

# FINANCIAL REPORT 2018

ACCESUM INC.

AND

SOCIÉTÉ EN COMMANDITE

STATIONNEMENT DE MONTRÉAL



## Board of Directors

### **ACCESUM INC.**

AS GENERAL PARTNER FOR SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

#### **Rémi Racine**

President and Chief Executive Officer  
Behaviour Interactif  
Chairman of the Board of Directors  
Accesum Inc.

#### **Lise Aubin**<sup>2</sup>

Company Administrator

#### **Benoît Bessette**<sup>3</sup>

Vice-President, Marketing, Communication and Strategies  
Sollio Agriculture

#### **Me André Goyer**<sup>1</sup>

Company Administrator

#### **Catherine Morency**<sup>1,3</sup>

Full Professor – Mobilité Chair  
Polytechnique Montréal

#### **Renée Piette**<sup>2</sup>

Company Administrator

#### **Raoul Cyr**<sup>2,4</sup>

Director, Accounting and Financial Information  
City of Montréal

#### **Luc Gagnon**<sup>1,3,4</sup>

Director, Urban Planning and Mobility  
City of Montréal

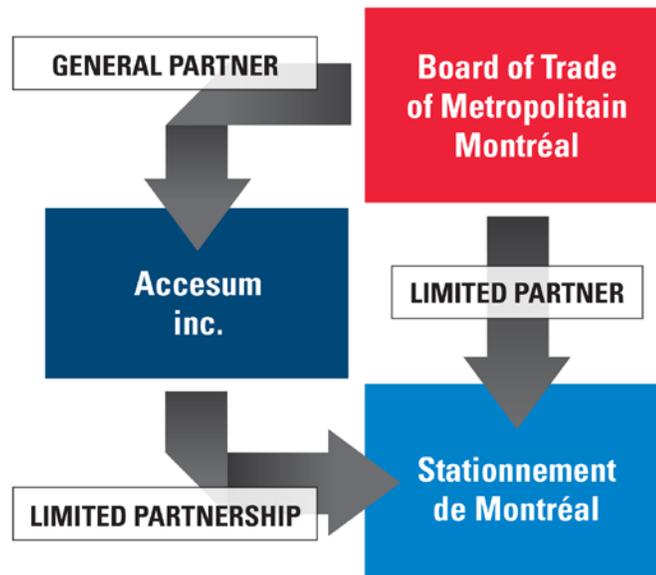
1. Governance and Human Resources Committee
2. Finance and Audit Committee
3. Communications Committee
4. Observer appointed by the City

## Our mission

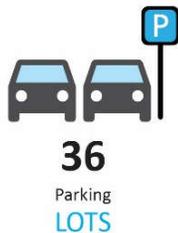
Since its creation in 1995, the Société en commandite Stationnement de Montréal (the “Société”) has been a major player in the development of operational solutions for urban travel. Originally founded to ensure the optimal management of municipal paid on-street and off-street parking, the Société was quickly recognized for its innovation, its advantageous use of cutting-edge technologies and the harmonious integration of its installations into the urban landscape.

## Do you know Accesum Inc.?

Stationnement de Montréal is a subsidiary of the Board of Trade of Metropolitan Montréal. By its very nature, the Société has no board of directors. Accesum Inc., its general partner, acts on behalf of Stationnement de Montréal. The Board of Trade of Metropolitan Montréal is the limited partner of Accesum Inc.

