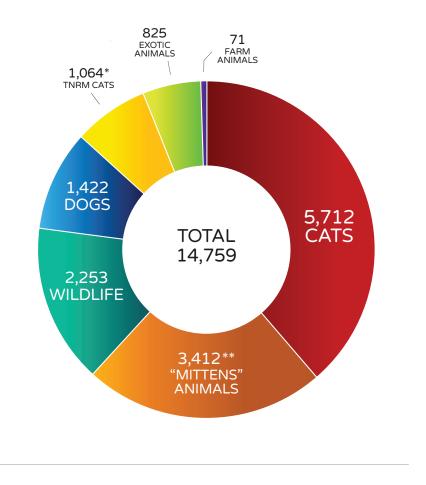


# ANIMAL CARE

In 2017, the Montreal SPCA treated and cared for 14,759 animals, many of whom had been abused, neglected, lost, injured, or needed to be spayed or neutered.

Founded in Montreal in 1869, the Montreal SPCA was the first animal welfare organization in Canada. The SPCA has come a long way since its beginnings: today, it is the largest animal-protection organization in Quebec, speaking on behalf of animals wherever there is ignorance, cruelty, exploitation or neglect.

Day after day, our veterinary team continues to play an essential role in ensuring the well-being of our animals. The team's main objective is to provide high-quality medical and emergency care to our animals. Whether it is an examination, a basic vaccination, a deworming, an emergency intervention or a spay or neuter, our veterinarians and veterinary technicians demonstrate compassion and kindness to every animal.



\*Number of feral cats sterilized in our TNRM program. \*\*Number of animals spayed or neutered in our targeted sterilization program.

#### STERILIZATION CLINIC

The mission of the Mittens-Montreal SPCA Targeted Permanent Sterilization Clinic, supervised by head veterinarian Dr. Gabrielle Carrière, is to help counter the animal overpopulation in Quebec by offering discounted sterilization services to animal guardians with limited financial resources. Did you know that, thanks to this clinic, approximately 40 animals are spayed or neutered daily, six days a week?

#### TNRM

Launched in 2010, the Trap-Neuter-Release-Maintain (TNRM) program is a humane, effective and low-cost way to reduce stray cat overpopulation. It is the result of a partnership between the Montreal SPCA and citizens of various cities and boroughs, who have seen the positive effects of this method over the years. The proof: this year alone, 1,064 street cats were sterilized through this program, which represents thousands fewer homeless kittens in urban areas.

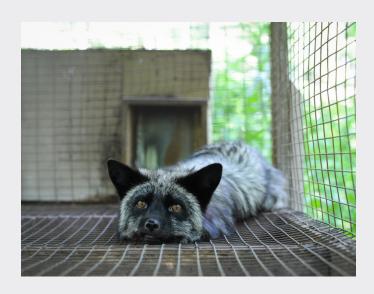
# INVESTIGATIONS DIVISION

Montreal SPCA animal protection officers are charged with enforcing the provisions of the Criminal Code dealing with crimes against animals, as well as Quebec's provincial animal welfare legislation, namely the Animal Welfare and Safety Act and the Regulation respecting the safety and welfare of cats and dogs.

Every year, the Montreal SPCA's Investigations Division receives thousands of complaints and reports. **In 2017, over 30,000 animals of a range of species received a visit from our staff** and 1,400 new investigations were opened. In total, the investigations team removed 416 animals from their environments, and its investigations resulted in about twenty convictions.

