

HIVE CAFÉ SOLIDARITY COOPERATIVE

ANNUAL FINANCIAL REPORT

AS AT APRIL 30, 2018

Draft approval :

duly authorized responsible

NB : please allow a minimum of two to three business days for the production of the final report after the financial statements approval

Date of approval :

Year	Month	Day

Thank you for your collaboration.

HIVE CAFÉ SOLIDARITY COOPERATIVE

ANNUAL FINANCIAL REPORT

AS AT APRIL 30, 2018

PROJET 2

HIVE CAFÉ SOLIDARITY COOPERATIVE

ANNUAL FINANCIAL REPORT

AS AT APRIL 30, 2018

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of
HIVE CAFÉ SOLIDARITY COOPERATIVE

We have reviewed the accompanying financial statements of HIVE CAFÉ SOLIDARITY COOPERATIVE that comprise the financial position as at April 30th 2018, and the statements of operations, general reserve 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.

Practitioner'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, which 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of HIVE CAFÉ SOLIDARITY COOPERATIVE as at April 30th, 2018, 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.

APSV Chartered Professional Accountants inc.¹

Montreal, (approval date)

¹ By Caroline Pombert, CPA auditor, CA

HIVE CAFÉ SOLIDARITY COOPERATIVE
STATEMENT OF OPERATIONS AND GENERAL RESERVE
FOR THE YEAR ENDED APRIL 30, 2018
(unaudited)

	2018	2017
	\$	\$
REVENUES		
Sales	328 334	360 480
Cost of goods sold	147 649	168 139
GROSS MARGIN	<u>180 685</u>	<u>192 341</u>
OTHER REVENUES		
Space rental	11 609	6 242
Rental revenues	4 943	3 337
Free lunch	1 373	2 481
Accounts payable write-off	-	1 265
Grants		
Concordia Students Union free lunch	43 500	43 500
Others	33 076	24 198
Grant-Levy GSA	32 000	47 304
Concordia Students Union	23 023	62 500
Amortization of deferred contributions related to fixed assets	7 796	7 796
	<u>157 320</u>	<u>198 623</u>
	<u>338 005</u>	<u>390 964</u>
ADMINISTRATIVE EXPENSES		
Salaries and benefits	245 929	251 942
Depreciation of fixed assets	18 037	15 202
Other fees	16 420	4 205
Taxes, permits and licenses	8 903	14 008
Insurance	8 320	6 505
Free Lunch	6 227	3 164
Maintenance and repairs	3 788	2 103
Accounting and legal fees	3 250	4 080
Office supplies	1 410	935
Telephone and internet	1 344	2 339
Banking fees and interests	1 000	2 700
Service	451	312
Bad debt	413	3 171
Advertising	97	358
Social shares contribution	-	-
	<u>315 589</u>	<u>311 024</u>
NET SURPLUS	22 416	79 940
GENERAL RESERVE, BEGINNING OF YEAR	84 985	5 045
GENERAL RESERVE, END OF YEAR	<u>107 401</u>	<u>84 985</u>

HIVE CAFÉ SOLIDARITY COOPERATIVE

FINANCIAL POSITION

AS AT APRIL 30, 2018
(unaudited)

	2018	2017
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	142 673	103 489
Accounts receivable	66	5 214
Inventories	15 268	14 510
Prepaid expenses	2 730	-
	160 737	123 213
FIXED ASSETS (note 3)	46 601	49 712
	<u>207 338</u>	<u>172 925</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 4)	20 583	23 910
DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS (note 5)	14 534	22 330
	<u>35 117</u>	<u>46 240</u>
EQUITY		
MEMBERSHIP SHARE CAPITAL		
Members' shares (note 6)	64 820	41 700
COOPERATIVE NET ASSET		
General reserve	84 985	5 045
Net surplus of the year	22 416	79 940
	<u>172 221</u>	<u>126 685</u>
	<u>207 338</u>	<u>172 925</u>

Approved

HIVE CAFÉ SOLIDARITY COOPERATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2018
(unaudited)

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Net surplus of the year	22 416	79 940
Items not affecting cash:		
Depreciation of fixed assets	18 037	4 080
Amortization of deferred contributions related to fixed assets	(7 796)	(7 796)
	32 657	76 224
Net change in non-cash working capital items		
Accounts receivable	5 148	1 182
Inventories	(758)	(5 746)
Accounts payable and accrued liabilities	(3 327)	(1 473)
Prepaid expenses	(2 730)	-
	(1 667)	(6 037)
Cash flows from operating activities	30 990	70 187
INVESTMENT ACTIVITIES		
Acquisition of fixed assets and cash flows used in investment activities	(14 926)	(13 425)
FINANCING ACTIVITIES		
Issue of membership shares and cash flow used in financing activities	23 120	5 580
INCREASE IN CASH AND CASH EQUIVALENTS	39 184	73 464
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	103 489	30 025
CASH AND CASH EQUIVALENTS, END OF YEAR	142 673	103 489

Cash and cash equivalents consist of cash.