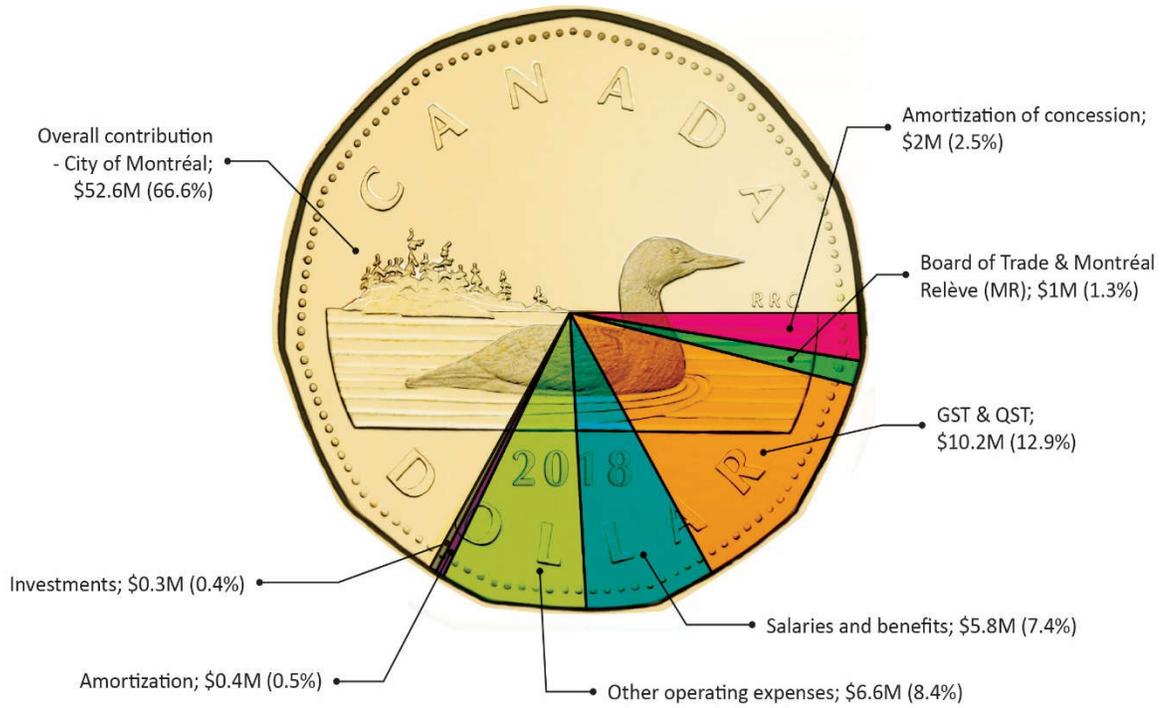


# 2018 HIGHLIGHTS

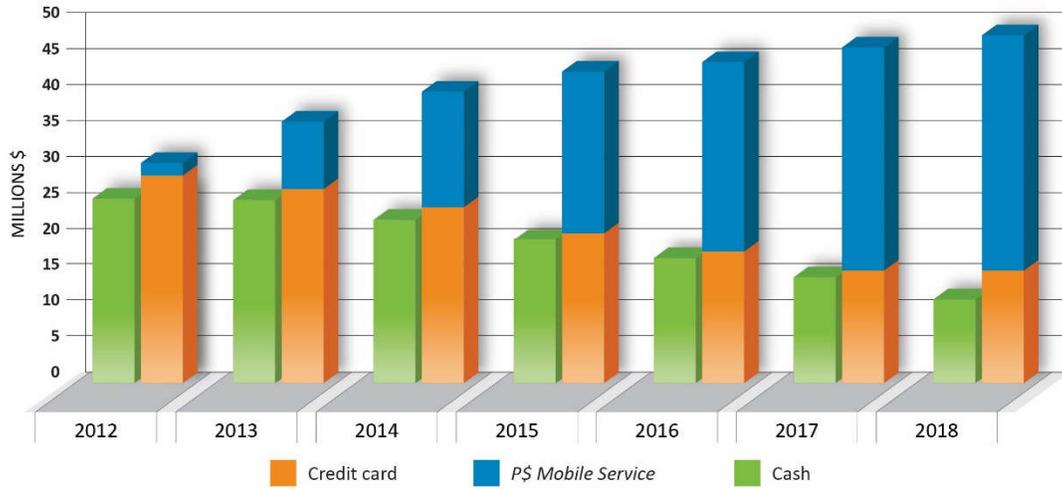


# Financials Highlights 2018

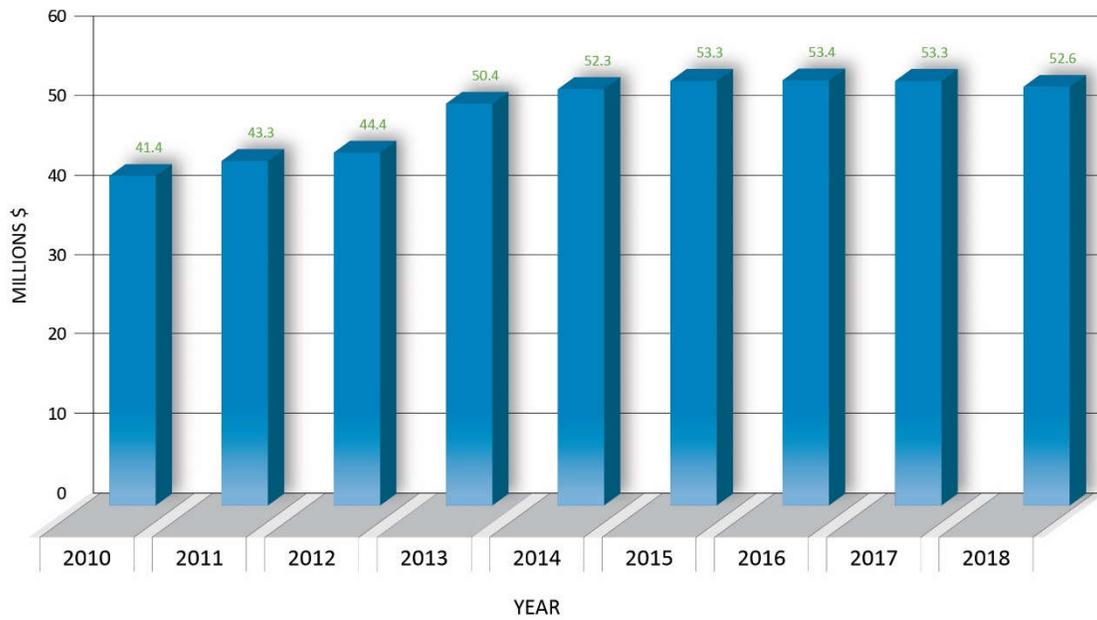
## 2018 breakdown of each dollar spent on parking



**Evolution of on-street revenues by payment method**



**Evolution of contributions to the City from 2010 to 2018**



## A WORD FROM MANAGEMENT

Société en commandite Stationnement de Montréal is thrilled to report a successful year in 2018. The year was marked by the launch of a call for tenders to modernize the payment terminals, the continued improvement of the customer experience through the new possibilities of digital technologies and the announcement of the future Agence de mobilité durable.