#### TWO CASES WITH A HAPPY ENDING

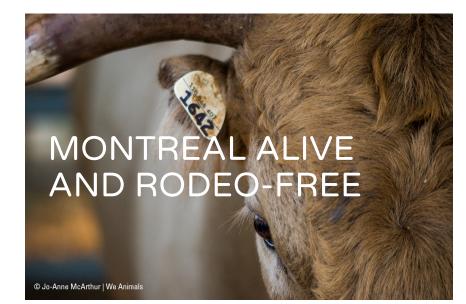
Four years after the seizure of 84 dogs in a very poor state, a former Montérégie puppy mill was finally found guilty of 19 offences under Quebec's animal welfare legislation at the Saint-Jean-sur-Richelieu courthouse. The commercial breeding operation was found guilty of charges relating to the dogs' housing conditions and lack of veterinary care. The puppy mill owner was sentenced to pay over \$20,000 in fines and is prohibited from having custody of more than two animals at a time for the rest of her life. As for the dogs seized, they are currently enjoying life in loving, adoptive homes. In early November, Montreal SPCA inspectors removed five cats from their home following an animal neglect conviction. Their owner was issued a prohibition order forbidding him from having any animals in his possession in the future. Upon their arrival at the shelter, the cats were taken into the care of our veterinary team, and were vaccinated, sterilized and put up for adoption. Thanks to our devoted staff, the cats have since been adopted and have found a second chance at happiness with their new families.



#### A FIRST IN CANADA

In November, a Montérégie fur farmer, Jean-Luc Rodier, was found guilty of three counts of animal cruelty and neglect thanks to a criminal investigation led by the Montreal SPCA. This is the first time that a fur farmer has ever been convicted of animal cruelty in Canada.

### ANIMAL ADVOCACY



In August, as part of Montreal's 375th anniversary celebrations, a rodeo took place in the old port. Yet rodeos have no cultural or historical connection to our city, and, more importantly, subject animals to fear, stress, and undue risk of injury or even death. In response, the Montreal SPCA launched Montreal Alive and Rodeo Free, an awareness-raising campaign that did not go unnoticed by the public and the media. Fortunately, thanks in part to the public's strong opposition, the Montreal's urban rodeo will not become an annual event. But the fight is still far from over, as the SPCA continues working to put an end to rodeos province-wide.

#### MY DOG MY FAMILY

In 2017, the stakes in the fight against the municipal breed bans became higher with the introduction of Bill 128, a province-wide concern. To stop the adoption of this bill, the SPCA launched the My Dog My Family campaign, which was supported by several members of the organization *Athletes for Animals*, including Kelly and David Backes, Marc-Edouard Vlasic and David Perron.

Despite the measures proposed by the provincial government, good news reached the people of Montreal when it was announced on December 20th, 2017 that the City of Montreal officially suspended the breed ban adopted by the previous municipal administration.

#### HUMANE TRANSPORT

In January, in response to the publication of the weak proposed amendments to the Canadian legislation governing the treatment of farm animals during transport, the Montreal SPCA, in partnership with the British Columbia SPCA, launched a campaign – humanetransport.ca – to demand better protection for farm animals. This campaign proposes to align Canadian legislation with international standards, since the proposed amendments do not adequately protect the 700 million animals transported annually over long distances while being exposed to extreme weather conditions and subjected to painful handling techniques.

#### CUT THE CHAIN

This year once again, the SPCA continued its Cut the Chain campaign aimed at persuading the provincial government to prohibit the permanent chaining of dogs in Quebec. Unfortunately, thousands of dogs spend their entire lives chained outdoors, relentlessly exposed to gusts of snow and extreme cold – in full legality. Nearly 35,000 people have already participated in this campaign, which will continue until the situation improves.

#### MAKE FUR HISTORY

Make Fur History is a seasonal campaign aimed at raising awareness of the plight of animals in the commercial fur trade and encouraging consumers to shop cruelty-free when looking to purchase winter coats and accessories. Visit makefurhistory.com to learn more.

# A MEMORABLE YEAR



# MUNICIPAL ELECTIONS: HISTORICAL ON SEVERAL LEVELS

On November 5th, Projet Montréal, led by Valérie Plante, was elected to the mayorship of Montreal. The SPCA is pleased that a party whose agenda gives prominence to animal issues has been brought to power. The SPCA intends to work with Valérie Plante's administration to implement certain projects as quickly as possible, namely phasing-out of Montreal's carriage horse industry and ending the municipal Breed-Specific Legislation (BSL). This election marked the beginning of a collaboration between the City and the SPCA to develop progressive regulations, tackle the overpopulation of domestic animals and ensure the welfare of all animals in our community.