HIVE CAFÉ SOLIDARITY COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS

AS AT APRIL 30, 2018
(unaudited)

1 - LEGAL STATUS AND NATURE OF ACTIVITIES

HIVE CAFÉ SOLIDARITY COOPERATIVE is a not-for-profit organization formed under *Loi sur les coopératives du Québec*, on May 2, 2014 and is exempt from income taxes. Its operations started on September 2014.

Its objective is to exploit a company in order to provide work to its working members as well as goods and services of personal utility to its user members in the field of the restauration and of the food services and all other related activities while gathering people or companies having an economic interest, social or cultural in the respect of this object.

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:

Use of estimates

The preparation of financial statements in accordance 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 and the disclosure of contingencies at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The amounts accounted for and the information provided on the basis of these estimates and assumptions could be different from the actual results.

Revenue recognition

Contributions

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred contributions related to fixed assets are recognized as revenues over the same period of related fixed assets.

Sales

Sales revenues are recognized at the delivery of the goods or services.

Fixed assets

Fixed assets are accounted for at cost. Depreciation is base on their useful life using the straight-line following method over 5 years.

Inventory

Inventory is valued at the lower of first in first out method cost and net realizable value. The cost of inventory included all costs of purchase net of vendor allowances and other costs incurred in bringing the inventories to their present location and condition.

HIVE CAFÉ SOLIDARITY COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS

AS AT APRIL 30, 2018
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2 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contributed supplies and services

The organization as entered into two long-term sublease agreements with Concordia Student Union for the Cafe in both locations for an annual rent of 1\$ from September 30, 2014 to May 31, 2019, subject to two renewal periods of 5 years. The sublease also include free use of kitchen and cafe equipment for the same period.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. They are subsequently measured at amortized cost. Financial assets measured at amortized cost consist of cash and accounts receivable. Financial liabilities measured at amortized cost consist of accounts payable.

3 - FIXED ASSETS

	2018		2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Café and catering equipment	51 667	25 624	26 043
Furniture and fixtures	12 555	6 551	6 004
Kitchen equipment	22 994	11 558	11 436
Leasehold improvements	1 220	895	325
Office furniture and equipment	8 458	6 046	2 412
Computer software	755	374	381
	<u>97 649</u>	<u>51 048</u>	<u>46 601</u>
			<u>49 712</u>

4- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Government remittances	14 113	16 281
Accrued salaries and benefits	4 826	4 925
Accounts payable and accrued charges	1 644	2 704
	<u>20 583</u>	<u>23 910</u>

HIVE CAFÉ SOLIDARITY COOPERATIVE

NOTES TO THE FINANCIAL STATEMENTS

AS AT APRIL 30, 2018

(unaudited)

5- DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS

Deferred contributions related to fixed assets correspond to amounts received for acquisition of fixed assets. There are accounted for as deferred subsidy and amortized on the same basis as the related fixed assets.

	Balance as at April 30 2017	Granted	Recognized as revenues	Balance as at April 30 2018
	\$	\$	\$	\$
Concordia Student Union	22 330	-	7 796	14 534

6 - MEMBERS' SHARES

Qualification shares

6 420 shares (4 112 in 2017) - user members
32 shares (28 in 2017) - worker members
3 shares (3 in 2017) - support members

	2018	2017
	\$	\$
	64 200	41 120
	320	280
	300	300
	64 820	41 700

Preferred shares

The board is authorized to issue preferred shares and to determine their characteristics.

Payments

For user members and worker members, social shares are payable by cash, debit or credit card at the moment of admission as a member. Support members can pay their shares by cash, via the internal transfer account of Concordia University, or by cheque.

Transfer of shares

Social shares are non-transferrable.

Refund of social shares

Subject to the restrictions provided in article 38 of the law, the refund of social shares is given based on the following priorities:

- Death of the member;
- Resignation;
- Expulsion;
- Refund of social shares other than social capital qualification shares.

7- OPERATIONS PERFORMED WITH MEMBERS

In the current year, the cooperative made 100 % of the wage expenses with the working members and 56 % of the sales with the user members.

HIVE CAFÉ SOLIDARITY COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS
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8- FINANCIAL INSTRUMENTS

Credit risk

The organization's credit risk is mainly due to its subsidies and taxes receivable.

Liquidity risk

The organization's credit risk is mainly due to its accounts payable.

PROJET 2