Announced last August, the new sustainable mobility agency will fulfil the City of Montréal's objective to develop and implement innovative mobility measures while bridging the gap between parking and transport supply management. The Société welcomes this initiative, which comes in the wake of the 2016 Parking Policy. *"The new agency's vision consists in leveraging parking to optimize mobility. Thanks to our expertise in operations and management, we're ready to face these challenges and add parking to the overall perspective,"* says Chair of the Board Rémi Racine.

With this objective in mind, the Société could also apply its expertise to developing new technologies that, year after year, enhance users' experience and increase their satisfaction with the services they're offered. In a survey carried out in 2018, 96% of people who use P\$ Mobile Service say that they use the app regularly and 88% declare themselves satisfied. This exceptional satisfaction rate is also reflected in the response from everyone surveyed that they recommend the app to friends and family.

*P\$ Mobile Service* is the preferred on-street parking payment method, accounting for 65% of payments by the end of 2018. Its success is indicative of the transition from payments at a terminal to mobile devices, a change spurred by last year's promotional campaign targeting drivers on social networks and radio and through out-of-home marketing.

While benefitting from the outstanding performance of its mobile app, the Société is also actively working to modernize the terminals and has added a number of objectives to its specifications. With this project under its responsibility, it wishes to add a sustainable development component. In addition to acquiring new terminals, it plans to restore existing equipment, keeping the original casings while integrating new payment modules and adding new future-focused features, all at a reasonable cost.

Prioritizing the use of emerging technologies, the Société has carried out a number of mobility studies using its licence plate recognition (LPR) vehicle, following requests from a number of boroughs. LPR technology has also made it possible to ensure the compliance of permits for using the Société's off-street parking.

As a leader in municipal parking management and operations, the Société advises the City of Montréal and prioritizes the implementation of best practices. Accordingly, it has a presence in all of the industry's innovative communities and actively participates in international conferences including those held by the International Parking & Mobility Institute and the Canadian Parking Association, the world summit on sustainable mobility Movin'On and the parking workshop organized by Intelligent Transport Systems (ITS) Canada, during which the general manager has been a panellist and speaker.

The Société's participation in these conferences allows it to continuously improve its management practices, discover the latest technological possibilities and strengthen ties with seasoned service providers, ultimately working toward optimizing urban mobility.

### **The Société confirms highly positive results**

In 2018, the Société contributed a total of \$52.6 million to the City of Montréal in the form of taxes, rents, permits, compensation and royalties. Since its creation in 1995, the Société has contributed a cumulative total of \$801.6 million to the City of Montréal, including the initial payment of \$56.8 million and debenture repayment.

In accordance with the concession agreement the City of Montréal granted it in 1995, the Société has remitted \$400,000 to the Chamber of Commerce of Metropolitan Montréal, as well as a yearly contribution of \$600,000 to Montréal Relève.

The Société is proud of its achievements, made possible by the professionalism of its employees who actively contribute to the growth of the company, reflecting its strong commitment to offering high-quality services.

We would also like to thank the Board of Directors who have ensured the sound governance of the Société and who welcomed two new members in the last year: Catherine Morency, Professor and Research Chair on Personal Mobility at Polytechnique Montréal and Renée Piette, Corporate Director.

The Board of Directors can also count on the participation of Luc Gagnon, Director, Urban Planning and Mobility at the City of Montréal, as an observer.



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Rémi Racine  
Chairman of the Board  
Accessum Inc.



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Charles Auger, FCPA, FCMA, ASC  
General Manager  
Stationnement de Montréal

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Financial statements of  
**Accesum Inc.**

December 31, 2018

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## Independent Auditor's Report

To the Board of Directors of  
Accesum Inc.

### Opinion

We have audited the financial statements of Accesum Inc., which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Accesum Inc. as at December 31, 2018, and the results of its operations and accumulated surplus, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Accesum Inc. 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 opinion.

### Other Matter

The financial statements of Accesum Inc. for the year ended December 31, 2017 have been audited by another auditor who expressed an unmodified opinion on these financial statements on March 27, 2018.

### 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 PSAS, 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 Accesum Inc.'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 Accesum Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Accesum Inc.'s financial reporting process.

### 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 GAAS 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 GAAS, 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 Accesum Inc.'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 Accesum Inc.'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 Accesum Inc. 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.

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.