#### THE MONTREAL SPCA ONLINE

Every year, the Montreal SPCA grows its social media presence. In 2017, the SPCA reached the 100,000-follower benchmark on Facebook and continues to connect with thousands of people on Instagram and Twitter. On average, the Montreal SPCA attracts nearly 70,000 visitors a month on spca.com.

Follow the Montreal SPCA | @SPCAMontreal

#### VOLUNTEERS

Volunteers make a significant contribution to the Montreal SPCA's operations. Their support and dedication are essential to the accomplishment of its mission. These valued allies allow us to offer a range of services that go far beyond the traditional role attributed to animal shelters. The SPCA is fortunate to be able to count on 350 volunteers who assist the shelter seven days a week throughout the year.

The Montreal SPCA also wishes to thank our 2017 Board of Directors for their wonderful support and guidance:

Nancy Breitman • Isabelle Brodeur Leonard Freedman • Dre Kim Langlois Pierre A. Lessard, treasurer Lucy Modesti, secretary Samira Sakhia, chair Marc-André Saucier-Nadeau

#### YOUTH PROGRAM

The Montreal SPCA has been offering youth programmes to the public since September 2017 thanks to its partnership with ENGAGE: Animal Welfare Education. This non-profit organization is dedicated to changing the way the next generation thinks about animals. To learn more about this program, visit engageanimal.org/en.



SPCA DE MONTRÉAL

# FINANCIAL STATEMENTS



MOQUIN AMYOTSENC.RL

SOCIÉTÉ DE COMPTABLES PROFESSIONNELS AGRÉÉS

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#### THE CANADIAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (Serving the Province of Quebec)

#### FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

# INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT 1 FINANCIAL STATEMENTS 3 Income statement 3 Statement of changes in net assets 4 Balance sheet 5 Cash flow statement 6 Notes to the financial statements 7

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#### INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

#### To the Members of THE CANADIAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (Serving the Province of Quebec)

We have reviewed the accompanying financial statements of THE CANADIAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (Serving the Province of Quebec) that comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net asset and cash flows for the year then ended, as well as 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.

#### Pratitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, wich require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



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#### Conclusion

Based on our review, nothing has come to our attention causing us to believe that the financial statements do not present fairly, in all material respects, the financial position of THE CANADIAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (Serving the Province of Quebec) as at Decembre 31, 2017, 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.

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Mogum Amyor, LLP

Boucherville June 19, 2018

<sup>1</sup> CPA auditor, CA, public accountancy permit no A128351

#### INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
REVENUE		
Donations, legacies and other contributions	3,836,007	2 706 220
Operations income	2,747,426	2,796,329 2,659,624
Investments income	16,763	2,059,024
Net change in fair value of quoted investments	2,876	3,774
Fundraising campaigns	1,716,202	1,918,994
Phone fundraising	531,450	790,101
, nono tanàtalong		
	8,850,724	8,170,182
EXPENSES		
Salaries and fringe benefits	4,007,044	3,954,774
Operating expenses	1,286,389	1,157,615
Publications, promotion and special events expenses	344,274	359,383
Fundraising campaigns costs	862,359	876,872
Phone fundraising costs	160,286	326,094
Professional fees	186,638	164,326
Communications	50,018	101,283
Interest and bank charges	110,632	138,438
Interest on obligation under capital lease	317	866
Interest on long-term debt	101,404	112,870
Amortization of capital assets	93,516	101,790
Amortization of deferred financing costs	5,486	5,486
Losses on disposal of capital assets		1,410
	7,208,363	7,301,207
EXCESS OF REVENUE OVER EXPENSES	1,642,361	868,975

See accompanying notes to financial statements.

Unaudited

MOQUIN AMYOT

#### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$	2016 \$
BALANCE AT BEGINNING	3,589,043	2,720,068
Excess of revenue over expenses	1,642,361	868,975
BALANCE AT THE END	5,231,404	3,589,043

See accompanying notes to financial statements.

Unaudited

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#### BALANCE SHEET AS AT DECEMBER 31, 2017

	2017	2016
ASSETS	\$	\$
Current assets		
Cash	3,643,316	1,089,455
Accounts receivable and sales taxes receivable	473,703	323,850
Legacies receivable	406,000	1,679,500
Inventories	30,428	20,864
Prepaid expenses	60,172	53,926
	4,613,619	3,167,595
Investments	58,222	52,397
Security deposit	-	12,895
Land held for resale	12,000	12,000
Capital assets (note 3)	2,759,846	2,761,935
Restricted investments (note 4)	772,955	715,910
	8,216,642	6,722,732
LIABILITIES		
Current liabilities		
Accounts payable (note 6)	734,673	741,685
Current portion of obligation under capital lease	-	5,970
Current portion of long-term debt (note 8)	198,000	198,000
	932,673	945,655
Renewable portion of long-term debt (note 8)	923,000	
	1,855,673	945,655
Deferred contributions related to restricted investments (note 4)	772,955	715,910
Deferred contributions related to capital assets (note 7)	12,000	12,000
Long-term debt (note 8)	344,610	1,460,124
	2,985,238	3,133,689
NET ASSETS	5,231,404	3,589,043
	8,216,642	6,722,732
On hehalf of the board		

On behalf of the board, , director Unaudited (

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#### CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses Items not affecting cash :	1,642,361	868,975
Net change in fair value of quoted investments	(2,876)	(3,774)
Losses on disposal of capital assets	-	1,410
Amortization of capital assets	93,516	101,790
Amortization of deferred financing costs	5,486	5,486
Not chongo is non-oral items related	1,738,487	973,887
Net change in non-cash items related to operating activities (note 12)	1,113,720	(330,663)
INVESTING ACTIVITIES	2,852,207	643,224
Addition to capital assets	(91,427)	(29,523)
Acquisition of investments from donations	(2,949)	(13,228)
Proceeds from disposal of capital assets		2,730
FINANCING ACTIVITIES	(94,376)	(40,021)
FINANCING ACTIVITIES		
Long-term debt		50,000
Repayment of long-term debt	(198,000)	(198,000)
Repayment of obligation under capital lease	(5,970)	(5,421)
	(203,970)	(153,42 <u>1)</u>
INCREASE (DECREASE) IN CASH	2,553,861	449,782
CASH, BEGINNING OF YEAR	1,089,455	639,673
CASH, END OF YEAR	3,643,316	1,089,455

See accompanying notes to financial statements.

Unaudited

MOQUIN AMYOT

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 1. STATUES OF INCORPORATION AND PURPOSES OF THE ORGANIZATION

The Society was incorporated April 5, 1869 under the *32 Victoria Law*, Chapter 81, which was amended on June 6, 1962 by the 10-11 Elizabeth, Chapter 97. The Society is engaged in the prevention of cruelty to animals. The Society is a not-for-profit organization exempt from income taxes.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### Revenue recognition

The Society 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.

Revenue from fundraising campaigns and phone fundraising are recorded in the period in which the campaigns were carried out as much as the amount is fixed and collection is reasonably assured.

Legacies received are included in revenue since they are directly used in the operations of the Society. Legacies are recorded at estimated realizable value when persuasive evidence of an arrangement exists as to the fact that assets will be transferred to the Society, the amount is fixed and collection is reasonably assured.

The Society recognizes the other types of revenues when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured.

#### Investment income

Investment transactions are recorded on the trade date and the resulting revenues are recognized in the year it is earned.

Gains or losses on the disposal of investments are calculated using the average cost method.