Debitte LLP<sup>1</sup>

March 28, 2019

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

**Accesum Inc.****Statement of operations and accumulated surplus**

Year ended December 31, 2018

	<b>2018</b>	2017
	\$	\$
<b>Revenue</b>		
Indemnity from Société en commandite		
Stationnement de Montréal	<b>100,701</b>	108,713
Interest	<b>405</b>	32
	<b>101,106</b>	108,745
<b>Expenses</b>		
Administrative services	<b>84,348</b>	92,276
Insurance	<b>10,016</b>	10,006
Other	<b>6,742</b>	6,463
	<b>101,106</b>	108,745
<b>Surplus for the year</b>	—	—
<b>Accumulated surplus, beginning and end of year</b>	—	—

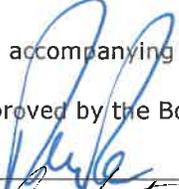
The accompanying notes are an integral part of the financial statements.

**Accesum Inc.**  
**Statement of financial position**  
As at December 31, 2018

	Notes	2018	2017
		\$	\$
<b>Financial assets</b>			
Cash		83,810	69,286
Taxes receivable		8,885	7,685
Investment	4	1	1
		<b>92,696</b>	<b>76,972</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		34,245	27,494
Due to Société en commandite Stationnement de Montréal		68,179	58,967
Due to Board of Trade of Metropolitan Montreal		100	100
		<b>102,524</b>	<b>86,561</b>
<b>Net debt</b>		<b>9,828</b>	<b>9,589</b>
<b>Non-financial assets</b>			
Prepaid expenses		9,828	9,589
<b>Accumulated surplus</b>		<b>—</b>	<b>—</b>

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

  
\_\_\_\_\_, Chairman of the Board

  
\_\_\_\_\_, Director

**Accesum Inc.****Statement of changes in net debt**

Year ended December 31, 2018

	<b>2018</b>	2017
	<b>\$</b>	\$
Surplus for the year	—	—
Change in prepaid expenses	<b>239</b>	—
Change in net debt during the year	<b>239</b>	—
Net debt, beginning of year	<b>9,589</b>	9,589
Net debt, end of year	<b>9,828</b>	9,589

The accompanying notes are an integral part of the financial statements.

**Accesum Inc.**  
**Statement of cash flows**  
Year ended December 31, 2018

	<b>2018</b>	2017
	\$	\$
<b>Operating activities</b>		
Surplus for the year	—	—
Changes in non-cash working capital items		
Taxes receivable	<b>(1,200)</b>	(2,112)
Accounts payable and accrued liabilities	<b>6,751</b>	(6,983)
Due to Société en commandite Stationnement de Montréal	<b>9,212</b>	16,210
Prepaid expenses	<b>(239)</b>	—
Net increase in cash	<b>14,524</b>	7,115
Cash, beginning of year	<b>69,286</b>	62,171
<b>Cash, end of year</b>	<b>83,810</b>	69,286

The accompanying notes are an integral part of the financial statements.

## **Accesum Inc.**

### **Notes to the financial statements**

December 31, 2018

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#### **1. Description of the business**

Accesum Inc. (the "Company"), incorporated on June 30, 1993, under the *Business Corporations Act* (Québec), is the general partner of Société en commandite Stationnement de Montréal.

The Board of Trade of Metropolitan Montreal owns a \$100 interest in the Company, which is presented as a financial liability in the statement of financial position.

#### **2. Accounting policies**

The financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

##### *Revenue recognition*

The Company recognizes its revenue, which comprises indemnities from Société en commandite Stationnement de Montréal, as related expenses are incurred.

##### *Investment*

The investment is accounted for at cost.

##### *Non-financial assets*

The Company accounts for prepaid expenses as non-financial assets, because they can be used to provide services in future periods. Normally, these assets do not provide resources attributable to the settlement of liabilities, unless they are sold.

##### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

#### **3. Changes in accounting policies**

On January 1, 2018, the Company prospectively applied the following new accounting standards: PS 2200, *Related Party Disclosures*; PS 3210, *Assets*; PS 3320, *Contingent Assets*; PS 3380, *Contractual Rights*; and PS 3420, *Inter-entity Transactions*.

PS 2200, *Related Party Disclosures*, defines a related party and establishes disclosures required for related party transactions. The standard, applied prospectively, states that related party transaction disclosures are required when the transactions are concluded at a value different from that which would have been established if the parties were not related and have, or could have, a material financial effect on the financial statements.

The related parties include entities that fall within Ville de Montréal's consolidation group as well as the key management personnel of these entities and their spouses and dependants. They also include entities in which the key management personnel, their spouses, and their dependants have the power to determine the financial and operating decisions. The key management personnel includes the members of the board of directors, general management and their equivalents in the other entities included in Ville de Montréal's consolidation group.

**3. Changes in accounting policies (continued)**

PS 3210, *Assets*, provides guidance on applying the definition of assets set out in PS 1000, *Financial Statement Concepts*, and establishes general disclosure standards for assets. Information about the major categories of assets that are not recognized must be disclosed. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.

PS 3320, *Contingent Assets*, defines and establishes disclosure standards on contingent assets if the occurrence of the confirming future event is deemed likely.

PS 3380, *Contractual Rights*, defines and establishes disclosure standards on contractual rights.

PS 3420, *Inter-entity Transactions*, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The adoption of these standards had no impact on the Company's earnings or financial position.

**4. Investment**

	<b>2018</b>	2017
	\$	\$
Investment in Société en commandite Stationnement de Montréal (one unit at \$1)	<b>1</b>	1

**5. Presentation of the budget of the Company**

The Canadian public sector accounting standards require that the Company present its budget in the statement of operations and in the statement of changes in net debt. Since the Company has not prepared a budget for the year ended December 31, 2018, no budget is presented in the financial statements.

Financial Statements of

**SOCIÉTÉ EN COMMANDITE  
STATIONNEMENT DE MONTRÉAL**

Year ended December 31, 2018

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

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## Independent Auditor's Report

To the Board of Directors of  
Société en commandite Stationnement de Montréal

### Opinion

We have audited the financial statements of Société en commandite Stationnement de Montréal (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Society 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 opinion.

### Significant uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates the existence of a significant uncertainty that may cast significant doubt on the Society's ability to continue as a going concern under its current legal form. Our opinion is not modified in respect of this matter.

### 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 PSAS, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

## 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 GAAS 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 GAAS, 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 Society'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 Society'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 Society 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.

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.

Montréal, June 3, 2019

Deloitte LLP<sup>1</sup>

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

Michèle Galipeau, CPA auditor, CA

Michèle Galipeau, CPA auditor, CA  
Auditor General of the Ville de Montréal

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018

	Budget 2018	2018	2017
<b>Revenue:</b>			
Paid on-street parkings	\$ 62,774,278	\$ 59,812,217	\$ 60,959,544
Parking lots	6,824,756	6,602,013	6,722,832
Other operating revenue	1,773,419	1,858,067	2,669,064
Interest revenue	200,000	406,018	237,423
	<u>71,572,453</u>	<u>68,678,315</u>	<u>70,588,863</u>
<b>Expenses:</b>			
Paid on-street parkings	15,083,613	12,884,647	13,396,421
Parking lots	6,331,003	6,359,292	7,048,517
Other operating expenses	410,577	396,513	586,479
Interest on long-term debt	25,000	27,353	17,175
Other interest and financial expenses	–	–	2,177
	<u>21,850,193</u>	<u>19,667,805</u>	<u>21,050,769</u>
Surplus before compensations and royalties	<u>49,722,260</u>	<u>49,010,510</u>	<u>49,538,094</u>
Compensation for contribution from Board of Trade of Metropolitan Montreal	(400,000)	(400,000)	(400,000)
Compensation and royalties - Ville de Montréal	(48,722,260)	(47,796,381)	(48,353,964)
Royalties - Economic Development Fund	(600,000)	(600,000)	(600,000)
	<u>(49,722,260)</u>	<u>(48,796,381)</u>	<u>(49,353,964)</u>
Annual surplus	–	214,129	184,130
Accumulated surplus, beginning of year	2,164,340	2,164,340	1,980,210
Accumulated surplus, end of year	<u>\$ 2,164,340</u>	<u>\$ 2,378,469</u>	<u>\$ 2,164,340</u>

The accompanying notes are an integral part of the financial statements.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

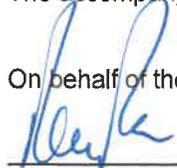
Statement of Financial Position

As at December 31, 2018

	2018	2017
<b>Assets</b>		
Cash	\$ 34,506,911	\$ 32,700,907
Accounts receivable	96,921	211,938
Receivable from Accesum Inc., general partner, non-interest bearing and without repayment terms	68,179	58,967
	<u>34,672,011</u>	<u>32,971,812</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	1,714,391	1,798,954
Due to Economie Development Fund, non-interest bearing and without repayment terms	300,000	300,000
Due to Ville de Montréal, non-interest bearing and without repayment terms	48,244,163	49,121,503
Due to Board of Trade of Metropolitan Montreal, non-interest bearing and without repayment terms	500,000	500,000
	<u>50,758,554</u>	<u>51,720,457</u>
<b>Net debt</b>	<u>16,086,543</u>	<u>18,748,645</u>
<b>Non-financial assets</b>		
Property and equipment (note 5)	6,274,938	6,768,498
Exclusive concession	12,000,000	14,000,000
Prepaid expenses	190,074	144,487
	<u>18,465,012</u>	<u>20,912,985</u>
Contractual rights (note 10)		
Commitments (note 11)		
Subsequent event (note 14)		
<b>Accumulated surplus</b> (note 7)	<u>\$ 2,378,469</u>	<u>\$ 2,164,340</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Statement of Changes in Net Debt