Interest income is recorded in the period in which it is earned. Dividends are recorded when declared by the issuing companies.

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#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Contributed services**

Volunteers contribute an important number of hours to assist the Society in carrying out its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

A company that produces pet food supplies the Society for free. The fair value of the contributions received in supplies is \$66,673 (\$54,234 in 2016), for which a tax receipt was issued. Another company which sells different kind of animals products supplies the Society with free cat litter. The fair value of the contributions received in supplies is \$8,738 (\$9,786 in 2016), for which a tax receipt was issued. However, these contributions are not recognized in the financial statements.

#### Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method.

#### Land held for resale

Land held for resale is valued at the lower of cost and net realizable value.

#### **Capital assets**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution.

Amortization of capital assets is based on their estimated useful life using the following methods, periods and annual rates:

Building	Declining balance	5%
Furniture and equipment	Declining balance	20%

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### **Financial instruments**

#### Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured subsequently at amortized cost consist of cash, accounts receivable and sales taxes receivable, legacies receivable and security deposits.

Financial assets measured subsequently at fair value consist of investments and restricted investments.

Financial liabilities subsequently measured at amortized cost consist of accounts payable, obligation under capital lease and long-term debt.

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#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments (continued)**

#### Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, 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 no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### Transaction costs

The Society recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Society may undertake in the future. Actual results may differ from these estimates.

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#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 3. CAPITAL ASSETS

			\$	\$
	Cost	Accumulated amortization	Net book value	Net book value Restated
Land	1,510,000	-	1,510,000	1,510,000
Building	1,472,114	390,255	1,081,859	1,094,151
Furniture and equipment	960,566	792,579	167,987	157,784
	3,942,680	1,182,834	2,759,846	2,761,935

#### 4. RESTRICTED INVESTMENTS AND DEFERRED CONTRIBUTIONS

	2017 \$	2016 \$
Balance, beginning of the year	715,910	660,818
Change in fair value of restricted investments	57,045	55,092
Balance, end of the year	772,955	715,910

In 1991, the Society received a legacy that is not possible to use before 99 years. Throughout this period, the legacy will be invested in an active market by a broker. The Society accounts for these restricted investments at fair value and the consideration as a deferred contribution.

The revenue, net from management fees and income taxes, generated by these restricted investments is paid quarterly to the Society and recognized in the legacies revenue. In 2017, legacies revenue from this legacy were \$8,000 (\$13,500 in 2016).

In 2090, these investments will have no restriction and the deferred contribution will be recognized in the legacies revenue of that year.

#### Unaudited

2016

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 5. BANK LOAN

The Society has a \$250,000 line of credit which bears interest at the financial institution's prime rate plus 3%. However, the available balance is limited to 75% of eligible canadian accounts receivable less the amount of priority liabilities to this line of credit, including also withholdings and sales taxes payable.

6. ACCOUNTS PAYABLE	2017 \$	2016 \$
Suppliers and accrued liabilities Salaries and vacations Withholdings Other	331,773 325,630 29,766 47,504	376,097 260,985 26,987 77,616
	734,673	741,685

#### 7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contribution related to capital assets represent contributed capital asset (land). There were no changes in the deferred contribution balance for the year.