Year ended December 31, 2018

	Budget 2018	2018	2017
Annual surplus	\$ –	\$ 214,129	\$ 184,130
Change in property and equipment			
Acquisitions	(3,530,761)	(17,813)	(635,856)
Amortization	680,493	511,373	898,518
	(2,850,268)	707,689	446,792
Amortization of exclusive concession	2,000,000	2,000,000	2,000,000
Change in prepaid expenses	–	(45,587)	146,669
Change in net debt	(850,268)	2,662,102	2,593,461
Net debt, beginning of year	(18,748,645)	(18,748,645)	(21,342,106)
Net debt, end of year	\$ (19,598,913)	\$ (16,086,543)	\$ (18,748,645)

The accompanying notes are an integral part of the financial statements.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

## Statement of Cash Flows

Year ended December 31, 2018

	2018	2017
Operating activities:		
Annual surplus	\$ 214,129	\$ 184,130
Items not involving cash:		
Amortization of property and equipment	511,373	898,518
Amortization of exclusive concession	2,000,000	2,000,000
	<u>2,725,502</u>	<u>3,082,648</u>
Net change in non-cash items (note 9)	(901,685)	(1,546,039)
	1,823,817	1,536,609
Investing activities:		
Acquisition of property and equipment	(17,813)	(635,856)
Net increase in cash	1,806,004	900,753
Cash, beginning of year	32,700,907	31,800,154
Cash, end of year	<u>\$ 34,506,911</u>	<u>\$ 32,700,907</u>

The accompanying notes are an integral part of the financial statements.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements

Year ended December 31, 2018

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## 1. Status and nature of activities:

Société en commandite Stationnement de Montréal (the "Society") was formed under a limited partnership agreement entered into on May 10, 1994. The general partner is Accesum Inc., and the Board of Trade of Metropolitan Montreal (the "Board of Trade") is the sole limited partner. The Board of Trade invested \$500,000 on inception of the Society, and Accesum Inc. invested \$1. Those investments, which are recorded in liabilities, are repayable at the termination date of the agreement between the Society and Ville de Montréal.

On January 1, 1995, the Society signed an agreement with Ville de Montréal to use the public domain for the purposes of paid parking. Since then, the Society has conducted and managed paid parking operations pursuant to an agreement entered into with Ville de Montréal, which can be renegotiated by mutual agreement or even terminated under certain conditions.

These financial statements disclose only the assets, liabilities, revenue and expenses of the Society and do not include other assets, liabilities, revenue or expenses of the limited partner. As the Limited Partnership is not a corporation, no income taxes or capital tax have been recorded in the financial statements and as such, taxes are the responsibility of the limited partner.

On June 15, 2016, the agglomeration council of Ville de Montréal adopted its new parking policy which includes the transfer of the Society's activities to a new organization. The Society is not able to determine when this new policy will be applied, since this decision is the responsibility of the agglomeration council of Ville de Montréal. This situation indicates the existence of an uncertainty as to the assumption that the Society is a going concern on its actual legal form.

The Society's financial statements do not include any adjustment to the amounts and classification of assets and liabilities that may be required if the going concern assumption was unfounded. If necessary, the Society may be required to realize its assets and discharge its liabilities other than in the normal course of business using amounts that may differ from those reported in the financial statements.

## 2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

### (a) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Key estimates include the useful lives of property, plant and equipment.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

### (b) Revenue recognition:

The Society recognizes its revenue, which consist of revenue from parking in Montréal, when there is clear evidence that an agreement is reached, the services are rendered, the selling price is fixed and determinable, and recovery is considered probable.

Interest income is recognized when it is earned and collection is reasonably assured.

### (c) Expenses presentation:

The Society discloses the expenses based on the revenues disclosed in the statement of operations and accumulated surplus. The allocation of the expenses between different categories in the statement of operations and accumulated surplus is based on a pro rata of revenues from the same category divided by the total of revenues of the year ended, except the expenses which are directly attributable to a specific category.

### (d) Property and equipment:

Property and equipment are recorded at cost. Amortization is calculated using the straight-line method over the following useful lives:

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Assets	Period
Leasehold improvements	Lease term
Parking lots improvements	5 years
Office equipment	3 and 5 years
Pay stations	10 years
Automotive equipment	5 years
Machinery and equipment	5 years

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### (e) Depreciation of non-financial assets:

When conditions indicate that a property and equipment no longer contributes to the Society's ability to provide goods and services, or that the value of future economic benefits associated with the property and equipment is less than its net book value, the cost of the property and equipment is reduced to reflect the decline in the asset's value. Any write-down of property and equipment is accounted for as an expense in the statement of operations and accumulated surplus, and no write-downs can be subsequently reversed.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

(f) Exclusive concession:

Exclusive concession represents the amount of prepaid expenses regarding a concession that represents the right to use paid parking spaces for a period of 30 years. An amortization of \$2,000,000 is registered annually as a charge for using these spaces.

(g) Budgetary figures:

The statement of operations and accumulated surplus and the statement of changes in net debt include a comparison with the budgetary figures submitted on the basis of Canadian public sector accounting standards, which have been approved by the Society's board of directors.

(h) Non-financial assets:

The Society accounts for property and equipment, exclusive concession and prepaid expenses as non-financial assets because they can be used to provide services in future periods. Normally, these assets do not provide resources attributable to the settlement of liabilities, unless they are sold.

(i) Financial assets and liabilities:

*Initial measurement*

The Society recognizes a financial asset or a financial liability in the statement of financial position if, and when, it becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at cost, unless indicated otherwise.

*Subsequent measurement*

The Society's financial assets and liabilities are measured at amortized cost (including any impairment of financial assets) at each closing date.

The Society determines whether an objective indication of impairment of financial assets exists. Any impairment of financial assets is recognized in the statement of operations and accumulated surplus.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

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### 3. Changes in accounting policies

On January 1, 2018, the Society prospectively applied the following new accounting standards: PS 2200, *Related Party Disclosures*; PS 3210, *Assets*; PS 3320, *Contingent Assets*; PS 3380, *Contractual Rights*; and PS 3420, *Inter entity Transactions*.

PS 2200, *Related Party Disclosures*, defines a related party and establishes disclosures required for related party transactions. The standard, applied prospectively, states that related party transaction disclosures are required when the transactions are concluded at a value different from that which would have been established if the parties were not related and have, or could have, a material financial effect on the financial statements.

The related parties include entities that fall within Ville de Montréal's consolidation group as well as the key management personnel of these entities and their spouses and dependants. They also include entities in which the key management personnel, their spouses, and their dependants have the power to determine the financial and operating decisions. The key management personnel includes the members of the board of directors, general management and their equivalents in the other entities included in Ville de Montréal's consolidation group.

PS 3210, *Assets*, provides guidance on applying the definition of assets set out in PS 1000, *Financial Statement Concepts*, and establishes general disclosure standards for assets. Information about the major categories of assets that are not recognized must be disclosed. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.

PS 3320, *Contingent Assets*, defines and establishes disclosure standards on contingent assets if the occurrence of the confirming future event is deemed likely.

PS 3380, *Contractual Rights*, defines and establishes disclosure standards on contractual rights.

PS 3420, *Inter entity Transactions*, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The adoption of these standards had no impact on the Society's operations or financial position. The impact is limited, where appropriate, to the information presented in the notes to the financial statements

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

## 4. Credit Facility

The Society has a revolving term credit facility for a maximum amount equal to the lesser of \$16,000,000 or the net book value of property and equipment as at December 31, 2017, which represents \$6,768,498. This credit facility can be used in the form of bankers' acceptances that bear interest at a variable rate of 2.29% as at December 31, 2018 (1.48% as at December 31, 2017). As at December 31, 2018, the credit facility, maturing on June 30, 2019, is unused (nil as at December 31, 2017). This facility is secured by a first rank mortgage on all assets of the Society.

The Society has also an authorized line of credit for a maximal amount of \$250,000 bearing interest at a variable rate of 3.95% as at December 31, 2018 (3.20% as at December 31, 2017). As at December 31, 2018, this line of credit, expiring on June 30, 2019, was unused (nil as at December 31, 2017).

## 5. Property, plant and equipment:

	Beginning balance	Acquisitions/ increases	Disposals/ write-offs	Ending balance
<b>Cost</b>				
Parking lots	\$ 5,318,669	\$ -	\$ -	\$ 5,318,669
Leasehold improvements	312,040	-	-	312,040
Parking lots improvements	351,914	-	-	351,914
Office equipment	1,663,945	17,813	(706,924)	974,834
Pay stations	22,102,315	-	-	22,102,315
Automotive equipment	620,921	-	(38,357)	582,564
Machinery and equipment	422,650	-	-	422,650
	30,792,454	17,813	(745,281)	30,064,986
<b>Accumulated amortization</b>				
Leasehold improvements	162,390	37,341	-	199,731
Parking lots improvements	87,221	118,936	-	206,157
Office equipment	1,017,444	154,572	(706,924)	465,092
Pay stations	21,866,157	136,122	-	22,002,279
Automotive equipment	488,043	56,419	(38,357)	506,105
Machinery and equipment	402,701	7,983	-	410,684
	24,023,956	511,373	(745,281)	23,790,048
Net book value	\$ 6,768,498	\$ (493,560)	\$ -	\$ 6,274,938

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

## 6. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable	\$ 1,001,549	\$ 1,092,041
Sales taxes payable	664,991	461,900
Revenues collected for other boroughs	34,472	236,039
Deposits	13,379	8,974
	<u>\$ 1,714,391</u>	<u>\$ 1,798,954</u>

## 7. Accumulated surplus:

	2018	2017
Net investment from reserve fund for investments in property and equipment	\$ 87,176	\$ 173,047
Reserve fund for investments in property and equipment	2,291,293	1,991,293
	<u>\$ 2,378,469</u>	<u>\$ 2,164,340</u>

Pursuant to section No. XI, paragraph B of the agreement signed on January 1, 1995, the Society has a “reserve fund for investment in property plan and equipment for the exclusive purchase of equipment or other property related to paid parking in the territory of the Ville de Montréal”. Under an agreement, it is anticipated that this fund will increase by \$300,000 annually.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

## 7. Accumulated surplus (continued):

The Society has used the reserve fund in the amount of \$3,639,971 as at December 31, 2018 (\$3,639,971 as at December 31, 2017). Net investment from the reserve fund committed to investment in property and equipment is the net book value of property and equipment. The reserve fund for investment represents amounts reserved but not yet used.