	2017	2016
	\$	\$
Contribution received		
Land	12,000	12,000

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

8.	LONG-TERM DEBT	2017 \$	2016 \$
	Term loan of \$780,000 bearing interest at 5.50% fixed rate, repayable over 10 years in monthly instalments of \$6,500 plus interest, renewable in November 2018, secured by a first ranking movable hypothec (pari passu) of \$780,000 on the building of the Society and a first ranking movable hypothec (pari passu) of \$780,000 on the universality of the company's	461,500	539,500
	Term loan of \$780,000 bearing interest at 5.50% fixed rate, repayable over 10 years in monthly instalments of \$6,500 plus interest, renewable in November 2018, secured by a first ranking movable hypothec (pari passu) of \$780,000 on the building of the Society and a first ranking movable hypothec (pari passu) of \$780,000 on the universality of the company's	461,500	539,500
	Term loan of an autorized amount of \$487,000, bearing interest at 7,37% fixed rate, repayable in full on November 1st, 2028, secured by a second ranking movable hypothec of \$237,000 on the building of the Society (A).	375,000	375,000
	Term loan of \$275,000 bearing interest at 6.50% fixed rate, repayable in monthly instalments of \$3,500 plus interest, renewable in January 2020, secured by a second ranking movable hypothec (pari passu) of \$420,000 on the building of the Society and a second ranking movable hypothec (pari passu) of \$420,000 on the universality of the company's assets.	202,500	244,500
	Deferred financing costs (B)	-	
		(34,890)	(40,376)
	Current nortion of long torm doubt	1,465,610	1,658,124
	Current portion of long-term debt	198,000	198,000
	Renewable portion of long-term debt	923,000	
		344,610	1,460,124

#### Unaudited

MOQUIN AMYOTIMESIA

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 8. LONG-TERM DEBT (continued)

(A) In April 2018, the Society reimbursed the \$375,000 debt in totality due to liquidity surpluses.

**(B)** Financing fees for long-term debt were \$57,292 and are amortized using the straight-line method over the term of the debt.

Assuming renewals under the same repayment terms, the estimated principal payments to be made over the next five years are as follows :

	\$
2018	198,000
2019	198,000
2020	198,000
2021	198,000
2022	190,500
	982,500

#### 9. COMMITMENTS

Commitments related to commercial leases for the next five years totalling \$115,254 are as follows:

	\$
2018	35,342
2019	33,728
2020	27,507
2021	13,225
2022	5,452
	115,254

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### **10. RELATED PARTY TRANSACTIONS**

During the year, the Society obtained professional services from a law firm of which one of the partners is an administrator of the Society. The services received during the year represent \$55,814 (\$90,203 in 2016), of which \$7,143 (\$25,738 in 2016) are included in the suppliers and accrued liabilities.

The Society also obtained information technology services from a company owned by one of the administrator's family member. The services received during the year represent \$6,987 (\$21,427 in 2016).

The Society also received \$275,413 in donations from the SPCA Foundation (\$112,220 in 2016).

These operations were concluded in the normal course of business and are measured at the exchange value, which is the consideration agreed to by related parties.

#### **11. FINANCIAL INSTRUMENTS**

#### **Risks and concentrations**

The Society is mainly exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure at the reporting date, i.e. December 31, 2017.

#### Credit risk

The Society provides credit to its clients in the normal course of business. Customers to whom credit are provided are the boroughs of Montreal, the City of Montreal or ministries. The Society has no bad debts for the year ended December 31, 2017 (none in 2016). As at December 31, 2017, 49% of accounts receivable were from four clients (29% from two clients in 2016).

For the legacies receivable, the Society evaluates, on an ongoing basis, the estimated net realizable value based on the amounts that are almost certain to be received.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### 11. FINANCIAL INSTRUMENTS (continued)

#### **Risks and concentrations (continued)**

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is, therefore, exposed to the liquidity risk with respect to all of the financial liabilities recognized on the balance sheet.

#### Interest rate risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

#### Other price risk

Other price risk associated with investments in shares given by donors is the risk their fair value will fluctuate because of changes in market prices. This risk is minimized, the total amount held in such assets is low.

#### 12. CASH FLOWS

	2017	2016
	\$	\$
Net change in non-cash items related to operating activities		
Accounts receivable and sales taxes receivable	(149,853)	196,086
Legacies receivable	1,273,500	(527,000)
Inventories	(9,564)	(5,533)
Prepaid expenses	(6,246)	30,346
Security deposit	12,895	-
Accounts payable and accrued liabilities	(7,012)	(24,562)
	1,113,720	(330,663)