	2018	2017
Investments from reserve fund committed to investment in property and equipment, beginning of year	\$ 3,639,971	\$ 3,639,971
Amounts invested during the year	–	–
Investments from reserve fund committed to investment in property and equipment, end of year	3,639,971	3,639,971
Accumulated amortization of related property and equipment, beginning of year	3,466,924	3,351,054
Amortization of the year	85,871	115,870
Accumulated amortization of related property and equipment, end of year	3,552,795	3,466,924
Net balance of investments from reserve fund committed to investment in property and equipment	\$ 87,176	\$ 173,047

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

## 8. Expenses by item:

	Budget 2018	2018	2017
Salaries and benefits	\$ 5,848,900	\$ 5,796,052	\$ 5,635,848
Rent, maintenance of equipment and maintenance of parking lots	1,978,195	1,588,638	1,973,897
Advertising	339,706	270,460	298,064
Telecommunication	329,610	212,814	192,569
Supplies	493,477	398,219	432,240
Bank, credit card, transactions and money handling fees	2,374,359	2,213,084	2,755,947
Professional services fees	709,000	505,471	527,587
Project development fees	310,000	169,875	177,731
Operational services	520,015	436,802	475,915
Rent of parking lots	3,307,153	2,978,799	3,285,625
Rent of buildings	372,233	392,220	311,347
Management fees of Accesum Inc.	152,000	100,701	108,713
Taxes and permits	3,769,660	3,816,880	3,634,021
Other fees	340,392	249,064	323,395
	20,844,700	19,129,079	20,132,899
Amortization of property and equipment	980,493	511,373	898,518
Interest on long-term debt	25,000	27,353	17,175
Other interest and financial expenses	—	—	2,177
	\$ 21,850,193	\$ 19,667,805	\$ 21,050,769

## 9. Changes in non-cash working capital items:

	2018	2017
Accounts receivable	\$ 115,017	\$ (95,211)
Receivable from Accesum Inc.	(9,212)	(16,210)
Accounts payable and accrued liabilities	(84,563)	(698,665)
Due to Ville de Montréal	(877,340)	(882,622)
Prepaid expenses	(45,587)	146,669
	\$ (901,685)	\$ (1,546,039)

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

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## 10. Contractual rights

Under service agreements, the Society is committed to providing toll parking services on the territory of certain boroughs of the City of Montreal.

## 11. Commitments:

(a) The Society is committed under a rental proposal of office and industrial space for 10 years ending in 2022. The minimum payments due under this proposal during the next years, including taxes and estimated operating expenses, amounts to \$1,712,720 and is detailed as follows:

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2019	\$ 518,430
2020	\$ 518,430
2021	\$ 518,430
2022	\$ 157,430

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(b) The Society is required to pay to Ville de Montréal 70% of revenue, less property taxes, as rent for the parking lots leased from Ville de Montréal.

(c) The Society has entered into maintenance agreements for a total amount of \$219,690. These agreements expire up to May 2019.

(d) Under contractual agreements entered into in 1995, the Society committed to pay to Ville de Montréal a compensation and a royalty equal to the profit after other royalties. In addition, the Society has committed to hire the services of Ville de Montréal staff, whose functions are directly related to the management of the tariffed parking.

## 12. Collective Registered Retirement Savings Plan:

During the year, the Society has contributed to a Collective Registered Retirement Savings Plan ("Collective RRSP") only for the employees of the Society. This contribution is based on a percentage of the base remuneration and no other obligation is assumed by the employer at the moment of the retirement. The contribution for the year ended December 31, 2018, amounts to \$57,457 (2017 - \$49,211) and has been recorded in expenses in the statement of operations and accumulated surplus.

# SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Notes to the Financial Statements (continued)

Year ended December 31, 2018

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## 13. Related party transactions:

During the year, the Society generated the following revenues and incurred the following expenses from Ville de Montréal:

	2018	2017
Service revenue	\$ 593,467	\$ 740,615
Municipal taxes	3,549,088	3,401,408
Rent of parking lots	978,799	1,285,625
Expenses related to employees' loans	3,070,634	2,867,308

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Furthermore, the Society and Ville de Montréal engage in various transactions or enter into special arrangements, the results of which are disclosed in the notes to the financial statements.

## 14. Subsequent event

The Society is currently negotiating for the award of a contract as part of a project to modernize the payment terminals. This contract includes the acquisition of computerized pay stations valued at approximately \$5,600,000 in 2019 and recurring costs for the development, integration and use of software worth approximately \$2,400,000 over the next 4 years. These amounts will be financed from the cash generated by the operations.

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